

## Factors Influencing Buying Behavior of Consumers of Domestic Soft Drinks: A Case Study

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### Abstract

Many local soft drinks manufacturing enterprises are operating at the regional level and a few of them operating at the national level which are quietly stealing the thunder from the two multinational giants like Pepsi and Coca Cola by selling quality products pricees cheaper than those of MNCs. This is particularly happening mostly in all small towns and rural areas. To be a successful enterprise, one should understand the buying behaviour and also the factors which influences the consumer to buy the product. In this background, the present study is taken up to understand the consumer perception and buying behavior towards local soft drinks. The study identifies factors which influence consumers to prefer domestic soft drinks in the market with Dakshina Kannada region as a representative case. .

The study shows that all the age groups of consumers are satisfied with domestic soft drinks in this region and the factors like price and availability of the products are the most important factors which are influencing the consumers to prefer domestic brands in the market.

**Key words:** Consumer Perceptions, Coca Cola, Domestic players, Multi-National Companies Parle, Pepsi, Soft drinks.

### INTRODUCTION

Until Pepsi and coca cola entered the Indian soft drink market it was in the hands of domestic soft drink players who dominated the whole market. More than 75 percent of the market share was in the hands of the domestic players with Parle holding 60 percent market share. In India when the policy of Liberalization, Privatization and Globalization (LPG) took place in 1991 green signal was given to Pepsi in 1991. This was followed by white card entry of Coca Cola Company in 1993 which started to operate its own units in India. This created a competitive environment among the domestic as well as MNCs players in country. The whole market scenario got changed and MNC players' brands started dominating the

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market. Both domestic and MNC players put all their efforts and strategies in marketing that included distribution reach to far-flung areas. Consumers are very sensitive in nature. It is difficult to judge which factors underlie their buying decisions. . In the case of soft drinks it is more complicated for domestic as well as MNCs players to judge which factors are more important. This study is an attempt to find out those factors which influence the consumers to prefer domestic players' brand at the point of purchase. The local brands like Bindu, Torino, Winner, Spinner, Sixer, Canara, Trice-up, Toffa, Ajaya, Sprint, Virgin, Joy, Zaffa, Joyner, Sip-On and many more emerge and compete against the MNC players collectively grabbing more percentages of market share by better understanding consumer preferences, developing their own marketing strategies and creating retail networks favourable to them.

Indian Trade Classification defines soft drinks as non-alcoholic water-based flavored drinks that are optionally sweetened, acidulated and carbonated. Some carbonated soft drinks also contain caffeine, mainly the brown-coloured cola drinks.

### **ISSUES FOR RESEARCH AND INVESTIGATION**

Biswas and Sen (1999) pointed that the global players like Coke and Pepsi have beaten all strategies of local players in order to grab large percentage of market shares in India. Agarwal (2010) has identified that how this war between Pepsi & Coke will never end in Indian market. It may be in bottling, advertising, product launches, poaching and many more. The final question which arises is, 'which is the best soft drink?' and the answer varies from person to person. Some say Pepsi is better as Coke is too fizzy and some say coke is better because they claim that Pepsi is 'oily after taste'. It is difficult to judge who wins the race in the market and to choose the best is left ultimately to the consumers". Chakraborty (2011) observes that there is a general tendency among customers to avoid private-label colas, as customers have negative attitude and unfavourable perceptions about price, quality, taste, packaging, promotion etc. on private label colas. The premium colas have their brand-

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image developed over the years that forms the foundation for high-level customer-loyalty. However, Devaraj & Enid (2011) have identified that the consumers were well aware about their product preferences and showed a negative attitude towards cola consumption. This attitude perhaps accounts for the recession in cola sales nationwide. Loss in Cola sales is gain of other carbonated soft drink beverages. As it is evident that attitudes remain constant for longer periods, carbonated cola beverages, will have a tough time re-positioning their brands to the Indian Consumers. Draskovic, Temperley and Pavicic, (2009) tried to highlight some of potential moderating variables of consumers' perception of packaging material, age, occasion, product category and place of purchase/ consumption of beverages. Gupta, Maity, and Pandey (2014) has highlighted that any association with an event provides scope for elementary messages which may be suitable for increasing awareness but doesn't lead to higher order effects of building positive attitude and intention to purchase. Prakash and Pathak (2014) conducted a study and highlighted that price, brand name, quality, availability, packaging and so forth were the important factors influencing the rural consumers' purchase decisions and reasons for switching brands, billing patterns and satisfaction level among them. Wulf, Odekerken-Schröder, Goedertier, and Ossel (2005) through their study suggest that there exists a common belief that private label products can offer the same or even better quality than national brands but at a lower price. We can see that there are conflicting findings and this study To the best of our knowledge there has been no study is published evaluating the factors which influence the consumer to prefer and to buy local soft drinks against MNCs soft drinks in the Dakshina Kannada district. Therefore, this study attempts to understand the consumer preference to buy local soft drinks.

### **STATEMENT OF THE PROBLEM**

In India wherever one goes, one finds soft drinks. It may be MNC players brand or domestic players brand soft drinks. MNC players like Coke and Pepsi are spending huge money on advertising and sales campaign in

order to market their product and also to attract more and more customers towards it. Domestic players are not following the footsteps of MNC players to attract the customers towards their product but they are following their own marketing strategies and techniques to reach the customers and fulfill their needs. Hence there arises a need to study the factors which affects more on consumers to prefer and to buy domestic soft drink brands as well as MNCs soft drink brands and also to probe into the reasons for preference of domestic brands and the level of consumers' satisfaction towards it.

### **OBJECTIVES OF THE STUDY**

1. To assess the awareness and source of awareness among consumers towards domestic soft drinks
2. To ascertain the factors which influence the consumers to prefer domestic soft drinks as well as MNC soft drinks
3. To ascertain the satisfaction level of consumers towards domestic brand of soft drinks.

### **METHODOLOGY**

The study is intended to analyze the customer satisfaction towards local soft drinks. Primary data is collected through a structured questionnaire administered to the selected respondents. The data collected was analyzed and interpreted with the tables, figures and charts. "Content score technique" has been used for analyzing the factors influencing the purchase behaviour of consumers and also 'Chi-square test' has been used to know the satisfaction of the consumers towards local soft drinks. Secondary data was collected from various journals, magazines, Articles and web sources etc. The study is based on samples of 500 respondents. The generalizations made in the study are applicable only for the Dakshina Kannada district, Karnataka. Table 1 shows the demographic characteristics of the respondents surveyed.

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**Table 1 Demographic characteristics of the respondents**

Gender	Profession	Age in	Age in	Age in	Age in	Total	Percent
		Years 10-20	Years 21-30	Years 31-40	Years 41-50		
<b>Male</b>	Students	117	58	0	0	175	35
	Employee	0	35	8	7	50	10
	Entrepreneurs	0	12	4	4	20	4
	Not Occupied	0	1	1	0	2	0.40
	<b>Total(a)</b>	<b>117</b>	<b>106</b>	<b>13</b>	<b>11</b>	<b>247</b>	<b>49.40</b>
<b>Female</b>	Students	81	53	0	0	134	26.80
	Employee	15	36	20	11	82	16.40
	Entrepreneurs	0	0	2	0	2	0.40
	House-wife	0	17	11	2	30	6
	Not occupied	0	0	3	2	5	1
	<b>Total (b)</b>	<b>96</b>	<b>106</b>	<b>36</b>	<b>15</b>	<b>253</b>	<b>50.60</b>
<b>Total (a +b)</b>						<b>500</b>	<b>100</b>

**RESULTS AND DISCUSSION**

The respondents were asked about their preference level of the soft drinks. The responses are tabulated in Table 2.

**Table 2 Consumers’ Preference Towards Soft Drinks**

Particulars	Highly Preferred	Moderately Preferred	Low Preference	Not at all Preferred	Total
<b>Respondents</b>	80	272	124	24	<b>500</b>
<b>Percentage (%)</b>	16	54	25	5	<b>100</b>

Source: Compiled by the authors

54 per cent of respondents surveyed preferred the soft drinks moderately in the study area and 16 per cent of respondents “highly like” the soft drinks. Only 5 per cent of the respondents viewed soft drinks unfavorably. Further, we investigated about the behaviour of the respondents as

presented in Table 3. The survey result indicates that the reason why consumers buy soft drinks was due their liking for the brand, the second reason was for rejuvenation. It was also found that the majority of the respondents did not prefer to buy diet soft drinks. It also interesting to note that majority of the respondents disagreed that advertisements did not influence their buying behaviour. This implies that advertising will attract the consumers to buy a soft drink. Another curious finding is that the consumers did not prefer the colored soft drinks.

**Table 3 Descriptive Analysis of Consumers' Perception towards Soft drinks**

Statements	Strongly Disagree 1		Disagree 2		Can't Say 3		Agree 4		Strongly Agree 5		Total	Average Score
	No.	%	No.	%	No.	%	No.	%	No.	%		
Soft drinks really gives me a lift during the day	42	9	110	22	87	18	215	43	42	8	496	2.69
I like diet soft drinks	36	8	157	33	85	18	151	32	51	11	480	2.52
Advertising has nothing to do with my choice of soft drink	114	23	139	28	112	22	94	19	41	8	500	1.95
Soft drinks are bad for a person's health	55	11	114	23	151	30	111	22	69	14	500	2.14
On an average day, I consume more soft drinks than water	205	41	185	37	52	10	40	8	18	4	500	1.65
I am addicted to soft drinks	159	33	158	32	100	20	38	8	34	7	489	1.63
I like to drink a coloured soft drink	182	37	99	20	96	19	93	19	26	5	496	1.78
I like the brand and would like to purchase it	51	10	46	9	63	13	206	42	129	26	495	3.26

Source: Compiled by the authors

**Table 4 Awareness towards Local Soft Drinks**

Particulars	Highly Aware	Aware	Not Aware	Total
<b>Respondents</b>	88	376	36	<b>500</b>
<b>Percentage (%)</b>	18	75	7	<b>100</b>

The above Table 4 reveals that 75 per cent of respondents are aware of local soft drinks and 18% of respondents are highly aware of local soft drinks in Dakshina Kannada district which shows a remarkable degree of awareness!

**Table 5 Awareness of Local Soft Drinks through Various Means of Sources**

Particulars	Newspaper	TV	Friends	Radio	Shopkeepers	Total
					Display	
<b>No of Respondents</b>	40	80	140	16	224	<b>500</b>
<b>Percentage (%)</b>	8	16	28	3	45	<b>100</b>

*Source: Compiled by the authors*

The above table 5 reveals that 45 per cent of respondents are aware of local soft drinks through the shopkeepers' display and 28 per cent of them are aware through their friends. Thus, one infers that local soft drinks are best advertised by the local shopkeepers themselves.

**Table 6 Consumers' Preference towards Soft Drinks**

Particulars	Local soft drinks	International soft drinks	Total
<b>Respondents</b>	236	264	<b>500</b>
<b>Percentage (%)</b>	47	53	<b>100</b>

*Source: Compiled by the authors*

Table 6 reveals that, 53 per cent of the respondents prefer MNC soft drinks, whereas, 47 per cent prefer local soft drinks. Thus, there is appreciable market for local soft drinks in Dakshina Kannada district, Karnataka, which is good.

**Table 7 Factors Influencing Consumers to Prefer and Buy Local Soft Drinks**

Particulars	Quality	Taste	Price	Advertisement	Availability	Total
<b>Content Score</b>	1528	1628	1872	1044	2012	8084
<b>Rank</b>	IV	III	II	V	I	
<b>Percentage (%)</b>	19	20	23	13	25	100

*Source: Compiled by the authors*

The above table 7 reveals that, the factors which influence Consumers to prefer the local soft drinks like Joy, Zaffa, Bindu – Jerra Masala Soda, Sip-on, Merger etc are on the basis of availability and price of local soft drinks in Dakshina Kannada district rather than the factors like quality, taste and brand ambassador. The factors like availability and price have scored 2012 and 1872 respectively in the weighted (scale 5 to 1) summation of the content score and secured I rank and II rank respectively.

**Table 8 Factors Influencing Consumers' to Prefer and Buy MNC Soft Drinks**

Particulars	Quality	Taste	Price	Advertisement / Brand Ambassador	Availability	Total
<b>Content Score</b>	2108	2056	1748	1944	1996	9852
<b>Rank</b>	I	II	V	IV	III	
<b>Percentage (%)</b>	21	21	18	20	20	100

*Source: Compiled by the authors*

The above table 8 reveals that, the factors which influence Consumers' to prefer MNC soft drinks like Pepsi and Coke etc are on basis of quality and taste of local soft drinks in Dakshina Kannada district rather than the factors like availability, price and brand ambassador. The factors like quality and taste have scored 2108 and 2056 respectively in the weighted (scale 5 to 1) summation of the content score and secured I rank and II rank respectively.

**Table 9 Consumers' age group and their Satisfaction level towards Local Soft Drinks**

Respondents' Age	Satisfaction level towards Domestic Soft drinks					Total
	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly satisfied	
10-20 yrs	34	39	54	46	40	213
21-30 yrs	36	39	55	32	50	212
31-40 yrs	11	5	8	10	15	49
41-50 yrs	6	6	7	2	5	26
<b>Total</b>	87	89	124	90	110	500

*Source: Compiled by the authors*

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**Table 10 Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.352 <sup>a</sup>	12	0.418
Likelihood Ratio	12.957	12	0.372
Linear-by-Linear Association	0.085	1	0.771
N of Valid Cases	500		

Source: Compiled by the authors

Let us assume the null hypothesis ( $H_0$ ) that ‘the Satisfaction level of all age groups is same about the domestic soft drinks’ and alternative hypothesis ( $H_1$ ) that ‘the Satisfaction level of all age groups is not same about the domestic soft drinks’.

The table value =21.026 for  $df=(r-1) \times (c-1)= (4-1)(4-1)=12$  and  $\alpha=0.05$ . Since the Chi-square value (12.352) is lesser than table value (21.06) at 5% significance. We accept the null hypothesis and reject alternative hypothesis. Hence all age groups of consumers are satisfied with domestic soft drinks in the Dakshina Kannada district.

Moreover age groups between 10-20 and 21-30 are more satisfied with domestic soft drinks in this region. Age group between 10-20 consumers are more depended on their parents and they spend their pocket money with lot of calculations. Before they buy, they compare and buy the products which is more of affordable and cheaper in price. In case of domestic soft drinks, consumers will always compare domestic brands against MNCs brands and they will take a decision and with this above table 9 it can be concluded that consumers are satisfied with domestic soft drinks and enjoying the taste of soft drinks at cheap price.

## CONCLUSION

Trend are changing with the increasing threat from small, local brands and many of them are operating in the regional level and few of them are operating at national level and they are quietly stealing the thunder from the two multinational giants by selling quality products at affordable

price than MNCs, especially in the small towns and rural areas. Factors like availability and affordable price are influencing more on consumers to prefer and purchase domestic players' soft drinks. Coke and Pepsi spend crores on advertising, these local players are not spending like MNC players on advertisement and on brand ambassador to attract consumers towards their brands but pricing and taste is what is attracting consumers to local soft drinks brands in the market and also low marketing spends as they deal directly with retailers. With this it can be concluded that local soft drinks brands has owned the heart of the consumers in the market and there are more potential for this local brands in the market. But local soft drinks makers should also give more prominence for the quality and taste so that they can acquire more market shares.

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