Coca-Cola or Pepsi; that is the Question
- A study about different factors affecting consumer preferences
Abstract

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Title: Coca-Cola or Pepsi; that is the question – A study about different factors affecting consumer preferences

Background: Today, advertising is a multi-billion industry, employing hundreds of thousands of people and affecting billions of people’s lives worldwide. Yet, seeing as advertising clutter has increased tremendously and is more intense than ever, it is vital that companies differentiate themselves from competitors by creating even more powerful, entertaining and innovative advertisement messages, as well as sponsoring different events. Examples of such companies that spend billion of dollars on marketing strategies in order to stay key players in their industry are The Coca-Cola Company and PepsiCo.

Purpose: The overall purpose of this paper is to gain a deeper understanding of different international and local factors affecting consumer preferences on a local market.

Method: A quantitative method was applied, and thus a questionnaire with 150 respondents on the local market was conducted. The respondents were divided into three different age groups: ≤ 18, 19-34, and ≥ 35, and represent a diverse set of people who are at different stages in their lives.

Conclusions: International advertising and international sponsorship respectively influence the local target group in different ways, but they also affect international brand in that they have an impact on brand image and brand equity. Moreover, depending on a person’s age, consumers view brands differently, and thus have an effect on international brand alone, but also in combination with international advertisement and international sponsorship. Together, these factors influence the way in which a brand is perceived, and consequently influence consumer preferences.
Acknowledgements

“We shall not fail or falter; we shall not weaken or tire...Give us the tools and we will finish the job”
- Sir Winston Churchill, 1941

This Master’s thesis was written during the spring of 2006, and is the result of ten weeks of hard work and dedication. Although it was challenging at times, the process was interesting and motivating, and provided us with a deeper knowledge in the area within consumer preferences.

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Växjö, May 29, 2006

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1. Introduction

This Master thesis initiates with a brief description of the background to our chosen field of study; thereafter a problem discussion follows, which is then funnelled down to the purpose. Finally, the chapter ends with the limitations that have been taken into consideration.

1.1 Background

“Advertising can be traced back to the very beginnings of recorded history. Archaeologists working in the countries around the Mediterranean Sea dug up signs announcing various events and offers. The Romans painted walls to announce gladiator fights […] during the Golden Age in Greece, town criers announced the sale of cattle, crafted items and even cosmetics […]” (Kotler et al. 2002, p. 661).

Today, advertising is a multi-billion industry, employing hundreds of thousands of people and affecting billions of people’s lives worldwide (http://encarta.msn.com). In 2000, international advertisement spending exceeded $414 billion (Kotler et al. 2002), and according to Zenith Optimedia (www.marketwatch.com), it is believed that spending will maintain a 6 per cent growth rate for the next couple of years, increasing to an estimated $427 billion this year and to $451 billion next year.

However, as a consequence of long-term changes, such as the increase of a larger and more diverse range of media, as well as the arrival of new technologies, particularly the Internet, consumers have become better informed than ever, and as a result, some of the traditional advertising methods are no longer as effective as they used to be (www.economist.com). Instead, firms have increasingly employed other marketing tools, such as corporate sponsorship of sports, arts and cultural events to name a few (Ruth et al. 2003). Sponsorship is claimed to be the world’s fastest growing form of marketing, and in 2001, worldwide spending was estimated to be as much as $24.6 billion. Moreover, sponsorship activities are applied with the belief that companies can enter international markets and appeal to local consumer preferences (Dolphin 2003). This promotional tool has proved to be successful in reaching a large global audience, and seeing as consumer behaviours differ greatly in preferences and product choices, it is apparent why sponsorship has outperformed other marketing methods (http://geoff.cox.free.fr).
Yet, as a result of globalization, the use of advertisement across cultural borders has grown immensely, and while one expert claims that the average person is daily exposed to 1,600 advertisements, another expert estimates the total number to be as much as 5,000 a day (Armstrong et al. 2005), “from billboards to bumper stickers to logos on caps and T-shirts” (www.thegredecompany.com). Seeing as advertising clutter has increased tremendously and is more intense than ever, it is vital that companies differentiate themselves from competitors by creating even more powerful, entertaining, and innovative advertisement messages. However, this has proven to be very costly, especially within highly competitive product markets, such as the soft-drink industry, which requires higher advertising budgets just to stay even with competitors. Examples of such companies that spend billion of dollars on advertising in order to stay key players in their industry are The Coca-Cola Company and PepsiCo (http://business.enotes.com) (see Appendix 1 and 2).

Not only are Coca-Cola and Pepsi dominant market leaders on the worldwide beverage market, but they are also two of the most notable and widely sold commercial brands in the world (http://en.wikipedia.org), and annually spend billions of dollars on advertising campaigns. In 2004, Coca-Cola’s worldwide advertising budget exceeded $1.5 billion, while Pepsi’s advertising expenditure totalled $1.3 billion (www.mind-advertising.com). Coca-Cola’s advertising has always been celebrated globally, and introduced its first advertising theme in the early 1900's and has since seen plenty of popular themes that have become recognised worldwide (www.coke.com). Today, Coca-Cola depends heavily on “images of happiness and togetherness, tradition and nationalism”, whereas Pepsi relies more on the appeal of celebrities, popular music, and young people in their television commercials (www.geocities.com).

1.2 Problem Discussion
Not only can it be difficult to understand consumer behaviour and target groups’ needs on the domestic market, but for multi-national companies, this is an even greater struggle. Despite the fact that most of the world’s consumers have certain things in common, their values and attitudes, as well as behaviour often differ. As a result, it is vital that international marketers understand these differences and adapt their marketing strategies accordingly. Failure to do so could result in disaster for a company’s international products and marketing programs. More
specifically, the degree to which international advertisement should be adjusted in accordance to distinctive consumer characteristics in different countries is of great concern for many companies (Armstrong et al. 2005). Consequently, the debate about whether to standardize or adapt an advertising campaign has come to dominate the area within the international marketing literature for decades (Harris et al. 2003).

Although some notable international advertising campaigns have been successful, most multinational companies have difficulties in targeting and stimulating consumers from various countries through a standardized marketing program. Moreover, as today’s economies are becoming more entwined than ever, any possible method that can be used in supporting the building of global brands is appealing. One of the primary objectives that international marketers have is to create an image that is familiar worldwide, but at the same time associated with explicit meanings (Fahy et al. 2004). Although advertising is still the number one communication tool for businesses, immense changes within, for instance, technology has required companies to implement other promotional strategies other than traditional marketing communication tools. Moreover, employing a mixture of all marketing communications components in order to sustain and build competitive advantages (Erdogan et al. 1998).

One such promotional strategy is that of sponsorship, which to some extent share similar objectives to advertising, such as sustaining and building corporate awareness. Although both advertisement and sponsorship messages are delivered to a greater audience, the later persuades its contexts more indirectly and implicitly. Moreover, Erdogan et al. (1998, p. 372) claim that “messages sent by companies, are controlled to a greater extent in the case of advertising than in the case of sponsorship even though sponsorships are being designed to offer more precise, less cluttered ways for marketers to promote products and services through sampling, demonstration, contests, and many interactive, educational, and family activities”. Although it is believed by many that sponsorship has the potential to become the marketing communication tool of the 21st century, research remains without theoretical base and a clear definition of sponsorship does not exist (Dolphin, 2003).

The majority of the advertisement research that exist merely suggest which advertisement is the best amid those that are evaluated, and despite the fact that one advertisement might be
more memorable or cause more attention than others, this does not imply that there is a definite relationship to consumer preferences and sales success (Hartley, 2001). The majority of the sponsorship research has focused on “consumer awareness of sponsors and perceptions of the sponsor’s image” (Carrillat, et al. 2005, p. 51), and accordingly there is little evidence concerning the effect a company’s sponsorship activities have on consumers’ attitudes and buying behaviour. Although demographic segmentation continues to have an influential role within the marketing theory, the majority of the research focuses on the way in which demographic variables affect marketing communications, particularly that of gender and advertising. Merely little research can be found within the other demographic variables and thus age segmentation theory is relatively limited (FitzGerald et al. 1996). As a result, more knowledge about factors affecting consumer buying behaviour is needed. Thus we propose the following question: to what extent do advertising, sponsorship, brand, and age affect consumer preferences?

1.3 Purpose

The overall purpose of this paper is to gain a deeper understanding of different international and local factors affecting consumer preferences on a local market. Specifically, we want to explore the effect international well-recognized advertising campaigns have on consumers’ buying process. We also want to study whether or not there is a relationship between the above mentioned factors’ influence on the choice of homogenous products.

1.4 Delimitations

We have limited our research to the cola drink industry, rather than the entire soft-drink industry. Although we examine consumer perceptions on international brands’ marketing strategies, the focus of the investigation will be on Coca-Cola’s and Pepsi’s advertisement and sponsorship as well as their brands. Moreover, the study encompasses three specific target groups in Sweden that have been divided in accordance to age, and thus we do not look at the entire consumer population and as a result, generalization is not obtained. Finally, we have concentrated on age segmentation, and thus other demographic variables are not observed.
2. Theoretical Framework

Chapter two introduces the theories that are relevant to the purpose of this thesis. The following theories that are presented below are: consumer preferences, target group, brand, advertisement and sponsorship. Finally, the chapter ends with the analysis model and hypothesis.

2.1 Consumer Preferences

The consumer market amounts to a total of 6.3 billion people, and thus there is great demand for an enormous variety of goods and services, especially as consumers differ from one another in that of age, gender, income, education level, and tastes. Moreover, the relationships between different consumers, as well as their contact with other elements of the world surroundings, affect their choice of products, services, and companies (Kotler et al. 2005). The reason why consumers buy what they do is often deeply rooted in their minds, consequently consumers do not truly know what affects their purchases as “ninety-five percent of the thought, emotion, and learning [that drive our purchases] occur in the unconscious mind- that is without our awareness” (Armstrong et al. 2005, p. 143).

Consumers’ purchase process is affected by a number of different factors, some of which marketers can not control, such as cultural, social, personal, and psychological factors. However, these factors must be taken into consideration in order to reach target consumers effectively (see figure 2.1) (Kotler et al. 2005).

Cultural factors
Culture is “the set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions” (Ibid, p. 256), and is the primary reason...
behind a person’s wants and behaviour. Although different societal groups have their own culture that affects consumers’ buying behaviour, the extent to which it influences the behaviour might vary from country to country. Each cultural group can be divided into groups consisting of people with common life experiences and situations, also known as subcultures (Kotler et al. 2005), such as nationality, racial groups, religion, and geographical areas. The third cultural factor is social class, which is constituted upon among other variables: occupation, income, education, and wealth (Blackwell et al. 2001).

Social factors
The second classification of factors affecting consumer behaviour is social grouping, which is composed of small groups, social roles and status, and family that affect all individuals to some extent. Some of these groups have a direct influence on a person, i.e. membership groups, groups that a person can belong to (Kotler et al. 2005), and reference groups which “serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or beliefs” (Armstrong et al. 2005, p. 148). However, some people are affected by groups in which they do not belong to; these reference groups include aspirational groups, groups that a person desires to belong to and a fan’s admiration for an idol, etc. (Ibid). Finally, a wife, husband or a child have strong influences on a consumer and thus the family is the most vital consumer buying organisation in society (Kotler et al. 2005).

Personal factors
Consumers’ personal characteristics, like for instance age and life-cycle stage, occupation, economic situation, lifestyle, as well as personality and self-concept influence consumers’ buying behaviour. Moreover, depending on a person’s occupation and financial situation, as well as the stage in life a person is in, his/her demands for products shift. A person’s lifestyle forms his/her world and the way he/she decides to act, thus a person’s activities, interests, and opinions constitute their lifestyle, as well as affecting the choice of products (Armstrong et al. 2005). Moreover, all people are individual; hence have a unique personality of different characteristics, which is often portrayed with traits, such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness (Blackwell et al. 2001).
Psychological factors

Four objects constitute this group of factors, namely motivation, perception, learning, and beliefs & attitudes. When a person is motivated, he/she acts accordingly and the actions taken are affected by the person’s perception of the situation. Perception is the individual selection, organization and interpretation of the information which flows through people’s senses, and consequently a meaningful picture of the world is formed. When people experience new things, changes take place in their behaviour, i.e. they learn new things when they take action. As a result, beliefs and attitudes are acquired and hence affect the buying behaviour (Armstrong et al. 2005).

2.2 Target Group

Companies today recognize that they cannot appeal to all consumers in the marketplace since consumers are too numerous, too widely scattered, and too varied in their needs and buying practices. Therefore, companies must identify those parts of the market that they can best serve, and thus build the right relationship with the right customers. This is also known as target marketing and is the process of evaluating each market segment’s attractiveness and selecting one or more segments to enter (Armstrong et al. 2005). One such segmentation is demographic segmentation, where the market is divided into groups based upon demographic variables such as age, sex, family size, religion, race, etc. Moreover, buyers within this segment share common needs or characteristics that the company in turn decides to serve (Kotler et al. 2002). This thesis will focus specifically on demographic segmentation, particularly that of age.

2.2.1 Age

Seeing as consumers’ needs and interests for products vary depending on age, companies employ age segmentation, offering different products or using different marketing approaches for different age groups (Armstrong et al. 2005). Blackwell et al. (2001) divide the different age groups into the following: children, teenagers, young adults, and baby boomers, thus the thesis will concentrate on teenagers, young adults, and baby boomers.
Teens have a variety of needs, such as a need for belonging, independence, approval, and responsibility, as well as having the need for experimentation (Solomon et al. 2001). Teens are increasingly given the task of buying products for the family since they not only have more spare time but also enjoy shopping more than their parents do. As a result, marketers are targeting their ads primarily at teenagers. In order to gain teenagers’ attention more effectively, advertising campaigns must be honest, have clear messages, and use humour. Moreover, teenagers tend to be fickle and are likely to switch brand preference quicker than any other age group, as they have a high need to be accepted by their friends (Blackwell et al. 2001). Finally, teenagers are “easier targets, because they have grown up in a culture of pure consumerism. Because of this, they are way more tuned into media because there is so much more media to be tuned into” (Bush et al. 2004, p. 109).

Young adults
18 to 34-year-olds are included within the young adults group. This group view themselves as being too young to worry about “grown up” issues, and live their lives for the “moment” rather than for “tomorrow” (Ibid). Seeing as this age group is involved in most of the family shopping, marketers have found them to evaluate advertising and products in a very sophisticated manner. Moreover, as they have grown up in the era of media and technology, “they see advertising as a form of entertainment but are turned of by overcommercialization” (Solomon et al. 2001, p. 413).

Baby boomers
Baby boomers are the large cohort of people born after World War II. They have created a permanent propensity to consume, given that they delay getting married and having children, in order to focus on their careers, and thus creating a financial platform. Baby boomers buy more and save less than past generations, and therefore marketers have aimed to satisfy their wants (Blackwell et al. 2001). Finally, an advertisement that emits intense information is more likely to be received by this age cohort than an image-oriented advertisement (Harmon et al. 1999).
2.3 Brand

A brand can be defined as a “name, term, symbol, or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Keller 1993, p. 2). Brand image takes place when brand associations held in the mind of consumers are conveyed onto a consumer’s perception about a brand. These associations can either be developed from direct experience with the product, from the information communicated by the company, or from previous associations held about the company and origin, etc. (Martinez et al. 2003).

2.3.1 Brand Equity

Brand equity is, according to Aaker (2005, p. 173) “a set of assets and liabilities to a brand’s name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or a firm’s customers”. These assets and liabilities can be grouped into four categories: brand loyalty, brand awareness, perceived quality, and brand associations.

Brand Loyalty

Brand loyalty is a “form of repeat purchasing behaviour reflecting a conscious decision to continue buying the same brand” (Solomon et al. 2001, p. 259). Moreover, in order for brand loyalty to take place, customers must have a positive attitude towards a brand, as well as being involved in repeated buying. If, in actual fact, a brand has been greatly advertised and been around for some time, it can generate an emotional attachment by either being integrated into the consumer’s self-image or linked to past experiences (Ibid).

Brand Awareness

Brand awareness entails that recognition is communicated onto a brand, which allows consumers to identify with the brand product, and thus providing companies with constant competitive advantage (Aaker, 2005). For low involvement products, products “bought frequently and with a minimum of thought and effort” (buseco.monash.edu.au), awareness can affect a consumer’s buying decision through a sense of familiarity, whereas for high involvement products, brand awareness provides consumers with a sense of presence and assurance (Aaker, 2005).
Perceived Quality

Perceived quality can be defined as “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives” (Aaker, 1991 p. 85). Perceived quality is initially a consumer’s perception about a product, and thus is a tangible overall opinion about a brand. Nevertheless, this feeling is usually based upon fundamental dimensions, such as product features and performance. Furthermore, perceived quality is often differentiated from the actual quality, and can derive from past experiences involving former products or services (Ibid).

Brand Association

Brand association can either be linked directly or indirectly with a customer’s thought about a brand. Those associations that have the clearest significance are built upon product attributes, such as physical product characteristics and non-material product characteristics (Armstrong et al. 2005), and customer benefits - “the desirable consequences consumers seek when buying and using products and brands” (Peter et al. 1994, p. 87), which provide customers with a motive to buy the product, consequently resulting in brand loyalty (Aaker, 1991).

2.3.2 Brand positioning

Positioning refers to “consumers’ perception of a brand as compared with that of competitors’ brands, that is, the mental image that a brand, or the company as a whole, evokes” (Czinkota et al. 2001, p. 313). Moreover, researchers claim that positioning can provide benefits to the consumer through a set of different product attributes (Albaum et al. 2002). Thus, companies must position their brands/products clearly in the minds of the target consumers. This can be done through the positioning on product attributes, however, companies must bear in mind that these attributes are easily copied by competitors. More specifically, consumers are often not interested in attributes as such, but are rather concerned with what the attributes will actually do for them (Armstrong et al. 2005). Another way in which marketers can position brands is by associating a brand with a name that encompasses pleasing and desired benefits (Peter et al. 1994). However, strong brands go beyond attribute or benefit positioning, and instead are positioned on strong beliefs and values. (Armstrong et al. 2005).
2.4 Advertisement

Advertising informs consumers about the existence and benefits of products and services, and tries to persuade consumers to buy them (MacKenzie, 2004). Moreover, Kotler et al. (2005), claim that advertising aims at attaining target consumers to either think or react to the product or brand. As a method of achieving advertisement goals, advertisements as well as their content play a vital role in the process of commercial communication. More specifically, it is the advertised product and brand as well as the content of the advertisement that determine greater or lesser memory retention among the consumers (Royo-Vela, 2005).

The objectives of advertising campaigns are summarised in the figure below:

<table>
<thead>
<tr>
<th>To inform</th>
<th>To persuade</th>
<th>To remind</th>
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<tr>
<td>• Telling the market about a new product.</td>
<td>• Describing available services.</td>
<td>• Reminding buyers that the product may be needed in the near future.</td>
</tr>
<tr>
<td>• Suggesting new uses for a product.</td>
<td>• Correcting false impressions.</td>
<td>• Reminding buyers where to buy the products.</td>
</tr>
<tr>
<td>• Informing the market of a price change.</td>
<td>• Reducing buyers’ fears.</td>
<td>• Keeping the product in buyers’ minds during off seasons.</td>
</tr>
<tr>
<td>• Explaining how the products work.</td>
<td>• Building a company image.</td>
<td>• Maintaining top-of-mind product awareness.</td>
</tr>
<tr>
<td>• Correcting false impressions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Informing the market of a price change.</td>
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Figure 2.4: Possible advertising objectives (Kotler et al. 2002)

As can be seen in Figure 2.4, there are different types of advertising objectives, and they are classified by the purpose, that is, to inform, persuade or remind. When introducing a new product category, informative advertising is heavily used where the objective is to build a primary demand, but as competition increases, persuasive advertising becomes more important. Here, the company’s objective is to build selective demand for a brand by persuading consumers that it offers the best quality for their money. Reminder advertising, on the other hand, is employed for mature products as it keeps customers thinking about the product (Kotler et al. 2002).
2.4.1 Standardization vs. Adaptation

International marketers and advertisers can approach the market in different ways when advertising a product or service internationally. They can either take a standardized approach, an adapted approach or a mixture of the two approaches. While an international standardized advertising campaign is used for all markets, an adapted campaign considers the use of different advertisements that are adapted for different markets because of local conditions. However, many different opinions exist about the best way to achieve success in advertising campaigns, and even though research has shown that advertisements of certain products can be standardized worldwide, both of the approaches provide their own unique benefits and weaknesses (Barnes et al. 2004).

A primary motivation for a company to standardize its advertising is the desire to create a more homogenous image of the firm and its brand in multiple markets, as a uniformed brand image across markets can lead to enhanced global brand equity. Other advantages of standardization include, economic benefits related to cost savings, the abilities to implement a coordinated strategy and to appeal to cross-markets segments (Taylor, 2006). Moreover, if an international brand is well known, it is more likely to be successful with a standardized approach, as advertisements of these brands are made more to remind and strengthen than to communicate product benefits (Pae et al. 2002). However, many scholars point out difficulties in using a standardized approach, and therefore support market tailoring and adaptation to fit the “unique dimensions” of different international markets. Moreover, it has been argued that different countries and regions differ when it comes to factors such as: culture, consumer tastes, race, disposable income, law, nationalism, technology, society, and occupations. As a result, advocates of the adaptation approach insist that multinational companies must find out how to adjust their advertisement in accordance to these factors (Barnes et al. 2004). However, both strategies are rejected by various researchers whom emphasize the difficulty in applying them in practice (Vrontis, 2005). Instead, a mixed approach, also known as a contingency approach, can be used as it offers the potential for variance, depending on the situation (Barnes et al. 2004).
2.4.2 The language used in advertising campaigns

When advertising across borders, advertisers have to decide upon whether or not to use the native language in the campaign. There are several reasons that drive companies to use foreign languages in advertisements, such as financial- and image-related reasons. Advertising costs are reduced when using existing foreign language television commercials rather than producing new commercials into the native language. Furthermore, in some situations, a product’s image benefits from using a foreign language as it is more effective (Wang et al. 2006).

In non-English speaking countries, English is the most frequently used foreign language in advertisements. A global marketing company can deploy an English-language advertisement in numerous countries worldwide seeing as most countries regard English as their first foreign language. Additionally, as a translation of English to a local language is not absolutely required, as money is saved when using English in a global campaign (Ibid).

2.5 Sponsorship

Previous research has shown that although various definitions of sponsorship exist, they all certify that sponsorship is primarily a commercial activity, where the sponsoring company attains the right to promote an association with the sponsored object in return for benefit (Polonsky et al. 2001). More specifically, Javalgi et al. (1994 p. 48) claim that “sponsorship is the underwriting of a special event to support corporate objectives by enhancing corporate image, increasing awareness of brands, or directly stimulating sales of products and services”.

Sponsorship activities are used for a number of reasons, but three of the most common objectives comprehend overall corporate communications, which include building and strengthening brand awareness, brand image, and corporate image (Gwinner et al. 1999). More specifically, strategies that are aimed at increasing brand recognition, are typically employed using a wide range of advertising tools which are designed to expose the sponsoring brand to as many potential customers as possible (Cornwell et al. 2001). However, certain factors such as the sponsor industry and company size influence the choice of sponsorship activity and thus the objectives vary between companies. For example,
manufacturers often look for extensive publicity opportunities and media coverage, whereas service sponsors are more motivated to enhance employees’ morale (Björn, 2003).

2.5.1 Event Sponsorship

As a result of the amount of leisure events in today’s society, event sponsorship has become extremely popular. By connecting a brand with an event via sponsorship, companies can better gain consumers’ attention and interest by associating with an event that is important to consumers (Roy et al. 2003). More specifically, event image can be transferred through association to the sponsoring product and is created from a number of external and internal factors as indicated in figure 2.5.1.

![A model of image creation and image transfer in event sponsorship](Gwinner 1997, p. 148)

**Event Type**
- Sports related
- Music related
- Festival/fair related
- Fine arts related
- Professional meeting/ trade show related

**Event Characteristics**
- Event size
- Professional status
- Event history
- Event venue
- Promotional appearance

**Individual Factors**
- Number of meanings
- Strength of meanings
- Past history w/ event

**Moderating Variables**
- Degree of similarity
- Level of sponsorship
- Event frequency
- Product involvement

**Event Type**

Different types of events exist, such as sports, music and festival related, and affect event image in a number of ways. An event’s image is strongly influenced by an individual’s attitude towards the event, through past sponsorships or other types of exposure. Event image can also be impacted by non-evaluative perceptions of an event that are formed through associations held in the consumer’s memory (Gwinner, 1997).
Event Characteristics

A number of characteristics within a particular event type differ from event to event. Event size can for instance be regarded along a number of dimensions, such as length of event and level of media exposure. Moreover, it is believed that the performers’ professional status or the venue of the event, such as temperature and convenience, will influence recipients’ overall assessment of the event’s image (Ibid).

Individual Factors

An event may entail different images for different people as a result of the different factors that affect event image and the way in which recipients may interpret those factors. Examples of such events are those that are regarded as having a number of images, and thus are more difficult to associate with than an event with one identity. Furthermore, a person’s history with a certain event could also influence one’s perception of an event’s image, as a long history will generally cause a more deep-rooted and constant image (Ibid).

Moderating Variables

Sponsor-event similarity entails that the sponsoring product in question is in fact used by participants during the event, or when the event’s image is linked directly to the brand’s image. An event can either have one sponsor or hundreds of sponsors at many different levels. However, events with multiple sponsors decrease the likelihood that a specific brand will solely be associated with the event, due to the extra stimuli each consumer has to consider and address. Event frequency can also affect the image transfer process, in that an event can either occur one-time or on a recurring basis (Ibid).

2.5.2 Sports Sponsorship

Sports sponsorship is the most common sponsorship activity, as it can emanate very strong images through for instance, extensive television press coverage, as well as being appealing to all classes in society and consequently has a mass international audience (Jobber, 2004). Moreover, it can transcend languages, hence national boundaries, as it is comprised of a range of nonverbal components, such as “universal messages of hope, pain or victory” (Quester et al. 1998, p. 540). As a result of this, many international marketers are looking to create icons associated with specific meanings, which are universally recognized (Fahy et al. 2004). The
increasing amount of money spent on sports events, such as the Olympics as well as the growth in the number of sports-oriented radio talk shows and television networks, such as Sports Programming Network (ESPN), clearly illustrate the growing importance of sports in today’s society. Not only will sports sponsorship continue to be a popular and growing form of marketing, but according to Gwinner et al. (2003, p. 275), “sport generates fanship that is more intense, more obtrusive, and more enduring than it is for other forms of entertaining social activities without direct participation in the spectated events”.

2.5.3 Celebrity Endorsement

Celebrity endorsement has developed tremendously in the past decades and has been acclaimed as “a ubiquitous feature of modern marketing” (Hsu et al. 2002, p. 19). According to McCracken (1989, p. 20), a celebrity endorser is “any individual who uses his or her public recognition on behalf of a consumer good by appearing with it in an advertisement”. Based on the notion that celebrities are successful spokespersons for a company’s brand or product, in that they deliver a company’s advertising message and persuade consumers to purchase the sponsored brand, a substantial amount of money is annually spent on celebrity endorsement. Accordingly, it has been confirmed by scholars and marketers that celebrity endorsement is a very effective marketing tool, as celebrities have considerable influence on consumers’ attitudes and purchase intentions (Hsu et al. 2002).

Advantages of celebrity endorsement include its ability to differentiate an advertisement from surrounding advertisement clutter by providing the product(s) with instant character and appeal. Furthermore, celebrities who are particular popular and recognized worldwide, have the capacity to enter international markets, and thus go beyond cultural borders (Erdogen, 1999). However, a risk with celebrity endorsement is that a celebrity’s image may have a negative impact on the brand or product that he/she endorses as a result of negative news or publicity, or simply not appealing to everyone, seeing as a celebrity’s image often transmits itself to the endorsed brand, and accordingly the brand’s image transmits itself to the endorser (Till et al. 1998).
2.6 Analysis Model

Seeing as the overall purpose of this thesis is to gain a deeper understanding of what affects consumer preferences on a local market, various factors need to be studied as can be seen in the model below. Moreover, we wish to look at the relationship between the different factors in the analysis model. Note: international advertisement embodies media placement and foreign language, and local target group includes age. The reason for choosing to look at whether or not there is a difference among the target groups is due to the fact that consumer preference theories indicate that there is a difference in consumer behaviour depending on, for example, age.

![Figure 2.6: Analysis model](image)

2.6.1 Hypotheses

In the 1980s, consumers were tested on whether they preferred the Pepsi product over that of Coca-Cola’s, and the results proved that the majority did indeed choose Pepsi. Yet, interestingly enough, Coca-Cola was and still is today the leader within the cola drink market (see Appendix 3). Based on these results, we assume the following:
H1: Consumers explicitly prefer one brand but actually favour the taste of another.

Coca-Cola’s and Pepsi’s marketing strategies differ widely, specifically in that of their advertisements, where Coca-Cola depends heavily on tradition, while Pepsi relies more on the appeal of celebrities and young people (www.geocities.com). As a result, we suggest the following:

H2: Seeing as Coca-Cola and Pepsi seem to target different consumers through their advertisements and sponsorships, we believe that depending on a person’s age, the choice of cola product differs, as well as their taste preference. More specifically, that the youngest age group particularly have a more positive attitude towards Pepsi on the whole, whereas the oldest age group are more positive towards Coca-Cola.

According to theory, teenagers have a high need for belonging, independence and approval to name a few, but more importantly they need to feel accepted, particularly by their peers (Solomon et al. 2001). Consequently, they switch brand preference often and are easy targets for marketers. Thus advertisement is primarily targeted at them, as they are vulnerable to consumerism and media (Blackwell et al. 2001). As a result, we propose the following:

H3: People aged eighteen and younger have the highest level of knowledge of brand advertisement, hence they are more influenced by it in their choice of products than any other age group.
3. Methodology

The following chapter discusses and validates the choice of methodology used in the thesis, which has guided us in how we should approach the subject, as well as how we should collect and process the required information. It includes choice of subject, research approach, data collection, value of study, and revision of the chosen methodology.

3.1 Choice of Subject

Today, people are daily overwhelmed by numerous of advertising campaigns on television, radio, and magazines to name a few. The increase of ads is especially evident during large events, such as music concerts and sports events. As a result of the recent Winter Olympics in Torino 2006 and the fact that the three of us are very interested in sports, the sponsors of the event did not go unnoticed. One such sponsor that explicitly caught our attention during the Games was that of Coca-Cola. A discussion about Coca-Cola’s advertising was then initiated where we began reminiscing about the different Coca-Cola slogans and commercials that have been present throughout our lives. Thereafter it became clear that although the majority of the group members drink Coca-Cola, one in fact prefers Pepsi. This led to the next question of why people choose one brand over another, seeing as in this case the products are homogenous. We found this to be interesting and began discussing possible explanations of such. What we did eventually agree on was that although the tastes are relatively alike, the dominating factor was their advertising campaigns respectively. This, along with the compelling amount of advertisement emitted at consumers in an attempt to persuade them to buy products, led us into the subject area. Thus we decided to explore the extent in which advertising campaigns affect consumer preference. More specifically, we thought it would be engaging to study why consumers explicitly prefer one brand to another. Another reason for the chosen subject was due to the fact that as products are becoming more homogenous, competition and advertisement clutter increases and thus companies must find new ways to differentiate themselves from others, and accordingly we found it appealing to explore what other factors than advertising affect consumer preferences.
3.2 Research Approach

When conducting a research, the researcher can choose between two approaches; qualitative and quantitative method. The qualitative method involves the gathering of a lot of information from few examination units through interviews and observations, while the quantitative method entails that the researcher collects little information from many investigation units through, for instance questionnaires (Halvorsen, 1992). Seeing as the overall purpose of this paper was to gain a deeper understanding of different factors affecting consumer preferences on a local market, the quantitative method was applied, and thus a questionnaire (quantitative data was collected) was conducted in accordance to our purpose (Appendix 4).

We began our research with describing different concepts, such as consumer preference, advertisement and sponsorship, and thereafter moved towards concrete empirical evidence, that involved studying the extent in which different international and local factors influence local consumer preferences. Finally, we analyzed the findings in relation to theory. As a result, a deductive approach was applied, which implies that the researcher “begins with a theoretical or applied research problem and ends with empirical measurement and data analysis” (Neuman 2003, p. 267). In contrast, an inductive approach “begins with detailed observations of the world and move toward more abstract generalizations and ideas” (Ibid, p. 51). Given that we did not want to generalize our findings to the entire local consumer market, but rather observe a specific group of consumers on the Swedish market, the latter approach was not applicable.

3.3 Data Collection

Data is one out of two types, either primary which is collected by the researcher/s, or secondary data which is gathered by other researches (Andersen, 1998). We decided to use a questionnaire as our main source of data collection (primary data), as our aim was to measure consumers’ understanding and experience of global advertising campaigns.
3.3.1 Questionnaire

The questionnaire (see Appendix 4) allowed us to gather specific information on how different consumers perceive international advertising campaigns, as well as the different factors that influence consumer preference. According to Ruane (2005, p. 123), a questionnaire is a “self-contained, self-administered instrument for asking questions”. The questionnaire was divided into structured and unstructured questions accordingly. A structured question may either entail multiple choices, dichotomous questions, or a scale, whereas an unstructured question is an open-ended question, which implies that the respondents answer in their own words (Malhotra, 2004).

The structured questions that were asked were either dichotomous or scales. In dichotomous questions, the respondents could only choose between two response alternatives, such as Yes or No, making it easy to code and analyze. A ratio scale was also used which allowed the respondents to classify or rank order the objects, i.e. 1 – 5, where 5 represents “very good” and 1 indicates “very bad”. Finally, in combination with the structured questions, unstructured questions were asked, where the respondents were able to clarify and express in detail their responses and opinions (Neuman, 2003).

One of the main objectives of a questionnaire is to “uplift, motivate, and encourage the respondent to become involved in the interview, to cooperate, and to complete the interview” (Malhotra 2004, p. 281). This was achieved through asking interesting questions in combination with visual images to help clarify the questions. More specifically, the respondents were asked to perform blind taste tests at the end of the questionnaire, which captivated their motivation in wanting to participate in the study. Moreover, three variables were used in the test: X, Y and Z, where X represented the Swedish ICA cola, Y represented Coca-Cola, and Z Pepsi.

3.3.2 Sample Selection

The population we chose to investigate in order to reach our purpose was the chosen local market; Swedish consumers, and thus we decided upon a combination of quota sampling and convenience sampling from this population. Quota sampling implies that a researcher can choose to have a specified proportion of the investigated elements in the study.
This partition into different stratums can include different categories, such as gender, age, lifestyle, and ethnicity (Nardi, 2003). When the researcher has decided upon which categories to use in the partition, as well as the number of respondents to investigate, convenience sampling is used to collect them (Neuman, 2003). When convenience sampling is utilized, there is a lack of a clear sampling strategy and the researcher decides which elements to study depending on the ease of access (Ritchie et al. 2003).

The quotas that were chosen for this thesis were divided into three different age groups in accordance to Blackwell et al. (2001): ≤ 18, 19-34, and ≥ 35. The chosen groups represented a diverse set of people, who are at different stages in their lives, and thus we believed their perception of international advertising campaigns and sponsorship activities, as well as international brands would vary. Consequently, we wanted to study whether age impacts the way in which consumers are open-minded to advertisement and whether there was a significant difference between the groups.

Fifty respondents were chosen from each age group:

- ≤ 18: the majority were seventh to ninth graders from Teleborg Centrum, Växjö, and the remaining were students from the upper secondary school Procivitas in Växjö.
- 19-34: students from Växjö University.
- ≥ 35: family, friends, and others from Båstad, Karlskrona and Växjö.

These respondents were chosen as a result of easy access, as the majority were either friends or family. Although we did not have a personal relationship with the majority of the youngest age group, we still found it to be convenient and had easy access to them seeing as Teleborg Centrum is nearby, as well as being the easiest and most reluctant group to participate in the study.

3.3.3 Operational Measures of Theoretical Framework

The questions in the questionnaire were based upon our theoretical framework, and thus the questions can be divided into the following groups: consumer preferences, brand, advertisement, sponsorship, and finally others.
Consumer preferences
The questionnaire initiated with an introduction to the consumption of the cola drink and hence the questions were designed in such a way to give an overall view of the respondents’ relationship to cola as a soft drink.

Brand
Questions 7 to 10 encompass the respondents’ viewpoints on Coca-Cola and Pepsi as a brand respectively, as well as the associations that go with them. These questions were of great relevance since it illustrated whether the respondents held favourable or non-favourable attitudes towards the brands, and thus it could be depicted whether brand equity, such as brand awareness and brand loyalty exist. Questions 11 and 12 were specifically about the two brand’s logos and slogans, indicating once again which of the two brands were preferred over the other. These questions were especially relevant concerning theory about brand positioning, seeing as we wanted to find out the different perceptions of a brand to that of a competitor’s. Overall, the questions supplied us with information about the way in which the respondents perceive the two specific brands.

Advertisement
Questions 13 to 15 are linked to the advertisement theory, and provided us with knowledge about respondents’ attitudes towards advertisement in general, and the extent in which advertisement influences consumers in their choice of products. Moreover, the questions provided us with insight into how familiar and open the respondents were of Coca-Cola’s and Pepsi’s advertising campaigns. By finding out the way in which the respondents viewed the brands’ advertisement and if it affects their perception of the brands, we could detect if advertising campaigns are an effective marketing tool, moreover, if it persuades the consumption of products.

Sponsorship
Questions 16 to 28 are in accordance to the theory regarding sponsorship. These questions provide us with knowledge about the relationship between sponsorship and brand image, and whether it is successful to sponsor different events. Moreover, we wanted to gain more knowledge about whether or not sponsorship affects one’s attitude towards the product in question, and if this differs from that of the brand.
Others
Finally, the respondents were asked to fill in their age and preferred activity as we wanted to gain information about the respondents. More specifically, we wanted to see whether the theory about age correlates to the different age groups’ responses. The blind taste test was used as we wanted to observe if consumers actually prefer the taste of their favoured brand in comparison to other brands.

3.4 Value of Study

3.4.1 Validity
Validity is the ability to measure what one intended to measure, and construct validity involves the operational measures for the studied subjects. More precisely, it includes the way in which the researcher translates theory information into operational and measurable questions, and variables (Yin, 2003). Our operational measures can be found in the previous section, 3.3.3. In order to gain as high validity as possible, multiple sources of evidence were used in collecting the data, consisting of academic articles, textbooks, and web pages.

Internal validity suggests that the study examines what it is suppose to examine, whereas external validity is the possibility to generalize the study results in other populations (Hollensen, 2001). We sought to conduct the questions in the questionnaire in such a way that we were provided with the most relevant information so as to answer our research question. The design of the questions was that of a simple structure with a clear and easy language in order to make them as understandable as possible and thus decreasing any misunderstandings. Furthermore, the questionnaire was standardised, which implies that the same questionnaire was presented to all chosen respondents for the study. However, seeing as we limited our sample groups to fifty people from each quota, the external validity of this thesis could be questioned, and thus generalization was not obtained.
3.4.2 Reliability

In order for reliability to be achieved, the same study should have similar results if it is conducted at a different point in time (Andersen, 1998). In order to attain reliability in a study, different precautions can be taken, such as making sure that the questions are interpreted in the way in which the researcher/s planned (Patel et al. 1994). In order to achieve reliability in our master’s thesis and making sure that the questions were interpreted as we wanted them to be, we conducted the questionnaire on a test group consisting of five respondents. This test group was asked to inform us how they interpreted the questions and any adjustments necessary where made before it was tested on yet another group of people. After the modified version was tested, the questionnaire felt complete and all possible misunderstandings had been eliminated, it was carried out on our sample subjects. Furthermore, we were present at all times during the answering of the questionnaires and accordingly, any uncertainties were solved on the spot. Finally, in order to ensure reliability, scientific literature was used for our theoretical framework.

3.5 Revision of the Chosen Methodology

Although the three soft drinks (Ica, Coca-Cola and Pepsi) were all purchased at the same time, the carbon acid was weaker and disappeared easily in some of the drinks, while in others it was much more apparent and lasted longer. As a result, the taste could easily have been affected by this, and thus influencing the blind taste test results. Another factor that could have affected the results was the temperature of the drinks. While in some cases the drinks were icy cold, they were at other times at room temperature, which could have affected the respondents’ taste buds and preferences, and thus a deviation in the results is possible. Moreover, the product that the respondents normally consume is often refrigerated and thus cold, as well as having a higher dose of carbon acid, and as a result, if these variables are altered, the taste could very much have been different from what the respondents are used to, and hence impacting their choice of brands.

Another factor that can be questioned is the consistency of the respondents. We found that the youngest group of respondents, ≤ 18, was easily influenced by one another, in that they discussed the questions among each other. Thus, the credibility of some of the answers can be
questioned. Finally, we found the oldest group of respondents, \( \leq 35 \), to be most difficult to cooperate with, as they were very sceptical and reluctant to participate in the study. As a result, one could question the sincerity of their answers, and whether they rushed through the questionnaire and therefore did not answer the question as wholeheartedly as we would have hoped.
4. Empirical Data

This chapter encompasses the empirical data collected through the questionnaires with the 150 respondents. However, some of the questions will not be presented as their aim was to introduce the subject to the respondents, and thus are not relevant to describe.

1. Do you drink cola soft drinks?
2. How many glasses of cola do you drink per week?

According to our empirical findings, 92 percent of the respondents drank cola soft drinks. Out of this total, the majority (61.3 percent) drank a maximum of three glasses per week, whereas only 18.6 percent drank seven or more glasses per week (see figure 4.1).

4. Which cola brand do you prefer?

The diagram above (figure 4.2), illustrates the distribution between the two brands, Coca-Cola and Pepsi, is as following: 78.7 percent (118 respondents) favoured Coca-Cola, while merely 19.3 percent (29 respondents) favoured Pepsi, and two percent of the respondents favoured neither of the two brands. Thus it was evident that Coca-Cola clearly dominated the respondents’ choice of brand.
5. Why do you prefer this product?

Factors affecting choice of brand

![Figure 4.3](image1)

Figure 4.3 above, illustrates the factors that affected the respondents’ choice of brand, and the three factors that affected their choice of Coca-Cola the most in that they were graded with the most fours and fives, were “quality” (85.6 percent), “brand” (58.5 percent), and “reputation” (50.8 percent). The factors that were ranked the highest for Pepsi were “quality” (58.6 percent), “price” (27.6 percent), and “brand” (34.5 percent).

7. What is your view on Coca-Cola as a brand?
8. What is your view on Pepsi as a brand?

![Figure 4.4](image2)

When investigating the respondents’ views on the two brands, Coca-Cola was overall viewed as being a better brand than that of Pepsi, with an average grade of 4.15, whereas Pepsi scored an average grade of 3.59. 84 percent of the respondents viewed Coca-Cola as either “good” or “very good”, while 61.3 percent had a positive view on Pepsi as a brand, as can be seen in figure 4.4.
9. What do you associate the brand Coca-Cola with?

10. What do you associate the brand Pepsi with?

Here, the respondents were asked to grade, on a scale from one to five, which associations they link the two brands with. The majority, 74.7 percent, associated Coca-Cola first and foremost with high “quality”, implying that they preferred its taste, but also associated it with being “traditional” (65.3 percent), and with its “advertisement” (64 percent). Pepsi, on the other hand, was primarily associated with being “youthful” (45.4 percent), but its “advertisement” (44.7 percent) and “quality” (44 percent) were also highly linked to Pepsi. Nevertheless, the association that was ranked the highest for both Coca-Cola and Pepsi was “other”, where both brands were associated with America and money. However, seeing as only seven (five of which preferred Coca-Cola) out of the total number of respondents chose this alternative and grading it a four or five, the mean for this was much higher than the rest of the associations (see figure 4.5).

21. Which logo do you prefer?

22. Which slogan appeals the most to you?
There was a substantial difference between the way in which the respondents preferred one logo over the other, with as much as 77.3 percent preferred Coca-Cola’s and only 18 percent preferred Pepsi’s. When asked which slogan the respondents favoured the most, the difference was not as evident with only a 2.7 percent deviation, where 44.7 percent preferred Coca-Cola’s and 42 percent preferred Pepsi’s (see figure 4.6). Those who did prefer Coca-Cola’s logo did so because it is, for example, “more known”, “traditional”, “classical”, “genuine and better looking with more details”, “more tasteful with the red colour”, and finally because it is “the original cola”. In contrast, Pepsi’s logo was described as “clumsy and out of date”. However, those that did prefer Pepsi’s logo did so because it is “classy”, “retro”, and “youthful”. Interestingly enough, both slogans were rather unknown to the respondents, due to the fact that they have not yet been extensively used and thus are not the most familiar slogans in the companies’ history. Although they were both overall described as being “cool and easy”, Coca-Cola’s was referred to as being funnier and Pepsi’s being clearer and more concise.

11. Do you know what Coca-Cola advertises?
12. Do you know what Pepsi advertises?

Coca-Cola’s advertising campaigns were more well-known than Pepsi’s, and were familiar to as much as 54 percent of the respondents, from which the majority associated it with its Christmas advertisement. Those who knew of Pepsi’s campaign (39.3 percent) associated it for the most part with the David Beckham commercials (figure 4.7).
13. How much influence does the advertisement have on your choice of cola-product?

According to the respondents 28.7 percent responded that the brands’ advertisement did have an influence on their choice of cola product. Nonetheless as much as 40.7 percent was of the opinion that it had “little” or “very little” effect on their product choice (figure 4.8).

19. What do you think about the fact that Coca-Cola and Pepsi have advertisement in English?
20. Would you have preferred the advertisement in Swedish instead?

When asked if the respondents would have preferred the language of the advertisements to be in Swedish rather than in English, as much as 41.6 percent answered no, with the motivations that Coca-Cola and Pepsi are world-renown brands and thus would loose their international status, as well as their catchy tones and thus become duller. Those that did wish to have the ads in Swedish (19.5 percent) had the motivation that the content of the ad would be easier to understand (figure 4.9).

15. What do you think about the fact that companies use celebrities in their advertising campaigns?
17. Would an advertisement with your idol affect your choice of Cola-product?
The respondents’ attitudes towards celebrity endorsement were also explored, and the results showed that there was an overall positive attitude towards it, where as much as 38 percent believed it was “good”, while 20 percent thought it was “very good”. However, 21.3 percent did not have an opinion on the use of celebrity endorsement at all (figure 4.10). When asked if the use of celebrities in advertising affects their choice of cola product, 73.8 percent was of the opinion that it did not influence it, with the explanation that there is an extensive overload of celebrity endorsers and thus one becomes unaffected by them. Those who did feel that their consumption was affected commented it as following; as long as the employed celebrity is liked it gives the brand a more positive image - "There is something to associate the brand with and it makes it more interesting and makes you want to buy the brand". Moreover, some responded that one wishes to be like their idol and thus take after the celebrity endorser.

18. What do you think about the fact that Pepsi, for instance, uses David Beckham in its advertising campaign?

Approximately every other respondent (53.3 percent) had no opinion about Pepsi’s endorsement of David Beckham in its advertisement. However, as much as 34 percent did find it to be positive as can be seen in figure 4.11. Interestingly enough, only 8.7 percent believed it to influence their consumption of Pepsi, on account of him being “sexy”, “cool” and “well-known soccer player that a lot of people look up to”.

- 35 -
23. What do you think about the fact that companies sponsor different sports- and music events?
25. How does a brand’s sponsorship affect your attitude towards the product?

When investigating the respondents’ attitude towards companies’ use of different music- and sports events sponsorships, the outcome was similarly to that of the attitudes toward celebrity endorsement. 34.7 percent of the respondents believed that it was “good” to sponsor different events in order to market oneself, and 23.3 percent believed it to be “very good”. Yet, as much as 28 percent of the respondents did not have an opinion whatsoever about the sponsoring of different sports- and music events (see figure 4.12). On the other hand, as much as 25.3 percent of the respondents agreed upon the fact that sponsoring of different sports- and music events did indeed affect their attitude towards the product in a “good” or “very good” way.

26. Do you know what Coca-Cola sponsors?
27. Do you know what Pepsi sponsors?
Coca-Cola’s sponsorship activities were somewhat more known than Pepsi’s, but with merely a 11.3 percent difference, and were familiar to 29.3 percent of the respondents, from which the majority associated it with various sport events, such as the World Cup in soccer and the Olympic Games. Those who knew of Pepsi’s sponsorship activities (18 percent) associated it with sport teams and celebrities (figure 4.13).

28. What do you think about the fact that Coca-Cola for instance sponsored The Olympic Games in Turin 2006?
Does this affect your consumption of Coca-Cola?

![Opinions about Coca-Cola's Sponsorship of the Olympic Games 2006](image)

Although 55.3 percent of the respondents thought it was positive that Coca-Cola sponsored the Winter Olympics in Turin 2006 (figure 4.14), as much as 84 percent claimed that it did not affect or had very little effect on their consumption of Coca-Cola. Interestingly enough only 10 percent had a negative attitude towards the sponsorship. The 16 percent that did in fact believe that the sponsoring of the Olympic Games in Turin affected their consumption of Coca-Cola did so because “Coca-Cola is more exposed around the time for the Games” and thus the consumers felt an even greater desire to drink more Coca-Cola. Those whose consumption was not affected by the sponsorship claimed that the soda tastes the same in spite of any sponsorship activity.
Which cola drink do you prefer?

![Blind Taste Test](image)

*Figure 4.15*

The questionnaire ended with a blind taste test of three different cola brands ($X = \text{Ica}$, $Y = \text{Coca-Cola}$, $Z = \text{Pepsi}$), where the respondents were asked to rank the different brands in accordance to their taste, where 3 represented the best taste and 1 the least favourable taste. As can be seen in figure 4.15, 42 percent of the respondents found Ica’s cola to be “least tasty”, while 34.7 percent found it to be “most tasty”. Coca-Cola was divided as following: 28 percent favoured it the most and 29.3 percent ranked it the lowest. Finally, 37.3 percent found Pepsi to be the tastiest, whereas 28.7 found it to be the “least tasty”.
5. Analysis

In this chapter, we will analyse the empirical data in accordance to the chosen theory. The structure is in accordance to the analysis model, and finally the hypotheses will be included, where a summarization of the tested hypotheses will be presented at the end of the chapter.

As indicated earlier from our empirical findings, 78.7 percent preferred Coca-Cola and 19.3 favoured Pepsi, and consequently one can assume that the taste of the product plays a large role in the choice of brand, particular in the case of Coca-Cola. When comparing brand preference to the blind taste test, more specifically, comparing the results of the highest ranked drink, we found, interestingly enough, that of those that preferred Coca-Cola, 33.1 percent ranked Coca-Cola as being second tasty of the three brands, whereas 36.4 percent chose Pepsi as having the best taste. When looking at the Pepsi group, both Ica and Pepsi were rated the same, “much tasty”, with as much as 44.8 percent respectively, while only 10.3 percent thought Coca-Cola was the tastiest (see figure 5). Thus, it raises a number of questions of why the respondents prefer one brand over another, although in taste they choose a different one. As a result, the aim of this analysis is to explore the factors behind consumer preference in the buying process.
5.1 International Advertising

The Relationship between Various Advertisement Factors

<table>
<thead>
<tr>
<th>Respondents associating Coca-Cola with advertisement</th>
<th>Knowledge of Coca-Cola’s advertisement</th>
<th>Knowledge of Pepsi’s advertisement</th>
<th>Advertisement’s influence on Choice of product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents associating Pepsi with advertisement</td>
<td>61.5%</td>
<td>39.6%</td>
<td>32.3%</td>
</tr>
</tbody>
</table>

Brand association can either be linked directly or indirectly with a consumer’s thought about a brand as stated by theory. When comparing those respondents who associated Coca-Cola and Pepsi with “a lot” or “very much” advertisement, a direct association to the brands was detected. Among the respondents who associated Pepsi with advertisement, approximately half of them knew of Pepsi’s advertisement, whereas as much as 64.2 percent knew of Coca-Cola’s. Yet again, it was evident that Coca-Cola’s advertisement was more known than Pepsi’s among those associating Coca-Cola with advertisement (figure 5.1.1). Seeing as Coca-Cola’s advertisement was overall more known than Pepsi’s, one can assume that Coca-Cola has managed to inform and persuade consumers better than Pepsi, in that they have managed to build a stronger company image and brand preference, which correlates to Kotler et al.’s. (2005) theory concerning “possible advertising objectives”. Moreover, it was clearly shown from our empirical findings that the majority of all of the 150 respondents associated Coca-Cola’s advertisement with its Christmas theme ads. This illustrates that Coca-Cola has succeeded in reminding consumers of their brand through their advertisement, even during the advertisement’s “off-season” period. Again, this is in accordance to the “possible advertising objectives” model found in the advertisement theory, which emphasises Coca-Cola’s success in reaching its target consumers. Interestingly enough, although Pepsi might in fact have a strong and efficient advertising campaign, one can question Pepsi’s advertisement objectives, seeing as so many more knew of Coca-Cola’s advertisement.
When comparing those respondents who associated the two brands with “a lot” and “very much” advertisement to advertisement’s influence on choice of product, we found that one-third of the respondents respectively believed that advertisement did indeed influence their choice of product. This correlates to MacKenzie’s (2004) theoretical frame which states that advertising aims to persuade consumers to buy the product in question. However, seeing as the majority claimed that advertisement did not have a significant influence on their choice of product, one can question the effectiveness of these two brand’s advertisements as they have failed to consciously affect consumers’ decision to buy their product. However, as stated by Armstrong et al. (2005, p. 143), “ninety-five percent of the thought, emotion and learning [that drive our purchases] occur in the unconscious mind –that is without our awareness”. This implies that consumers do not truly know what affects their purchases, and thus the remaining respondents (two-thirds) who did not think that they were necessarily influenced by advertisement, are in fact to some degree affected, but are so unconsciously.

<table>
<thead>
<tr>
<th>Advertisement’s influence on choice of product</th>
<th>Prefer Advertisement in Swedish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes: 23.3%  No: 44.2%</td>
</tr>
<tr>
<td>No</td>
<td>Yes: 16.4%  No: 49.2%</td>
</tr>
</tbody>
</table>

*Figure 5.1.2*

When looking at those respondents who answered that advertisement had an insignificant influence their choice of product in relation to whether or not they would prefer the advertisement in Swedish, we found that 16.4 percent would have liked the advertisement to be in Swedish rather than English. Moreover, 23.3 percent of those who did in fact believe that advertisement influenced their choice of product, also preferred to have the advertisement in Swedish. According to theory, many countries worldwide regard English as their first foreign language and thus a translation of English to a local language is not always required. However, the majority of those that wished to have advertisement in Swedish did so as a result of not understanding the message in English. Thus, one can question whether or not advertisement in Swedish would have a larger impact on those respondents who claimed they
were not noticeably affected by advertisement, and whether an adapted advertising campaign would be more favourable.

Of those that responded that advertisement did affect their product choice, 44.2 percent did not wish to have the advertisement in Swedish, and their primary motivation for this was that the two brands in question would lose their international status. This corresponds to Pae et al. (2002) who claim that if an international brand is well known, it is more likely to be successful with a standardized approach, seeing as advertisements of these brands are made more to remind and strengthen than to communicate product benefits. Furthermore, by using standardized advertising campaigns, the companies can build and sustain more homogenous brand images, which have resulted in overall global brand equity. As a result, had Coca-Cola’s and Pepsi’s advertisement been in Swedish, would fewer consumers of this group been as affected as they are today?

5.2 International Sponsorship

<table>
<thead>
<tr>
<th>The Relationship between Various Sponsorship Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of Coca-Cola’s sponsorship</td>
</tr>
<tr>
<td>Respondents associating Coca-Cola with sponsorship</td>
</tr>
<tr>
<td>Respondents associating Pepsi with sponsorship</td>
</tr>
</tbody>
</table>

When comparing those respondents who associated Coca-Cola and Pepsi with “a lot” or “very much” sponsorship, we found that among those who associated Pepsi with sponsorship, 28.3 percent knew of Pepsi’s advertisement, whereas 37 percent knew of Coca-Cola’s. For those who associated Coca-Cola with sponsorship, 40.3 percent knew of its sponsorship, while 29 percent knew of Pepsi’s. Yet again, it was apparent that Coca-Cola’s sponsorship was more known than Pepsi’s among those associating the two brands with sponsorship. Seeing as Coca-Cola’s sponsorship was generally more recognized than Pepsi’s, it can be assumed that Coca-Cola has through their sponsorship managed to build and strengthen brand awareness, brand image, and corporate image as stated by theory. This implies that they have succeeded
in their sponsorship activities in that they have increased brand recognition among the respondents, which is in accordance to Cornwell et al. (2001), who claim that sponsorship activities are designed to expose the sponsoring brand to as many potential customers as possible, and as can be seen from our empirical findings, seventeen more respondents knew of Coca-Cola’s sponsoring events.

When comparing those respondents who associated sponsorship “a lot” and “very much” with the two brands to sponsorship’s influence on their attitude towards the products, we found that 35.5 percent of the Coca-Cola respondents claimed that sponsorship did affect their attitude towards the sponsored product. Yet, whether this influence on attitude is positive or negative is not noticeable. Moreover, the Pepsi respondents who stated that their attitude towards the product was in actual fact affected by Pepsi’s sponsorship activities amounted to 23.9 percent.

According to theory, a sponsored event’s image can be transferred to the sponsored product through association, and accordingly strongly influences an individual’s attitude towards the product, which can be applied to these findings. Thus it can be assumed that Coca-Cola’s sponsorship activities go more hand-in-hand with its product than Pepsi’s, which results in more overall positive associations to the product and hence have a larger impact on the respondents’ attitude (figure 5.2.1).

According to the empirical findings, among those who had a positive attitude towards Coca-Cola’s sponsorship of the Olympic Games in Turin 2006, merely 26.5 percent agreed upon the fact that this sponsorship did in fact influence their consumption of Coca-Cola. This implies that as much as 73.5 percent of the respondents were of the opinion that their consumption was not affected by this sponsoring event whatsoever. However, as stated by
Armstrong et al. (2005), 95 percent of the purchase process takes place in the consumer’s unconscious mind, which suggests that although the majority in this case believe one thing they might in fact act obliviously differently. Out of the total number of respondents (150), 102 confirmed that they were positive to the idea of sponsoring different events, and as much as 83 of the total respondents were positive to Coca-Cola’s sponsorship of the Olympics. Although a sponsorship activity may in fact entail different images for different people as stated by theory, Coca-Cola has managed to appeal to a diverse group of people. Moreover, the Olympic Games can very well transcend languages and national boundaries and thus Coca-Cola has succeeded in sponsoring an international well known sports event that appeals to local markets as well. More specifically, as theory states, sports sponsorship will continue to be a popular and growing form of marketing and thus we applaud Coca-Cola’s achievement of sponsoring many global sports events such as the FIFA World Cup in Germany 2006 (figure 5.2.2).

<table>
<thead>
<tr>
<th>Influence consumption of Pepsi</th>
<th>Good</th>
<th>Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21.6%</td>
<td>10.5%</td>
</tr>
<tr>
<td>No</td>
<td>78.4%</td>
<td>89.5%</td>
</tr>
</tbody>
</table>

Among those who had a positive attitude towards Pepsi’s sponsorship of David Beckham in its advertising campaigns, only 21.6 percent responded that it did in fact influence their consumption of Pepsi. This suggests that although 78.4 percent of the respondents had a positive attitude towards the sponsorship they still were of the opinion that their consumption was barely affected by it. Yet again, we question whether or not it does actually have an unconscious effect on the consumption of Pepsi, and thus it is difficult to measure. According to Erdogen (1999), celebrities are used in advertising campaigns with the aim of delivering a company’s advertising message and to convince consumers to purchase the sponsoring brands, since they have substantial influence on consumers’ attitudes and purchase intentions. Thus it can be said that Pepsi’s use of David Beckham has failed to
influence a large number of the respondents’ consumption of Pepsi. This could be explained by the fact that it is possible that David Beckham does not appeal to all of the respondents, and thus can affect their perception of Pepsi’s brand, seeing as a celebrity’s image often transmits itself to the endorsed brand, and accordingly the brand’s image transmits itself to the endorser. Moreover, as Pepsi attempts to create a uniformed brand image across markets as well as enhancing global brand equity, a standardized advertising with David Beckham is used. Yet, an adapted campaign, i.e. using a local celebrity, might have been more favourable seeing as Beckham did not appeal to the majority of the respondents.

However, out of the total respondents, 58 percent thought that celebrity endorsement in general is a good marketing tool, and 34 percent were positive towards Pepsi’s use of David Beckham. This entails that Pepsi has managed to communicate their advertising message to a number of the respondents on the local market through the use of an international celebrity. This confirms the theory which affirms that celebrity endorsers have the capacity to enter overseas markets, and thus go beyond cultural borders, which is particularly true for those celebrities with universal popularity and recognition i.e. David Beckham.

5.3 International Brand

![Graph showing quality associations vs. blind taste test](image)

The figure below illustrates that those who associated Coca-Cola with having high quality, actually chose Pepsi (38.4 percent) in the blind taste test. Shortly after was Ica’s Cola with 33.9 percent and finally Coca-Cola with 27.7 percent. The respondents who associated high quality with Pepsi, on the other hand, ranked Ica’s cola the highest (40.9 percent), followed by Pepsi with 33.4 percent. Yet again, Coca-Cola was ranked “least tasty” among the Pepsi
respondents. Interestingly enough, none of the two groups of respondents who associated the two products with quality ended up ranking these products the highest. This corresponds to Aaker’s (1991) theory about perceived quality, which is a consumer’s overall perception of the quality of a product which derives from a number of factors such as past experiences with the product in question. Moreover, perceived quality is differentiated from the actual quality and thus is something intangible, like for instance a feeling. This can explain why many of the respondents associated one product with high quality but ended up choosing another product’s quality in the test. Other factors that could have affected the results are associations that are either developed from direct experience with the product, from the information communicated from the company through for example their advertising campaigns or from previous associations held about the company (Martinez et al. 2003).

When looking at various brand factors, the respondents that preferred Coca-Cola did indeed also favour Coca-Cola’s logo over that of Pepsi’s with as much as a 84 percent difference (see figure 5.3.2). Furthermore, the slogan was chosen above that of Pepsi’s, but with merely a 10 percent difference. The sponsorship of the Winter Olympics in Turin 2006 was also more appreciated by the Coca-Cola’s respondents than Pepsi’s use of David Beckham. Thus it can be assumed that the respondents preferring Coca-Cola liked the brand on the whole more than that of Pepsi. Consequently, it can be concluded that Coca-Cola has a strong brand image which indicates that the associations held in the mind of consumers are conveyed onto a consumer’s perception about a brand. These associations for Coca-Cola can very well be its
logo, slogan, and sponsorship activities. Furthermore, it is evident that Coca-Cola has managed to position themselves clearly in the minds of the respondents seeing as positioning refers to “consumers’ perception of a brand as compared with that of competitors’ brands, that is, the mental image that a brand, or the company as a whole, evokes” (Czinkota et al. 2001, p. 313).

Interestingly enough, the Pepsi respondents favoured Coca-Cola’s logo (55.6 percent) over that of Pepsi’s, as well as Coca-Cola’s sponsorship of the Winter Olympics with a 13.8 percent deviation. Subsequently, it can be deduced that the Coca-Cola respondents were more positive to Pepsi’s use of David Beckham than the Pepsi respondents. Two areas within the brand theory that can be applied here; brand loyalty and brand awareness. Although the Pepsi respondents preferred Coca-Cola’s logo and sponsoring activities, they still predominately favoured Pepsi as a brand. An explanation for this could be that the respondents have an emotional attachment towards the Pepsi brand, which generates a positive attitude towards the brand and could in fact result in repeated buying, something in which Solomon et al. (2001) refer to as brand loyalty. On the other hand, brand awareness involves that recognition is communicated onto a brand and can affect a consumer’s buying decision through a sense of familiarity. However, seeing as the Pepsi-preferring respondents clearly do not identify with all of Pepsi’s associations as portrayed in the diagram below, high brand awareness is not obtained.

5.4 Local Target Group

In the following section, a chi-square test was conducted on age versus the questionnaire questions in order to see whether distinct variations between the groups existed. A summarised table of the test results is presented in Appendix 6, where those questions that showed a significant difference scored 0.05 or less will be analysed below.
When comparing whether there was a difference between the way in which the three different age groups consume cola soft drinks per week, we found that there was a significant deviation between the three. Interestingly enough, the majority of those aged $\leq 18$ and $\geq 35$ drank one to three glasses of cola per week, while the majority of those aged between 19-34 drank less than one glass per week. Another observation that can be made is that the greatest number of respondents that drank ten glasses or more per week was those aged $\leq 18$, whereas those aged between 19-34 did not drank ten or more glasses at all. This difference in the consumption pattern between the three groups could be explained by Armstrong et al.’s (2005) “personal factors”, which state that depending on which stage in life a person is in, his/her demands for products shift (figure 5.4.1).

Another significant difference found between the groups was age versus reasons for preferences, where the only preference that did not differ was that of the brand. These differences are depicted in figure 5.4.2, which illustrate that the youngest age group ranked
the different factors higher than the other two groups. This could be explained by the fact that teenagers put more time into shopping and thus spend more time on evaluating products, and since they tend to switch brands often, they also have higher requirements for products. The 19-34 group ranked “quality” (16 percent deviation), “slogan” (16 percent deviation) and “reputation” (8 percent deviation) as more important factors when preferring the product in question than the 35 and older age group. A reason for this difference between the two groups could be due to the fact that the young adults evaluate products in a very sophisticated manner, as a result of being involved in most of the family shopping (Solomon et al. 2001), and thus are more conscious about product attributes, and thus classify them higher.

The highest ranked association for Coca-Cola also varied among the different age groups as can be seen in figure 5.4.3 above. 62 percent of the teenagers associated the brand with being “youthful”, while the second and third age groups associated Coca-Cola first and foremost with being “traditional” (64 percent and 78 percent respectively). The associations for Pepsi also varied among the age groups, where 48 percent of the youngest group associated it with “quality”. Yet again, the two eldest groups ranked the same association the highest, namely that of being “youthful” with 56 and 40 percent respectively. The brand image of both brands differs among the age cohorts, and these associations can either be a result of direct experience with the brand, from the information communicated by the company, or from past experiences with the brand.
The age group that was the most positive towards advertisement in English was the young adults (60 percent), which imply that they did not wish to have the ads in Swedish. Out of those who preferred to have the ads in Swedish, the majority were those aged 18 and younger. Another interesting fact that can be depicted from figure 5.2.6 is that more than half (57.1 percent) of the baby boomers did not have an opinion about whether or not the advertisement should be in Swedish.

A significant difference was also detected on advertisements’ influence on the respondents’ choice of cola product, where as much as 50 percent of the teenagers stated that they were influenced. Advertisement, on the other hand, had a very low influence on the young adults’ choice of product, where merely 10 percent claimed that they were influenced. Finally, advertisement influenced 26 percent of the baby boomers in their choice of product. The fact that advertisement has such big influence on teenagers can be explained by the fact that marketers primarily target this age group in their ads, and thus the ads are more appealing to teenagers. The explanation to the findings that the second age group was least influenced could be that “they see advertising as a form of entertainment but are turned off by overcommercialization” (Solomon et al. 2001, p. 413), and perhaps this is how Coca-Cola’s and Pepsi’s ads are perceived. Moreover, the oldest age group was also less influenced than the teenagers. Thus the companies’ advertisement could in fact be more image-oriented than information intensive, which makes this group less susceptible towards this type of advertisement (Harmon et al. 1999).
When comparing age to the way in which the respondents view the two different brands, Coca-Cola and Pepsi, we found that the youngest age group had the largest majority of respondents who had an overall positive view on the two brands. Generally speaking, Coca-Cola was better perceived than Pepsi which could imply that Coca-Cola has succeeded in positioning themselves in the minds of the consumers as can be seen in figure 5.4.5. Seeing as positioning refers to “consumers’ perception of a brand as compared with that of competitors’ brands, that is, the mental image that a brand, or the company as a whole, evokes” (Czinkota et al. 2001, p. 313). As a result, one can assume that Coca-Cola, in this case, has gained competitive advantage over Pepsi.

In the diagram above (figure 5.4.6), the distribution among the age groups in relation to the respondents’ knowledge of Coca-Cola’s and Pepsi’s advertisements, illustrates that the 19-34 age group predominately had the largest knowledge of the two brands’ advertisements. Interestingly enough, only 16 percent of those aged 35 and older knew of Pepsi’s advertisement, where as much as 44 percent knew of Coca-Cola’s advertisement. What is interesting here is that although the second age group has grown up in an era of media and technology, they evaluate advertisement in a very sophisticated manner. Yet, whether their evaluation of the two brands’ advertisement is positive or negative, is not portrayed. Moreover, one would have assumed that the age group that would have had the most knowledge about the brands’ advertisement would in fact be the youngest age group, seeing as the theory states explicitly that marketers target ads primarily at teenagers (Blackwell et al. 2001). Hence one can question the aim of Coca-Cola’s and Pepsi’s advertisement.
Another significant difference between the age groups was whether or not idols influence their choice of product. The age group that was most affected by idols was the \( \leq 18 \) group, where as much as 50 percent responded that their choice of product was affected by an idol. Within the other two age groups, only 17 percent (19-34 group) and 12 percent (\( \geq 35 \) group) were influenced by idols. One motivation to why so many of the teenagers were influenced by idols, could be due to the fact that they are more affected by groups in their environment, such as aspirational groups, i.e. a person’s admiration of an idol. Moreover, they have a stronger need for belonging and approval, and as can be seen from our empirical data, a number of the respondents stated that they wish to be like their idol, which implies that a celebrity endorser would undeniably affect their choice of product.

Moreover, the age groups differed in their opinions about David Beckham’s appearance in Pepsi’s advertisement, where the youngest, once again was the largest group of respondents that were positive towards it (48 percent; young adults: 38 percent; baby boomers: 16 percent). Whether or not David Beckham influenced their consumption of Pepsi, also illustrated a significant difference between the age cohorts. As much as 96 percent of those aged 35 and older claimed he hardly affected their consumption, whereas 22 percent of those aged 18 and younger responded that he did in fact have a large impact on their Pepsi consumption. Lastly, the entire 19-34 age group responded that David Beckham did not, whatsoever, have a noticeable influence their consumption of Pepsi.

The age group that claimed that their choice of product was the least affected by sponsorship was those aged 19-34 (48 percent). The age group which was influenced the most was the teenagers, where as much as 46 percent claimed that their product choice was “a lot” and
“very much” affected by sponsorship activities (figure 5.4.7). Overall, merely 38 of the total 150 respondents claimed that their choice of product was affected by sponsorship activities. As a result, one can question how efficient it is for companies to implement sponsorship in their marketing strategy, as one of the aims of sponsorship is to encourage product sales. However, given that only five percent of the purchasing process is conscious to the consumers; these results might not be accurate. Another significant difference among the age groups was their knowledge of Coca-Cola’s sponsorship activities. Within the two youngest groups, 34 percent and 20 percent respectively knew of it. Seeing as most sponsorship activities aim at increasing brand recognition and exposing the brand to as many potential customers as possible, Coca-Cola has not fully succeeded in reaching the majority of the respondents within each age group.

72 percent of the teenagers had a positive opinion about Coca-Cola’s sponsorship of the Winter Olympics in Turin, whereas 44 and 50 percent of the oldest groups were positive towards the sponsorship. Moreover, the group that had the most negative opinions were the young adults. Reasons for this deviation in attitude could be due to the fact that an event may entail different images for different people, as well as a person’s history with a certain event could influence one’s attitude towards the event, as stated by Gwinner (1997). Interestingly enough, as much as 42 percent of the teenagers stated that their consumption was influenced by the sponsorship, while merely four percent of the young adults’ and two percent of the baby boomers’ consumption were influenced. A reason for this deviation between the age groups could be due to the fact that their life experiences and situations as well as income, education, and occupation vary among the groups, as a result affecting their buying behaviour (figure 5.4.8).
Finally, it was detected that the youngest age group preferred the taste of drink Y (Coca-Cola), whereas the other two groups preferred the taste of drink Z (Pepsi) as can be seen in the diagram above. Moreover, there was no significant difference in the way the age cohorts rated drink X (Ica).

In conclusion, there was a significant difference in the age cohorts’ answers to most of the questionnaire questions. Thus we can assume that a reason for this deviation is due to the fact that they are at different stages in their lives, and hence have different demands for products. This strengthens the consumer preferences theory that each consumer is unique and differs from one another in that of taste, preference, and wants.

### 5.5 Hypotheses

**H1:** Consumers explicitly prefer one brand but actually favour the taste of another.

This hypothesis was confirmed to some extent, in that the majority of those that preferred Coca-Cola actually chose Pepsi’s taste. However, of those that preferred Pepsi, the majority rated Ica’s cola and Pepsi’s the same, which in this case, does not strengthen the hypothesis.

**H2:** Seeing as Coca-Cola and Pepsi seem to target different consumers through their advertisements and sponsorships, we believe that depending on a person’s age, the choice of cola product differs, as well as their taste preference. More specifically, that the youngest age group particularly have a more positive attitude towards Pepsi on the whole, whereas the oldest age group are more positive towards Coca-Cola.

This hypothesis proved to be partly incorrect; as the chi-square test clearly illustrated that there was no significant difference between the age groups’ preference of brand. However, the
results of the blind taste test showed that the teenagers actually preferred the taste of Coca-Cola, while the baby boomers preferred Pepsi. Finally, all of the age groups were more positive towards Coca-Cola than Pepsi, which confirms the hypothesis to a certain extent, in that the baby boomers preferred Coca-Cola on the whole.

**H3:** People aged eighteen and younger have the highest level of knowledge of brand advertisement, hence they are more influenced by it in their choice of products than any other age group.

This hypothesis was unconfirmed in that the eighteen and younger age group did not have the highest level of knowledge of the brands’ advertisements. Moreover, the results indicated that advertisement’s role in consumers’ choice of product did not vary among the age groups and thus the hypothesis is not supported.
6. Conclusions

In the following chapter, we summarize our results and draw conclusions about our study. Furthermore, we present a modified analysis model, our own reflections as well as suggesting future research.

6.1 Research Question

In this chapter we intend to answer our research question:

- To what extent do advertising, sponsorship, brand, and age affect consumer preferences?

On basis of our analysis, we have drawn the following conclusion that advertising, sponsorship, brand and age all affect consumer preferences to some extent, as will be explained in the text below.

*International advertising*

We found that some consumers, who associate a brand with advertisement as well as having actual knowledge about the brand’s ads, do indeed feel that their choice of product is to a large degree influenced by brand advertisement. The use of a local market’s language in an international campaign, on the other hand, has little effect on consumers’ choice of product; whereas it was found that an English campaign has a greater influence on consumer preferences. In addition, strong international brands that are often associated and recognized for their extensive advertising campaigns, do not always imply that consumers actually know of their campaigns. From this we can conclude that it is not as apparent as whether or not advertising alone influences the buying process, as one would have assumed.

*International sponsorship*

Regarding international sponsorship, it can be concluded that of those who associate a brand with sponsorship and at the same time know of what the brand sponsors, only a small proportion of the consumers’ attitudes towards the sponsored product is influenced. However, it can not be depicted whether it affects their attitude in a positive or negative way, and thus it is difficult to define a clear relationship between the influenced attitude and consumer preferences. Out of those consumers who have a positive opinion about a specific sponsored event, only a few claim that their consumption of the sponsored brand is affected. Finally, it
can be deduced that celebrity endorsement only influences some consumers’ buying behaviour. However, it can not be revealed from this whether it has a positive or negative effect in the end.

**International Brand**

When associating a brand with high quality, in this case the taste factor, it can be established that consumers essentially prefer the taste of a completely different product. Consumers, who prefer one international brand over another, that of homogenous products, do not necessarily view the preferred brand’s different factors, such as logo, slogan, and sponsorship activities, better than the competitors’. This implies that a consumer’s preference is built upon a number of different factors, some of which have not been considered in this study, such as brand name and country-of-origin, and thus the overall attitude towards the brand is positive, creating an emotional attachment which results in brand loyalty. In conclusion, international brands impact consumer preferences on the whole, in that the assembly of many different factors together influence consumers, but alone a factor may not be strong enough in affecting consumer preferences.

**Local target group**

The importance of the studied factors that affect consumers’ choice of product varies among different age groups, more specifically; teenagers tend to view these factors higher than other age groups. Moreover, teenagers’ preferences are on the whole more influenced and built upon a number of elements, such as advertisement, celebrity endorsers, and sponsorship activities. Interestingly enough, advertising campaigns’ influence on consumers’ choice of product does not vary among different age groups, likewise opinions about celebrity endorsement and sponsorship events. Lastly, it can be concluded that depending on what stage in life a person is in, their preferences for brands and products differ.

**Modified analysis model**

A relationship between the studied factors can be depicted as following; international advertising and international sponsorship respectively influence the local target group in different ways as depicted above, but they also affect international brand in that they have an impact on brand image and brand equity. Moreover, the local target group, i.e. the age factor,
views brands differently and thus have an effect on international brand alone, but also in combination with international advertisement and international sponsorship. Finally, these factors together influence the way in which a brand is perceived, and consequently influence consumer preferences, which is illustrated in the diagram below.

From this study, it can be concluded that in order for international companies to be successful and gain competitive advantage on the local market, it is vital that they implement a combination of the studied factors in their marketing strategy so to best reach target groups. More specifically, the strategies should be tailored in accordance to the target groups’ age, seeing as consumer preferences vary depending on a person’s age. Lastly, although advertising campaigns are still efficient in reminding and persuading consumers of brands and products, companies must differentiate themselves in their messages and techniques, etc. as advertisement clutter is at a rise.

6.2 Reflections

When we began working with this thesis we believed that consumers choose products on the basis of quality, i.e. the taste. This turned out to be quite the opposite in that the majority of the respondents did not choose their preferred brand in the blind taste test. Furthermore, we had preconceived opinions about the effect Coca-Cola’s and Pepsi’s advertisements alone had on consumers’ choice of product, and also that their advertising campaigns were more known on the local market. However, our study not only proved that advertisement is much more
efficient in combination with other marketing factors, but it also demonstrated that the majority of the consumers on the local market did not specifically know of the two companies’ advertising campaigns.

6.3 Proposed Future Research

- Investigating the chosen subject from a company perspective.
- Study the relationship between the studied factors and other demographic variables, such as gender, and how they together influence consumer preferences.
- Seeing as little research has been done within the area of age and advertisement, an interesting future study would be on how marketers can best tailor an advertising campaign for different age groups. More specifically, which features appeal to each age group the most?
8. References

*Literature*


REFERENCES


Articles


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Appendix 1: The Coca-Cola Company

“The Coca-Cola Company exists to benefit and refresh everyone it touches” (www.cocacola.com), and is the world leading producer of non-alcoholic beverage concentrates and syrups; operating in more than 200 countries worldwide (Ibid). The company entered the Swedish market in 1953 and initially had production at different breweries around the country. In 1996, Coca-Cola Drycker AB was founded and today, all of the company’s manufacturing for the Swedish market takes place at the factory in Jordbro, Sweden (http://sv.wikipedia.org).

Most of the company’s success is due to their marketing and they spent as much as 2.5 billion dollars on advertising in 2005 (www2.coca-cola.com). The organization uses real-to-life scenarios in their advertisement rather than celebrities, and one example of such is the following: “Six weeks before their high school graduation, five teenagers rest on a subway train after an exciting night at a concert. A young man observes his sleeping friends while holding a can of Coca-Cola firmly in one hand and narrates, “…It hit me, that was the best night of my life. And I kind of wished we could all stay on that train forever.” A soothing woman’s voice then sings in the background, “Life tastes good, Coca-Cola” as the camera directs the viewer’s attention not at the teenagers, but to a moving subway train and the name Coca-Cola in the lower right hand corner of the screen” (www.louisville.edu). The idea with this is that every person can relate to the feeling described above, at least once in their lifetime. Thus, the aim of Coca-Cola’s advertising is that each time a consumer is encountered with an emotional and pleasant situation, they automatically think of Coca-Cola (Ibid).

Some of Coca-Cola’s slogans used during the last decades:
2003- “Real”
2002- “All the world Loves a coke”
2001- “Life Tastes Good”
2000- “Enjoy”
1993- “Always Coca-Cola”
1989- “You can’t beat the real thing”
(http://sv.wikipedia.org)
Appendix 2: PepsiCo

PepsiCo operates in 200 countries around the world, and has been present on the Swedish market since the 1960s (www.susning.se). The production for the Swedish market is since the year of 2000 controlled by Carlsberg Sverige and is carried out at their breweries. (http://sv.wikipedia.org).

Pepsi and Coca-Cola are arch-rivals, and as opposed to Coca-Cola, Pepsi has put a lot of effort into using celebrity endorsement in their advertising in order to gain the attention of all groups of consumers, and in 2004, advertisement spending amounted to 1.3 billions in 2005 (www.mind-advertising.com). Moreover, it has been claimed that “Pepsi was the first consumer product to use a celebrity endorser when Barney Oldfield, auto racing pioneer, appeared in ads in 1909” (www.louisville.edu), and has since employed a number of different celebrities in its advertising campaigns. Examples of celebrities that have been used are David Beckham, Britney Spears, Jennifer Lopez, Halle Barry and Jackie Chan. (http://en.wikipedia.org). A resent example for a Pepsi advertisement is the “Now and Then” commercial featuring Britney Spears as she sings “Pepsi, for those who think young” and in order to solve the problem of reaching young as well as old consumers by “showing Britney in the ’60s and the ’00s and giving the generations something to bond over” (www.louisville.edu). Pepsi uses this advertisement in order to reach a broad variety of consumers’ through employing an icon of today’s music industry with a range of different generations, and thus communicating that everyone benefits from the “joy of Pepsi” (ibid).

Some of the campaigns that Pepsi has carried out during the last decades:
2003- "Pepsi. It's the Cola"
2001- "The Joy of Pepsi", Britney Spears
1996- "Nothing Else Is A Pepsi"
1993- "Be Young, Have Fun, Drink Pepsi", Shaquille O'Neal
1989- "The Choice of A New Generation"
(www.pepsi.com)
Appendix 3: The Cola War

“Intense competition between Pepsi and Coca-Cola has characterized the soft-drink industry for decades. If anything could be called a “war” outside of actual bloodshed, this was it” (Hartley 2001, p. 11). The Cola war refers to Coca-Cola’s and Pepsi’s mutually-targeted television advertising campaigns in the 1980s, which started with blind taste tests on consumers with the aim of testing whether people preferred one product over the other, and continued with the use of famous spokespersons in promotion of their products (http://en.wikipedia.org).

Coca-Cola was introduced to the market in 1886 and was shortly followed by Pepsi in 1898. Coca-Cola dominated on the market for years, and Pepsi was not a threat. However, when the market expanded and became more profitable, the role of professional advertising became crucial, these two multi-national soda producers have been leading the way in advertising ever since. However, they have taken two extremely different turns in their advertising, where Pepsi has turned more to celebrity endorsement, popular music and young people in their commercials, while Coca-Cola advocates tradition and nationalism, aiming at happiness and togetherness similar to that of their original approach. More precisely, Pepsi’s strategy adduces the new and Coca-Cola’s the old (www.geocities.com). However, television advertising is not exclusively used, but they also have unique product packaging.

The Cola war makes it possible for new edgy advertising techniques to be broadcasted in television commercials, and although the two companies use very different marketing strategies, they are both successful in selling their products (Ibid). Interestingly enough, despite the fact that Pepsi has increased its sales four times quicker than that of its rival, Coca-Cola remains the leading seller. The battle between these two will undoubtedly prolong the cola war, but at the same time bring forth new advertising techniques. “Pepsi uses excellent marketing strategies, such as celebrity appearances and contemporary product packaging, to sell their product, whereas Coca-Cola’s realistic approach has placed them at the top of the soft drink industry. Although Pepsi is “simply irresistible”, according to the soda loving customers, it is “always Coca-Cola, Yeah” (Ibid).
Appendix 4: Questionnaire - English

1. Do you drink cola-soft drinks?  □ Yes  □ No  If no, go to question 4.

2. How many glasses do you drink per week?
   □ ≤ 1  □ 1-3  □ 4-6  □ 7-9  □ ≥ 10

3. What cola-brand do you drink the most?
   □ Coca-Cola  □ Pepsi  □ Other: ____________________

4. Which brand do you prefer?  □ Coca-Cola  □ Pepsi  □ Neither

5. Why do you prefer this product?
   Rank according to your own opinion:  
   5 = Agree totally
   4 = Agree
   3 = Neither
   2 = Agree partially
   1 = Do not agree at all

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* By quality we mean the taste.
** Circle of friends implies that you prefer the product as a result of friends and family consuming it.

6. Has your consumption of cola-soft drinks changed throughout the years? In that case, how and why?
________________________________________________________________________
________________________________________________________________________

7. What is your view on Coca-Cola as a brand?
   □ Very good  □ Good  □ Neither
   □ Bad  □ Very bad

8. What is your view on Pepsi as a brand?
   □ Very good  □ Good  □ Neither
   □ Bad  □ Very bad
9. What do you associate the brand Coca-Cola with?
   Rank according to your own opinion: 5 = Agree totally
   4 = Agree
   3 = Neither
   2 = Agree partially
   1 = Do not agree at all

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10. What do you associate the brand Pepsi with?
    Rank according to your own opinion: 5 = Agree totally
    4 = Agree
    3 = Neither
    2 = Agree partially
    1 = Do not agree at all

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11. Do you know what Coca-Cola advertises?
    □ Yes: ____________________________________________ □ No

12. Do you know what Pepsi advertises?
    □ Yes: ____________________________________________ □ No

13. How much influence does the advertisement have on your choice of cola-product?
    □ Very much □ A lot □ Neither □ Little □ Very little
14. How do you notice advertisements in the following media?
   Rank according to your own opinion:  
   5 = Very much  
   4 = Much  
   3 = Neither  
   2 = Little  
   1 = Very little  

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15. What do you think about the fact that companies use celebrities in their advertising campaigns?
   □ Very good    □ Good    □ Neither
   □ Bad    □ Very bad

16. How does this affect your view of the brand?
   □ Positively    □ Negatively
   Motivate: ________________________________________________________________

17. Would an advertisement with your idol affect your choice of cola-product?
   □ Yes    □ No    Motivate: __________________________________________________

18. What do you think about the fact that Pepsi, for instance, uses David Beckham in its advertising campaign?
   □ Very good    □ Good    □ Neither
   □ Bad    □ Very bad
   Does this affect your consumption of Pepsi?
   □ Yes    □ No    Motivate: __________________________________________________

19. What do you think about the fact that Coca-Cola and Pepsi have advertisement in English?
   ________________________________________________________________________
   ________________________________________________________________________

20. Would you have preferred the advertisement in Swedish instead?
   □ Yes    □ No    Motivate: __________________________________________________

21. Which logo do you prefer?
   □ [Logo 1]    □ [Logo 2]
   Motivate: ________________________________________________________________
22. Which slogan appeals to you the most?
   □ "The Coke Side of Life"
   □ “It’s The Cola”
   Motivate: _____________________________________________________________

23. What do you think about the fact that companies sponsor different sports- and music events?
   □ Very good    □ Good    □ Neither
   □ Bad    □ Very bad

24. How does this affect your view on the brand?
   _____________________________________________________________

25. How does a brand’s sponsorship affect your attitude towards the product?
   □ Very much    □ A lot    □ Neither
   □ A little    □ Very little
   Motivate: _____________________________________________________________

26. Do you know what Coca-Cola sponsors?
   □ Yes: _____________________________________________________________
   □ No

27. Do you know what Pepsi sponsors?
   □ Yes: _____________________________________________________________
   □ No

28. What do you think about the fact that Coca-Cola for instance sponsored The Winter Olympic Games in Turin 2006?
   □ Very good    □ Good    □ Neither
   □ Bad    □ Very bad

   Does this affect your consumption of Coca-Cola?
   □ Yes    □ No
   Motivate: _____________________________________________________________

Age:
   □ ≤ 18    □ 19-34    □ ≥ 35

Which of the following activities are you most interested in?
   □ Sports    □ Music    □ Traveling    □ Shopping    □ Other: ________

What drink do you prefer?
   □ X    □ Y    □ Z
   (3=Most tasty, 2=Tasty, 1=Least tasty)

Thanks for Your participation!
**Appendix 5: Questionnaire: Translated Version - Swedish**


2. Hur många glas dricker du i veckan?
   □ ≤ 1  □ 1-3  □ 4-6  □ 7-9  □ ≥ 10

3. Vilket Cola-märke dricker du mest?
   □ Coca-Cola □ Pepsi □ Annat: ________________

4. Vilket märke föredrar du? □ Coca-Cola □ Pepsi

5. Varför föredrar du denna produkten?
   Rangordna enligt eget tycke:
   5 = Stämmer helt
   4 = Stämmer delvis
   3 = Varken eller
   2 = Stämmer inte
   1 = Stämmer inte alls

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* Med kvalitén menar vi smaken.
** Med umgångeskretsen menas att du föredrar produkten pga. att vänner o familj konsumerar den.

6. Har din konsumtion av Cola-läsk förändrats genom åren? I så fall, hur och varför?

________________________________________________________________________
________________________________________________________________________

7. Hur är din syn på Coca-Cola som varumärke?
   □ Mycket bra □ Bra □ Varken eller
   □ Dålig □ Mycket dålig

8. Hur är din syn på Pepsi som varumärke?
   □ Mycket bra □ Bra □ Varken eller
   □ Dålig □ Mycket dålig
9. Vad associerar du varumärket Coca-Cola med?
Rangordna enligt eget tycke:
   5 = Stämmer helt
   4 = Stämmer delvis
   3 = Varken eller
   2 = Stämmer inte
   1 = Stämmer inte alls

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10. Vad associerar du varumärket Pepsi med?
Rangordna enligt eget tycke:
   5 = Stämmer helt
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   3 = Varken eller
   2 = Stämmer inte
   1 = Stämmer inte alls

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<td>Slogan</td>
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</tbody>
</table>

11. Vet du vad Coca-Cola har för reklam?
   □ Ja: ____________________________ □ Nej

12. Vet du vad Pepsi har för reklam?
   □ Ja: ____________________________ □ Nej

13. Hur stort inflytande har reklamen på ditt val av Cola-produkt?
   □ Mycket stort     □ Stort     □ Varken eller
   □ Litet           □ Mycket litet
14. Hur uppmärksammar du reklamen i följande medier?
   Rangordna efter eget tycke:
   5 = Väldigt mycket
   4 = Mycket
   3 = Varken eller
   2 = Lite
   1 = Väldigt lite

<table>
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<th>3</th>
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<td>Utomhusmedia (reklampelare mm)</td>
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<td></td>
<td></td>
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</tbody>
</table>

15. Vad tycker du om att ett företag använder sig av kändisar i en reklamkampanj?
   □ Väldigt bra   □ Bra   □ Varken eller
   □ Dåligt   □ Väldigt dåligt

16. Hur påverkar det din syn på varumärket?
   ____________________________________________
   ____________________________________________

17. Skulle en reklam med din idol påverka ditt val av Cola-produkt?
   □ Ja   □ Nej
   Motivera: ____________________________________________

18. Vad tycker du om att Pepsi t.ex. använder sig av David Beckham i sin reklamkampanj?
   □ Mycket bra   □ Bra   □ Varken eller
   □ Dåligt   □ Mycket dåligt
   Påverkar det din konsumtion av Pepsi?
   □ Ja   □ Nej
   Motivera: ____________________________________________

19. Vad tycker du om att Coca-Cola och Pepsi har reklam på engelska?
   ____________________________________________
   ____________________________________________

20. Hade du föredragit att reklamen istället var på svenska?
   □ Ja   □ Nej   □ Varken eller
   Motivera: ____________________________________________
21. Vilken logotyp föredrar du?

Motivera: ____________________________________________________________

22. Vilken slogan tilltalar dig mest?

- “The Coke Side of Life”
- “It’s The Cola”

Motivera: _____________________________________________________________

23. Vad tycker du om att ett företag sponsrar olika idrotts- och musikevenemang?

- Väldigt bra
- Bra
- Varken eller
- Dåligt
- Väldigt dåligt

24. Hur påverkar det din syn på varumärket?
__________________________________________________________________________________
__________________________________________________________________________________

25. Hur påverkar varumärkets sponsring din attityd till produkten?

- Väldigt mycket
- Mycket
- Varken eller
- Lite
- Väldigt lite

Motivera: _____________________________________________________________

26. Vet du vad Coca-Cola sponsrar?

- Ja: _______________________________________________
- Nej

27. Vet du vad Pepsi sponsrar?

- Ja: _______________________________________________
- Nej

28. Vad tycker du om att Coca-Cola t.ex. sponsrar OS i Turin 2006?

- Mycket bra
- Bra
- Varken eller
- Dåligt
- Mycket dåligt

Påverkar det din konsumtion av Coca-Cola?

- Ja
- Nej

Motivera: _____________________________________________________________

Ålder:  □ ≤ 18  □ 19-34  □ ≥ 35

Vilken av följande aktiviteter är du mest intresserad av?

- Sport
- Musik
- Resa
- Shoppa
- Annat: ________

Vilken dricka är godast?

- X
- Y
- Z

(3=Godast, 2=Mindre god, 1=Minst god)

Tack för Din medverkan!
## Appendix 6: Significant Difference Table - Chi-square Test

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<tr>
<td>Brand preference</td>
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<tr>
<td>Why prefer quality</td>
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</tr>
<tr>
<td>Why prefer price</td>
<td>.000</td>
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<td>Why prefer design</td>
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<td>Why prefer advertisement</td>
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<td>Why prefer sponsorship</td>
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<tr>
<td>Why prefer brand</td>
<td>.081</td>
</tr>
<tr>
<td>Why prefer reputation</td>
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<tr>
<td>Why prefer circle-of-friends</td>
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<td>Why prefer lifestyle</td>
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<td>View on Coca-Cola</td>
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<tr>
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