



# RED v.s BLUE

the story of the 100 years cola wars



One of Dr. Ravi Rao's novel but consistent wizardry has been his special understanding of corporate logos and the role their colors and design play in the success of a company. The **Corporate Logos** is a series of researched essays that throw light on various aspects of logo design and includes case history etc on the backgrounds of famous company logos.

This article essays, one of Dr. Rao's favorite logo battles - the Pepsi V/s Coke story as seen from the angle of their logos and the colors used.



## CORPORATE LOGOS

In all my speeches and essays on the subject I have always stressed that logos are neither good nor bad ; that, they are either lucky or unlucky. For me logo design has meant one very powerful tool to help a company in improving its fortunes. In all my speeches and essays on the subject I have also stressed the importance I lay on the colors of a logo and hinted that though all colors are good, depending upon the nature of business and type of industry a company operates in , some colors are more suitable than another for that company.

The Pepsi v/s Coke story represents a small twist, in that the logos of both the companies are extremely strong and use colors and fonts intelligently. It is the intense rivalry between the two and the changes that their logos have undergone over the past century that I seek to highlight here.

### Coca Cola

Coca-Cola was created in 1886 by John Pemberton, a pharmacist in Atlanta, Georgia (U.S.A) who sold the syrup mixed with fountain water

as a potion for mental and physical disorders. The formula changed hands three times before Asa D. Candler added carbonation and by 2003, Coca-Cola, with more than 400 widely recognized beverage brands in its portfolio and local operations in over 200 countries worldwide, was the world's largest manufacturer, marketer, and distributor of non-alcoholic beverage concentrates and syrups.



The Coca-Cola logo, like the product itself, is rated among the most recognized logos and brands in the world. The first Coca-Cola logo was created by John Pemberton's partner and bookkeeper, Frank Mason Robinson, in 1885. Thinking that the two Cs would look well in advertising, it was Robinson who came up with the name Coca Cola and chose the logo's distinctive cursive script. The typeface used, known as Spencerian script, was developed in the mid 19th century and was the dominant form of formal handwriting in the United States



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during that period. The red and white colored scheme in the Coca-Cola logo was kept simple and distinctive to lure young minds. Even the Coca-Cola bottle symbolized the 'youthful exuberance of America'. The logo got registered as a trademark in 1887 and was first advertised in the Atlanta Journal in 1915. It has since then become the brand's corporate identity.

Pepsi

PepsiCo, Incorporated is a Fortune 500, American multinational corporation headquartered in Purchase, NY with interests in manufacturing and marketing a wide variety of carbonated and non-carbonated beverages, as well as salty, sweet and grain-based snacks, and other foods. Besides the Pepsi-Cola brands, the company owns the brands Quaker Oats, Frito Lay, Gatorade, Tropicana, Mountain Dew, Mirinda and 7-Up. It also owned KFC, Pizza Hut, and Taco Bell, but these fast-food restaurants were spun off into Tricon Global Restaurants, now Yum! Brands, Inc.



Caleb Bradham of New Bern, North Carolina was a pharmacist. He had a soda fountain in his drugstore, where he served his customers refreshing drinks, that he created himself. His most popular beverage was something he called "Brad's drink" made of carbonated water, sugar, vanilla, rare oils, pepsin and cola nuts."Brad's drink", created in the summer of 1893, was later renamed Pepsi Cola in 1898 after the pepsin and cola nuts used in the recipe. The new name was trademarked on June 16th, 1903. Bradham's neighbor, an artist designed the first Pepsi logo .

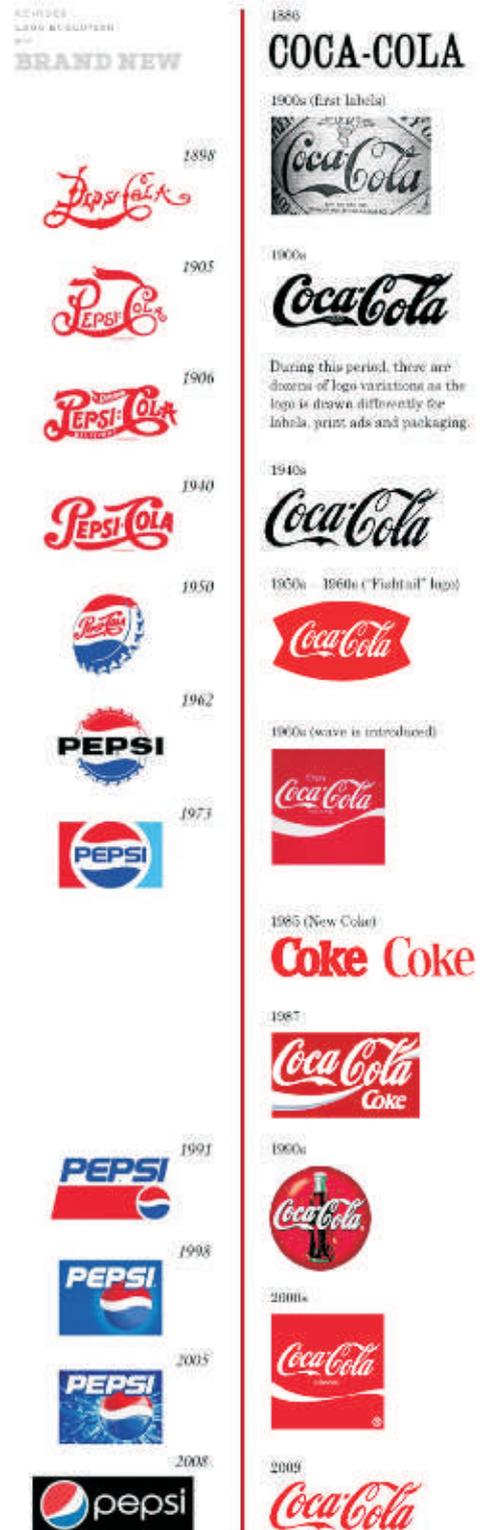
After seventeen years of success, Caleb Bradham lost Pepsi Cola when he gambled on the fluctuations of sugar prices during World War I. In 1931, Pepsi Cola was bought by the Loft Candy Company Loft president, Charles G. Guth who reformulated the popular soft drink. Guth struggled to make a success of Pepsi and even offered to sell Pepsi to the Coca-Cola company, who refused to offer a bid.

In December 2005, PepsiCo surpassed Coca-Cola Company in market value for the first time in 112 years since both companies began to compete.

Rivalry between Pepsi & Coca Cola

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The picture above illustrates the evolution of the Pepsi and Coca-Cola logos from their beginnings in the late nineteenth century to their current state.



According to Beverage Digest's 2008 report on Carbonated Soft Drinks (CSD), PepsiCo's U.S. market share is 30.8 percent, while The Coca-Cola Company's is 42.7 percent. Overall, Coca-Cola continues to outsell Pepsi in almost all areas of the world. However, exceptions include India; Saudi Arabia; Pakistan (Pepsi has been a dominant sponsor of the Pakistan cricket team since the 1990s); the Dominican Republic; Guatemala the Canadian provinces

an equal percentage share of the market. The squabbling is mainly in the arena of advertising and logo design.

From the beginning, Coke understood the importance of branding and the creation of a distinct personality whilst Pepsi has been the perennial and persistent challenger. Pepsi has changed its logo and its slogans a number of times since its introduction in 1898. (See *Chart Pepsi-Cola and Coca-Cola. 100-year-old war of two corporations.*)

Though there is much truth in the argument that a logo that always changes is unsettling and this could be a bad thing but Pepsi has had a dream run with all the tinkering it has engineered in its logo. Pepsi logos are like a trip through 20th century Americana. Every change has attempted to capture the time perfectly right up to the last change that seeks affinity with President Obama's campaign. Coca Cola on the other hand is a true example of how a brand should be consistent to their corporate identity. Today, Coca-Cola logo is, of course, amazingly similar to what it was 124 years ago.

### Colors

Without doubt Red is a better color for a company into foods and beverages. There is ample evidence that red triggers hunger which is the reason behind the fact that Red is the first choice for the logo and décor of most restaurants etc.

While in no way running down the efforts of PepsiCo I state as follows:- THE FACT THAT RED HAS BEEN ADDED TO WHAT IS A PREDOMINANTLY BLUE LOGO HAS BEEN THE REAL MAJOR FACTOR FOR PEPSI'S PERFORMANCE.

Even in the case of Thums Up, in India, the combination of red and blue heralded the turn around in that brand's performance. ■

### Soft drinks market in India

Coca-Cola and PepsiCo together control about 90% of the carbonated beverage market in India.

Coca-Cola was the leading soft drink brand in India until 1977 when it left 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 India), Limca, Maaza, Citra and Gold Spot provided not only physical manufacturing, bottling, and distribution assets but also strong consumer preference. 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.

From 1993 to 2003, Coca-Cola invested more than US\$1 billion in India, making it one of the country's top international investors.

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 1980's in advance of liberalization by way of a joint venture. 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 of PepsiCo, 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 and Pepsi ultimately bought out its partners, becoming a fully-owned subsidiary and ending the JV relationship in 1994. Though Coke benefited from Pepsi creating demand and developing the market, Pepsi's head-start gave Coke a disadvantage in the mind of the consumer.



Coca Cola takes the 2nd floor of this building for their sales marketing office and puts up a boarding. A couple days later Pepsi puts up the other board just for fun.