The Coke-Pepsi Wars

by Lloyd Rain

Preface

Every year or two I would open bids for soft drink syrup for our cafeteria — the syrup from which cafeteria machines make Coca Cola and Pepsi Cola. Every time this happened several representatives each from the two companies would troop into my office at the appointed hour and sit stone-faced staring at each other with obvious enmity. They would remain silent — sans conversation, sans smiles, sans any form of human recognition. Pillars of salt! My light-hearted comments were treated with stoic reserve. At times, it seemed that if anyone had the slightest involuntary tremor, AK-47s would immediately appear and we would have a fire-fight right there in my office!

The hour would come upon and us, I would open the (invariably) only two bids, read them and, regardless of the result, all attendees would militarily march out of the office not to be seen again until next year.

I couldn't help but wonder what in the world could cause so much animosity and downright fear between the two contingents. Certainly not ordinary competition. Especially for a mere $4,000 per year of soft drink syrup.

It finally dawned upon me that it wasn't about syrup at all. What it was about, was souls. Just like the devil himself, it was the souls they were after; the syrup was merely the means, the apple hanging invitingly in the tree.

Hence, the following letter which was sent in reference to an article which, for the most part, sung the praise of long-term exclusive contracts with pop companies, and in which I was the only voice of dissent.

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Government Procurement Magazine
Attn: Ms. Katherine Frisch, Editor
c/o Penton Media Inc.
1100 Superior Avenue
Cleveland OH 44114

Dear Ms. Frisch:

In your article ***On-Campus Cola Wars Heat Up***, August 1998 issue, I am quoted extensively in opposition to long-term, institution-wide, exclusive contracts with soft drink suppliers. Your article presented a well-balanced view of the issue and I compliment your author, Ms. Ann Mack, on her balance and thoroughness.

One of my key points, the essential reason for my condemnation of these contracts, was not mentioned.

To understand, you must first appreciate that Coke and Pepsi have cornered about 80% of the world market and about 95% of the Canadian and American markets in carbonated drinks. Add to that, the recognition that their competitiveness is fierce. They spar, they parry, they knee-jerk and they wrestle daily for additive fractions of points — for every minuscule advantage each can get over the other.

What are they after so tenaciously? Market share. Now you may say that this is not exactly news. Notice, I did not say “profit.” I said “market share.” You see, they both have all the market there is to have. The only way for them to ensure their survival and long term profitability is through maintenance and slight increases of their market share.

One of the best of the many ways they go about doing this is to “hook ’em while they’re young.” Just like the cigarette companies did with their free 5- and 10-packs to college kids in the fifties, sixties and seventies. Once hooked, there is every likelihood that the trademark will become the brand of choice for a lifetime.

I can use myself (and many of my friends) as examples. My first degree is from the University of Miami in Coral Gables, Florida. It’s very hot in southern Florida, especially during summer school. I imagine I drank ten to fifteen cokes a day for four years. There were very few other choices. Pepsi was nowhere to be found and Dr. Pepper was not yet invented. I am hooked for life. I simply cannot drink any other soft drink than Coca Cola. Do I have any love for the company? No more than I have for the tobacco company which hooked me for thirty years on Marlboro cigarettes at the same time as Coke got me (I did, eventually and painfully, give up the remarkably self-destructive act of smoking).

These companies are jostling for the hearts, minds, souls and taste buds of our youth for a lifetime of brand allegiance. We ought not be party to brand exclusivity any more than we ought to take scoreboards and other bribes for exclusive contracts with Brown and Williamson or American Tobacco for exclusive marketing rights of cigarettes on our campuses.

Certainly not with public funds! And certainly not without giving our students a choice (the argument that students can go off campus to find competitive brands is hollow and self-serving; we know that most times they can’t and/or won’t).

After having read your article, stronger than ever I maintain that we are selling our kids down the branding river when we enter long-term, institution-wide, exclusive contracts with soft drink suppliers. It’s manipulative, unfair, unethical and immoral. We have given our students no choice and we are greedily amassing cold, hard, bitin’ money in return for their souls.

What we are doing is a violation of the public trust.

Lloyd Rain
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This letter (without the Preface) was originally published in Government Procurement Magazine in October, 1998.