

**KARMA COLA – COKE IN INDIA**

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### ABSTRACT

*This article is an application of the customer-based brand equity (CBBE) model (Keller, 2001) to Coke in the United States and India. It shows that Coke, the brand, is interpreted differently in US and India. In US, Coke's awareness stretches beyond its immediate consumers. It is used functionally as a substitute for water. Its home consumption is high. It is seen as a brand with heritage and many customers and non-customers relate to it. Hence there is greater bonding between the brand and the customer. In India, by contrast Coke's knowledge and appeal is limited to the urban elite and youth. It is consumed more for aspirational than functional reasons. Home consumption is not as high as it is in the United States. It is a brand to which a limited number of people relate. Loyalty is more to the cola flavor than Coke. In short, Coke is viewed very differently in India as compared to the United States. This paper examines the differences in perceptions in the two countries and discusses their implications for Coke in India. The implications to Indian market are important because China and India are seen as the most promising markets for its future.*

The CBBE model consists of 6 building blocks and 4 levels as shown in Figure 1 (page 9). The four levels are Identity, Meaning, Response and Relationships. The six building blocks are salience, performance, imagery, judgments, feelings and resonance. The model explains how consumers get more deeply involved with the brand as they move from salience at the bottom to resonance at the top of the pyramid (see Fig.1). Figure 2 (Page 10) deals with the sub dimensions in each of the 6 building blocks. For instance, the building block “resonance” in Fig 1 corresponds to the sub-dimensions loyalty, attachment, community and engagement in Fig 2. The levels, building blocks and their sub-dimensions are explained in their appropriate place and sequence.

(Note: Keller’s model has several sub-dimensions corresponding to each of the building blocks. Not all of them are relevant to Coke. For instance, the building block “performance” (see Fig. 1) corresponds to two sub dimensions a) product reliability, durability and serviceability b) service effectiveness, efficiency and empathy (see Fig. 2) listed under it. But neither durability nor service effectiveness is relevant to Coke, because it is not a consumer durable. Only sub dimensions that are significant, relevant and non-repetitive have been used in this paper. The relevant ones have been highlighted in bold letters in Fig. 2)

## 1.0 BRAND IDENTITY

The first level, which corresponds to the base of the pyramid in Fig .1 deals with identity. The identity of the brand can be gauged by asking the question “who are you?” This translates into the building block of salience, from the customer’s end. Salience or awareness basically refers to the recognition and recall of the brand.

Coke’s salience is qualitatively different in US and India. Coke is well known in the United States because it originated there. That, however, is only partly responsible for its popularity. In US, Coke is integral to American life. In India, on the other hand, it is relatively young. It has been sent out in 1977 (because of the differences with the Indian Government) and came back again in the 90s. It is not as deeply etched in the life of an average Indian as it is in an American’s. Its knowledge is restricted to the urban population and youth. Thus, 60% of soft drinks in India are consumed in the metro cities of Calcutta, Mumbai, Delhi and Chennai (indiainfoline.com). Not only in India, but all the developing countries, it is youth that identify themselves with popular American brands (Shawn Tully, 1994). However Coke’s salience in the semi-urban, rural and non-youth groups is limited in India. An all India 1996 Gallup Poll (which had rural as well as urban respondents) reports that no brand operating in India touches 70% recognition levels. Thus not many brands (including Coke) are known across the length and breadth of the country. By contrast, Coke is known almost universally in the United States. **In sum, Coke’s salience is deeper and more broad-based in the United States than in India.**

Item	United States	India
Salience	High recall across segments	High recall only in immediate target segment

## 2.0 BRAND MEANING

The second level in CBBE is “Brand Meaning”. It asks the brand “What are you?” It comprises of the two building blocks “performance” and “imagery”. Performance tells us whether the brand fits into the physical world of customer. Imagery decides whether the brand fits into the psychological world of the customer.

### 2.1 PERFORMANCE

Performance deals with the customer’s perceptions of the functional and aesthetic aspects of the brand. The customer takes a view on tangibles like functionality and price and intangibles like aesthetics. He rates the performance of the brand on these parameters. The sub-dimensions of the building block “performance” are listed in Fig 2. Here we discuss only the primary and secondary characteristics aspect of the brand, because of its immediate relevance to Coke. Coke’s primary (functional) characteristics seem to be more accessible and relevant to the customer in the United States. More people drink cola than water in United States. Coke is often used in US to “wash down the throat” after eating a snack (Pendergrast, 1993). In India, however, it is consumed more because “it is the thing to be consumed”. Its secondary or aspirational characteristics become more important because the customers are either urban elite or youth or both. (indiainfoline.com).

The shape of the Coke bottle has been standardized in US after it went through several changes (Pendergrast, 1993). The bottle’s shape and size are as much a part of the Coke legend as its red logo. In India, the bottle’s size was brought down from 300ml to 200ml to bring in more customers. (Reducing the quantity reduces the price, giving an opportunity for more consumers to buy). There was no resistance to the change. What is more, it was welcomed. Contrast this with what happened in the US when Coke was replaced by a slightly sweeter version and relaunched as New Coke. The brand almost died (Pendergrast, 1993).

**Thus the brand has less functional and more aspirational connotations in India as compared to United States.**

Item	United States	India
Belief in Primary characteristics of brand	High	Medium or Low

## 2.2 IMAGERY

The building block “imagery” deals with user profiles (“what kind of user”), purchase occasions (“how and when the user buys”), the brand’s personality (“what aspects of the brand draw the customer”) (Fig 2). Imagery deals with the profiles of the real and ideal users (Aaker,1996). It also encompasses the occasions and settings in which the users consume the brand. The ideal users in both countries are youth. The real users are more heterogeneous in US while they are closer to the ideal user in India. However, the real difference lies in the occasions and the setting in which the brand is consumed in the two countries. The interpretation of brand personality is also different.

### 2.2.1 PURCHASE OCCASIONS

While home and can consumption is high in US, outdoor and bottle consumption is high in India. Cans are costly hence their use is restricted in India. Home packs are not yet as popular in India as they are in United States. Since home consumption is limited, Coke is a more public drink in India. The consumption through dispensers is also low in India because of power trips. Besides, Coke is consumed more in summer in India because it is believed to quench thirst (indiainfoline.com). As opposed to this its consumption is less seasonal in the US. **Thus the brand is used more for public consumption in India. It is used for private consumption as well in the United States.**

### 2.2.2 BRAND PERSONALITY

Personality of the brand is the set of human characteristics associated with it (Jennifer Aaker, 1997). Jennifer Aaker mentions five dimensions of brand personality namely sincerity, excitement, competence, sophistication and ruggedness. Here we deal with the dimension relevant to this paper i.e. competence. In the US, Coke was for long seen as the common man’s drink (one nickel drink). In 1916 when the price of the Coke had to be increased above 1 cent there were strong protests from consumers. There were similar protests when its price tried to breach the 5 cents barrier in 1946 (Pendergrast, 1993). In India there has been a more sedate response to Coke’s price increases. This is because the common man’s drink in India is coffee or tea. This being the case, it is interesting that the functional values of Coke, if any, have not been effectively communicated. Ultimately unless the tea and coffee drinkers in India switch to Coke it will not be a common man’s drink. Is Coke “competent” to do that? This is a question of some importance. Further, Indians prefer a strong taste in their cola.

They want the soft drink's taste to linger in the mouth after consumption (Rahman, 2000). The drink perceived to have a strong, lingering taste is stable mate Thums Up and not Coke. Consequently, Thums Up is seen to have more "competence" than Coke. As opposed to this, Coke's competence in US is not in doubt, though Pepsi is a strong competitor. **It is therefore likely that the Indian consumer rates Coke lower on competence than his American counterpart.**

Item	US	India
<b>User Profile</b>	All age groups	Predominantly youth
<b>Purchase / Usage</b>		
Unit of consumption	Home Pack / Can	Bottle
Channel type	More dispenser	Less dispenser
Season of consumption	Any season	More summer
Setting of consumption	Public and private	More public
<b>Personality</b>		
Competence	High	Medium

### 3.0 BRAND RESPONSE

Brand Response asks the brand the question "What about you?" meaning what does the consumer think about you. The answer results in the two building blocks Judgment and Feelings.

#### 3.1 JUDGMENT

Judgment is how the customer rates the brand for consumption or otherwise. It is the credibility aspect of the brand. The credibility of Coke is higher in the United States, because it is a market leader there. In India, Thums Up is the leader. What is more, in India, Pepsi is as big as Coke. Coke, despite all its attempts could not beat Thums Up in the market, as a competitor. Eventually Coke bought up Thums Up from Parle Drinks, the owner of the brand.

Later, in line with its global policies Coke tried to replace Thums Up with itself. Thums Up did not die. It has a strong following in India and Coke was forced to retain it. Thus stable mate Thums Up ranks higher in credibility. **Coke's credibility is not as high in India as it is in US.**

Item	US	India
Credibility		
Expertise	Market Leader	Not market leader

### 3.2 FEELINGS

On the “feelings” dimension there are certain positive associations for Coke in both the countries. In India as well as US Coke is seen by its consumers as warm, fun and exciting. But its social approval is not high. Social activists in India accuse Coke of encouraging conspicuous consumption and junk food. These views have their adherents in the United States as well. But such impressions are more strongly held in post-colonial societies like India. Intellectuals in many newly independent countries see the invasion of American brands and values as Coca-Colonisation (Pendergrast, 1993). Political parties routinely break up Coke and Pepsi bottles in protest against what they view as neo-colonialism. **Thus Coke is likely to score less on social approval in India.**

Item	US	India
Warmth, Fun, Excitement	High	High
Social Approval	Medium	Low

### 4.0 RESONANCE

Resonance is the stage where the customer is concerned about the relationship between him and the brand. High resonance indicates greater bonding between the customer and the brand. Resonance is likely to be low for Coke in India as compared to US. The reasons have already been listed in the course of the article. Consider the two sub-dimensions behavioral loyalty and attitudinal attachment. Behavioral loyalty is indicated by repeated purchase. Attitudinal

attachment is there when the customer “loves” the brand and buys not simply because it is a necessity. In India there is loyalty for the type of drink (cola) but not the brand (indiainfoline.com). Thus the customer does not have any specific attachment with the brand. The other two sub dimensions namely sense of community and active engagement may also be discussed here. Sense of community is the kinship the consumers of the brand feel for each other. It is there in a limited sense among the youth in India, but it needs to be nurtured. Finally active engagement results when the consumers are prepared to expend money, energy and time on the brand. This will not happen unless the other three components behavioral loyalty, attitudinal attachment and sense of community are upgraded. **Thus resonance with Coke is weaker in India than in US.**

Item	US	India
Behavioral Loyalty	High	Low
Attitudinal Attachment	High	Low

## CONCLUSION

Coke’s analysis on the six building blocks (from salience to resonance) leads to certain implications for its management in India. Firstly, if Coke has to grow out of its present confines it should move beyond urban areas. This needs a wider and deeper education of customers with a view to improving its salience. Secondly its performance should be augmented through more functional values. This can be achieved by a) communicating the more functional values of the drink (e.g. “filling” and “refreshing”) b) associating more functional products like water with Coke (as already being done in India). The user imagery will then expand beyond the restrictive definition of the urban consumer. Besides, communication should aim at improving the overall image of the brand and allaying fears of coca-colonization. Public Relations exercises can play an important role along with relevant advertising in mitigating such fears. Emphasizing the functionality of the product and communicating the appropriate values through promotional efforts are vital. These measures when implemented could pave way for Coke in India to rival its performance in the United States.



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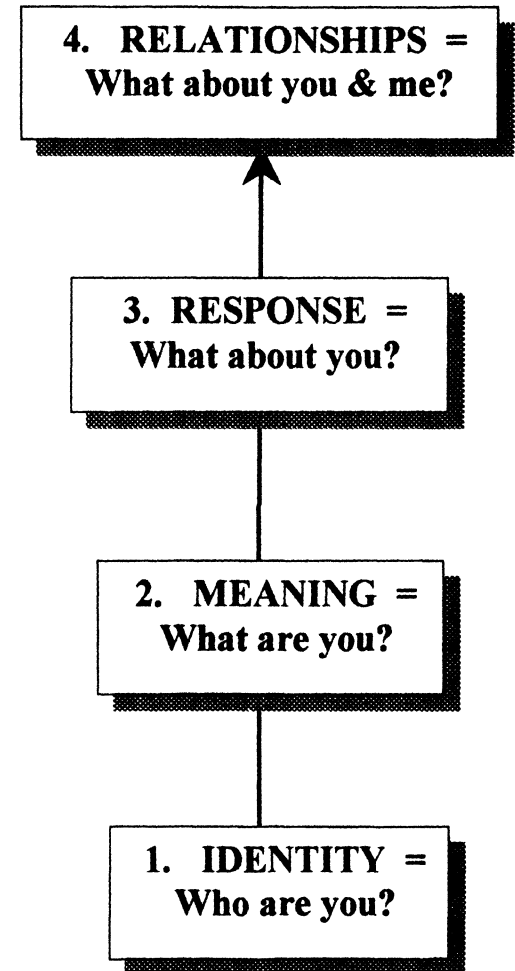
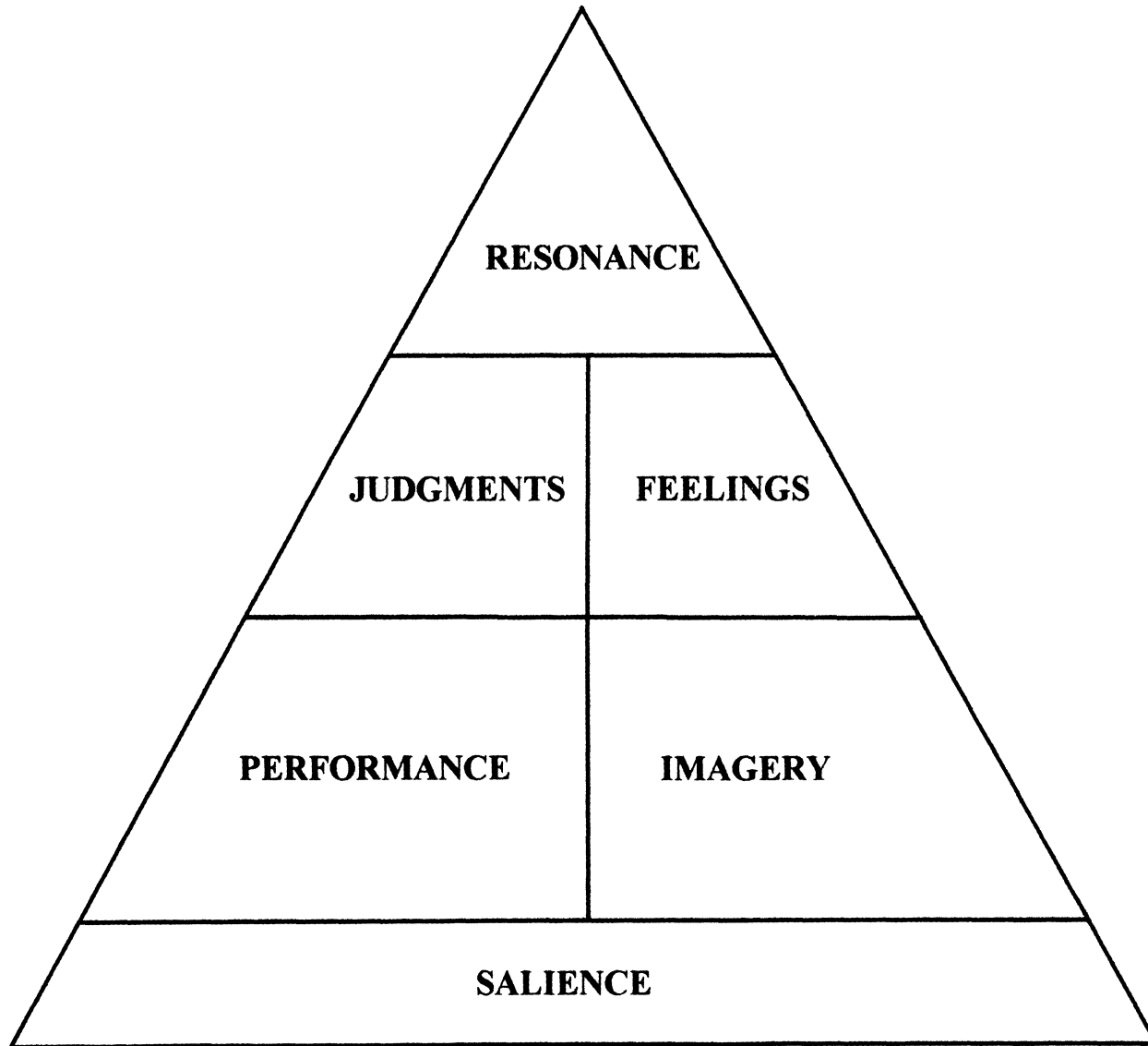
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**FIGURE 1**  
**CUSTOMER-BASED BRAND EQUITY PYRAMID**

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**FIGURE 2**  
**SUB-DIMENSIONS OF BRAND BUILDING BLOCKS**

