Coca-Cola vs. Pepsi: A Ultimate Comparative Analysis Report

Reference:

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2. Inside-cola-wars-history-coca

3. The-difference-between-coke-and-pepsi
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There's no denying that Pepsi and Coke are two of the most well-known and widely used sodas in the world. The price, taste, and perceived quality vary from consumer to consumer. Still, it is interesting to see how these two cola giants stack up next to each other regarding accurate statistics. To help you make a more informed decision about which company has your best interests at heart (or as much as any significant corporation can), we've put together this comparative analysis of Coca Cola Company vs. PepsiCo, so you know who will give you what you want - whether that's more money for their product or an extra scoop of ice cream on top!

1. Coca-Cola is the largest beverage company in the world, while PepsiCo is a close second.

Coca-Cola and PepsiCo are both multinational beverage companies. Coca-Cola is the largest beverage company in the world, while PepsiCo is a close second. They have been in competition since their inception. Still, they also share many similarities that contribute to their long term success.

Coca-Cola was founded by John Pemberton in 1886 in Atlanta, Georgia, with a formula for a coca wine called "French Wine Coca". It was initially sold as a patent medicine for five cents per glass at soda fountains, which were popular at the time due to its use of natural ingredients and low cost (compared to alcohol). Eventually, it became so popular that it outsold other beverages such as coffee, tea, and even alcohol.

PepsiCo was founded in 1965 due to the merger between two beverage companies, Pepsi-Cola and Frito-Lay. At the time, it had $700 million in annual sales and 400 brands; now, they have over $63 billion in yearly sales with nearly 2000 brands. PepsiCo has recently expanded its product line with healthy options such as Quaker Oats and Naked Juice. However, its most significant assets are still its beverage brands.
2. Coca-Cola is strongest in the global nonalcoholic beverage market, while PepsiCo is weakest in this sector.

Coca-Cola has a more significant presence worldwide with a solid coca-cola logistics process than PepsiCo because Coca-Cola was founded in Atlanta, Georgia (USA). PepsiCo wasn't founded until 1965. This gave Coca-Cola more time to build its global market share. Coca-Cola has a more significant presence in international markets than PepsiCo; they also have the largest nonalcoholic beverage market share in North America (the United States and Canada), with nearly $30 billion in annual sales. Their share of the global beverage market is 36%.

PepsiCo's largest markets are located in North America. However, it does not have as extensive a presence as Coca-Cola in international markets. It reaches only 31% of the worldwide market share for nonalcoholic beverages with a good bottled water profit margin. They do have a significant need in Latin America. PepsiCo does not have a substantial presence in Asia, the Middle East, and Africa combined; it only holds around 3% of these regions' nonalcoholic beverage market share.

3. Coca-Cola's strengths include international solid business units (B.U.s), extensive distribution network and its brand image

Coca-Cola has a solid international business unit (IBU), responsible for $30 billion of the company's $49.9 billion in annual revenues. Coca-Cola International Wells Fargo Business Financial Services 500 stock market index fund accounted for 35% of the company's total shareholder return, while all other B.U.s combined only accounted for 15%. Coca-Cola's success in international markets is primarily attributed to its strong IBU.

Coca-Cola also has the most extensive distribution network of any beverage company, with nearly 300 facilities with solid supply chain management of coca-cola worldwide dedicated
to distributing their products. This gives Coca-Cola another advantage over PepsiCo (and other beverage companies) because it can save on transportation costs. It also allows Coca-Cola to have a presence in more countries.

Coca-Cola has a strong brand image, which is part of the reason for its continued success. Coca-Cola's brand value grew by 16% from 2008 to 2012, compared with 7% growth for PepsiCo brands. At times, Coca-Cola has been able to take advantage of its strong brand image, such as during the "Share a Coke" campaign in Australia (a program that allows people to put their name on Coca-Cola cans). The company was able to sell millions of their cans because people wanted to be part of an event.

PepsiCo also has solid international B.U.s, but it has fewer international B.U.s than Coca-Cola. PepsiCo International B.U.s accounted for $6 billion of the company's $63 billion in annual revenues. Although PepsiCo already had a strong brand image, they wanted to improve it, so they created marketing campaigns such as Pepsi Refresh and Project Blue. The purpose of these campaigns was to give back to the community, which they were successful at doing. However, PepsiCo's brand value has not increased as rapidly as Coca-Cola's over the past few years; it has only grown by 5% since 2008.

4. One of Coca-Cola's weaknesses is its significant debt burden.

Coca-Cola has significant debt loads, which can be attributed to the company's acquisition of CCE in 2010. One way they are trying to reduce their debt is through share repurchases. Since 2011, Coca-Cola has reduced its outstanding share count by more than 10% annually through a combination of stock buybacks and cash dividends. The company has also used its strong cash flow to reduce its debt; they could reduce its net debt-to-EBITDA (earnings before interest, taxes, depreciation and amortization) ratio from 2.2 in 2010 to 1.7 in 2012.

PepsiCo has a less significant debt burden than Coca-Cola. PepsiCo's debt doesn't cripple the company, but it does hamper growth in some ways; PepsiCo has to pay interest on their
debt regardless of whether they are generating positive cash flow. PepsiCo had made progress in reducing its debt since 2008, when net debt-to-EBITDA was 3.4.

5. **Coca-Cola's management is continuously pursuing ways to reduce debt.**

However, the company had made progress in reducing its debt since 2008, when net debt-to-EBITDA was 3.4; it more than halved that ratio by 2012 (see graphic below). Coca-Cola (K.O.) has reduced its outstanding share count by more than 10% annually through a combination of stock buybacks and cash dividends. Although PepsiCo (PEP) has a less significant debt burden than Coca-Cola, it is interesting to note that PepsiCo's debt doesn't cripple the company. Still, it does hamper growth in some ways because they have to pay interest on their debt regardless of whether they are generating positive cash flow. PepsiCo had made progress in reducing its debt since 2008 when net debt-to-EBITDA was 3.4; it more than halved that ratio by 2012 (see graphic below).

PepsiCo's debt doesn't cripple the company. Still, it does hamper growth in some ways because they have to pay interest on their debt regardless of whether they are generating positive cash flow. For instance, PepsiCo cannot use money held to pay off its debt or for research and development. Coca-Cola has made more progress in reducing its debt than PepsiCo is also a good indicator of Coca-Cola's management capabilities.

6. **The main difference between these two companies is that Coca-Cola has a more diversified portfolio of products and brands than PepsiCo.**

Coca-Cola has a much more diverse product line and brand base when compared to PepsiCo; this gives them the upper hand when it comes to competition because they aren't solely reliant on their same products to generate revenue and earn profits. Coca-Cola (K.O.)
has a much stronger position in the industry than PepsiCo because of its diversified product line and portfolio, which gives it the upper hand when it comes to competition. Coca-Cola Company is one of the most recognized brands globally, with a market cap above $182 billion. In 2013, The Coca-Cola Company generated over $35 billion in revenue from nearly 500 sparkling beverage products.

PepsiCo has a much more limited product line and brand base when compared to Coca-Cola; this places them in a weaker position in the industry because they are reliant on their same products earning revenue. PepsiCo's reliance on its flagship Pepsi soda and Frito-Lay chips for sales hurts their bottom line because when sales of either product go down, so does PepsiCo's revenue. In 2013 the company generated $66 billion in net sales. Its flagship beverage items accounted for $35 billion of that figure ($12 billion was from Frito-Lay products).

7. Coca-Cola has made significant investments to increase productivity over the years; these investments have allowed them to produce more soda at a lower cost than PepsiCo.

One example of Coca-Cola's investments in productivity is what they did with their beverage dispensers in North America installed in restaurants, fast food joints and other establishments that serve drinks throughout the country. In 2009, many companies started using tabletop soda fountains instead of dispensers mounted on the wall. This change in restaurants and fast food joints significantly affected PepsiCo, which then licensed Coca-Cola's technology and began installing it in their own machines.

The investments Coca-Cola made to improve its productivity have allowed them to be more efficient than PepsiCo when serving its customers and has also helped them lower costs. PepsiCo, however, has been slow to make investments recently because of the debt it has had to pay off over the years; the company is now focusing on paying back its debt but does plan on making more investments later to increase productivity. Coca-Cola's investments
helped them better serve their customers. Lower costs than PepsiCo is another good indicator of Coca-Cola's management capabilities.

8. The main reasons for PepsiCo's recent revenue decline

The main reason for PepsiCo's recent revenue decline was due to the low pricing environment in North American markets; however, solid international growth helped push net sales higher year over year.

Three main factors led to PepsiCo's decline in revenue. The first was the low price environment that has continued throughout North America over the last year. The second factor was its international business which grew by approximately 4% for fiscal 2014, while its U.S. business declined by 1%. Lastly, currency fluctuations affected net sales negatively because of the strong U.S. dollar, which was a significant factor in the decline of PepsiCo's revenue from both North America and the Asia Pacific.

9. Coca-Cola has done better than PepsiCo regarding sales growth, but PepsiCo has been more profitable.

PepsiCo's revenue has grown at an average rate of 2% since 2009, while its net income has grown by an average of 5%. Even though PepsiCo's net income has been higher, Coca-Cola's revenue growth is a positive sign that the company is improving in this area. Sales growth has been a significant problem for PepsiCo because it indicates that customers aren't satisfied with what the company provides.

Since 2009, Coca-Cola's net income has grown by an average of 9%, while its revenue has grown by an average of 1%. Despite the company's sales not increasing as much as PepsiCo's, the company's bottom line is improving. In contrast, its competitor, along with having a higher sales growth rate, indicates an improvement in management and execution.
Conclusion

We hope this comparison of Coca-Cola and PepsiCo has helped illustrate the differences between these two beverage giants. Our team is always happy to answer any questions you may have about our products, so please contact us for a quote on one of our state-of-the-art filling machines today!