per year through 2012.[28] In spite of this growth, annual per capita consumption was only 6 bottles versus 17 in Pakistan, 73 in Thailand, 173 in the Philippines, and 800 in the United States.[29]

With its large population and low consumption, the rural market represented a significant opportunity for penetration and a critical battleground for market dominance. In 2001, Coca-Cola recognized that to compete with traditional refreshments, including lemon water, green coconut water, fruit juices, tea, and lassi, competitive pricing was essential. In response, Coke launched a smaller bottle priced at almost 50 percent the amount of the traditional package.

MARKETING COLA IN INDIA

The post-liberalization period in India saw the comeback of cola, but Pepsi had already beaten Coca-Cola to the punch, creatively entering the market in the 1980s in advance of liberalization by way of a joint venture (JV). As early as 1985, Pepsi tried to gain entry into India and finally succeeded with the Pepsi Foods Limited Project in 1988, as a JV among PepsiCo, the Punjab government–owned Punjab Agro Industrial Corporation (PAIC), and Voltas India Limited. Pepsi was marketed and sold as Lehar Pepsi until 1991, when the use of foreign brands was allowed under the new economic policy, after which Pepsi bought out its partners and became a fully owned subsidiary, ending the JV relationship in 1994.[30]

Although the joint venture was only marginally successful in its own right, it allowed Pepsi to gain precious early experience with the Indian market and served as an introduction of the Pepsi brand to the Indian consumer, such that it was well poised to reap the benefits when liberalization came. Although Coke benefited from Pepsi creating demand and developing the market, Pepsi's head start gave Coke a disadvantage in the mind of the consumer. Pepsi's appeal focused on youth, and when Coke entered India in 1993 and approached the market selling an American way of life, it failed to resonate as expected.[31]

2001 MARKETING STRATEGY

Coca-Cola CEO Douglas Daft set the direction for the next generation of success for his global brand with a "Think local, act local" mantra. Recognizing that a single global strategy or single global campaign wouldn't work, locally relevant executions became an increasingly important element of supporting Coke's global brand strategy.

In 2001, after almost a decade of lagging rival Pepsi in the region, Coke India reexamined its approach in an attempt to gain leadership in the Indian market and capitalize on significant growth potential, particularly in rural markets. The foundation of the new strategy grounded brand positioning and marketing communications in consumer insights, acknowledging that urban versus rural India were two distinct markets on a variety of important dimensions. The soft drink category's role in people's lives, the degree of differentiation between consumer segments and their reasons for entering the category, and the degree to which brands in the category projected different perceptions to consumers were among the many important differences between how urban and rural consumers approached the market for refreshment.[32]

In rural markets, where both the soft drink category and individual brands were undeveloped, the task was to broaden the brand positioning, whereas in urban markets, with their higher category and brand development, the task was to narrow the brand positioning, focusing on differentiation through offering

28 Ibid.

29 Ibid.

30 Kavaljit Singh, "Broken Commitments: The Case of Pepsi in India," *PIRG Update*, May 1997.

31 Interview with Nymph Kaul, September 20, 2004.

32 Coca-Cola India, "Marketing: Questioning Paradigms," internal marketing presentation.