

a 1992 return to "Can't Beat the Real Thing")²⁰ linked that personality to the core values of each generation and established Coke as the authentic, relevant, and trusted refreshment of choice across the decades and around the globe.

INDIAN HISTORY

India is home to one of the most ancient cultures in the world, dating back over 5,000 years. At the beginning of the twenty-first century, 26 different languages were spoken across India, 30 percent of the population knew English, and greater than 40 percent were illiterate. At this time, the nation was in the midst of great transition, and the dichotomy between the old India and the new was stark. Remnants of the caste system existed alongside the world's top engineering schools and growing metropolises as the historically agricultural economy shifted into the services sector. In the process, India had created the world's largest middle class.

A British colony since 1769, when the East India Company gained control of all European trade in the nation, India gained its independence in 1947 under Mahatma Gandhi and his principles of nonviolence and self-reliance. In the decades that followed, self-reliance was taken to the extreme as many Indians believed that economic independence was necessary to be truly independent. As a result, the economy was increasingly regulated, and many sectors were restricted to the public sector. This movement reached its peak in 1977 when the Janta party government came to power and Coca-Cola was thrown out of the country. In 1991, the first generation of economic reforms was introduced and liberalization began.

COKE IN INDIA

Coca-Cola was the leading soft drink brand in India until 1977, when it left the country rather

than reveal its formula to the government and reduce its equity stake, as required under the Foreign Exchange Regulation Act (FERA), which governed the operations of foreign companies in India. After a 16-year absence, Coca-Cola returned to India in 1993, cementing its presence with a deal that gave Coca-Cola ownership of the nation's top soft-drink brands and bottling network. Coke's acquisition of local popular Indian brands, including Thums Up (the most trusted brand in India²¹), Limca, Maaza, Citra, and Gold Spot, provided not only physical manufacturing, bottling, and distribution assets but also achieved strong consumer preferences. This combination of local and global brands enabled Coca-Cola to exploit the benefits of global branding and global trends in tastes while also tapping into traditional domestic markets. Leading Indian brands joined the company's international family of brands, including Coca-Cola, Diet Coke, Sprite, and Fanta, plus the Schweppes product range. In 2000, the company launched the Kinley water brand, and in 2001, Shock energy drink and the powdered concentrate Sunfill hit the market.

From 1993 to 2003, Coca-Cola invested more than US\$1 billion in India, making it one of the country's top international investors.²² By 2003, Coca-Cola India had won the prestigious Woodruff Cup from among 22 divisions of the company, based on the three broad parameters of volume, profitability, and quality. Coca-Cola India achieved 39 percent volume growth in 2002 while the industry grew 23 percent nationally and the company reached break-even profitability in the region for the first time.²³ Encouraged by its 2002 performance, Coca-Cola India announced plans to double its capacity at an investment of \$125 million (Rs. 750 crore) between September 2002 and March 2003.²⁴

²¹ "Brands of Coca-Cola in India," Rai University, November 2004.

²² <http://www.coca-colaindia.com>.

²³ Sanjiv Gupta biography, Rai University.

²⁴ "Coca-Cola India to Double Capacity," *Kolkata*, March 8, 2003.