Analyzing the Impact of Advertising in the Soft Drink market of Mauritius: 
The Case Study of Coca-Cola

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ABSTRACT

In an era of high degree of competitiveness, if there is one prerequisite to give businesses a competitive edge, it is the need to advertise effectively and efficiently. Since so much money is being devoted to advertising, analysing its impact remains vital for firms, especially for those forming part of the collusive oligopolistic market of soft beverages, where advertising helps in making the difference in the market place. This paper mainly analyses the degree of influence advertising has on consumers’ buying behaviour, with particular reference to Coca-Cola advertisements. The methodology used in the study consisted of a survey on a sample of 150 respondents, and the finding revealed the positive impact of advertising on consumption level in the soft beverage market of Mauritius. It was concluded that nowadays, it is important to sustain customer’s loyalty to a company’s product, hence the need to develop appropriate advertising strategies like brand equity to prevent consumers from turning unloyal to the brand.

Keyword: Advertising, brand, impact, soft drinks industry.

1. Introduction

Like in most countries, in Mauritius, giant oligopolistic companies such as Coca-Cola or Pepsi Cola are pouring millions of rupees every year in advertising, for they believe it is an unfailling if not a reliable way to promote their products, their brands, their organisation and to reap massive profits. Since so much money is being devoted to advertising, analysing its impact remains vital for firms, especially for those forming part of the collusive oligopolistic market of soft beverages, whereby advertising helps in making the difference in the market place. Does advertising really have an impact on consumers nowadays? If advertising is not prompting consumers to purchase a soft beverage, why is the Coca-Cola Company spending so much money on advertising? This study will contribute to the academic literature by revealing the degree of influence advertising that has on consumers’ buying behaviour. No research has been previously carried out to uncover the role of Coca-Cola advertising in purchasing decisions. The study will also help to position Coca-Cola advertising against Pepsi advertising in the Mauritian market and to understand the views and perceptions of Mauritian on Coca-Cola advertising.
The structure of the paper is as follows. The paper first reviews the fundamentals and core concepts of advertising. The main research approaches, instruments to be adopted and the types of data to be collected for this specific research are then outlined in the methodology section. This is followed by sections on data analysis and findings, discussion and conclusion.

2. Literature Review

2.1. The purpose and importance of advertising

The immediate purpose of advertising as Rodger (1996) clearly described, is not to physically bring buyers and sellers together but to communicate sales motivating information, ideas, and suggestions to particular target prospects or consumers with a view to increase the likelihood of a sale. According to Kotler and Keller (2006), advertising can be used to create brand awareness and provide specific information about new products and services (informative advertising) and to encourage consumers to buy the product being advertised rather than those of competitors (persuasive advertising). To Guiltinan and Paul (1991), advertising can be used to reassure customers that they are using the best product or service (reinforcement advertising).

It is important for advertisers to understand the advertising communication process so as to establish the advertising objectives in line with the receiver’s response. In addition, advertisers can carefully select the most appropriate media mix to deliver the message to the target audience. Indeed, if consumers view communication in a specific medium as disturbing, it may negatively change the attention to and the perception of the message (Heinonen and Strandvik, 2005). Furthermore, in advertising, the element of feedback is important to ensure that the target audience has received the message accurately.

2.2 Standardisation versus localisation

Coca-Cola is a global brand which is promoted in several countries. Since the company is operating on the global platform, there is need to find out the most effective advertising strategies. Marketers are faced with two advertising strategies here: standardisation versus localisation. One of the benefits of standardisation is the lowering in costs through economies of scale. In addition, if a company is using the standardisation strategy, it means that it will be communicating the same ad message in many countries, thus easing the coordination process of the marketing tools and avoiding confusion among consumers who travel frequently (Papavassiliou and Stathakopoulos, 1997). However, proponents of localisation argue that there is a need to localise because of the existence of differences in buyers’ behaviour, disparities in purchasing power and the different competitive situations of different countries (Schuh, 2007). Hence, advertisers need to consider that buyer behaviour is influenced by the country’s culture, which is not the same everywhere. By integrating the message locally, the ad has a greater chance of success. If not managed properly, this strategy may nevertheless result in a loss of the brands’ global image (Anon, 2006).

Both strategies have their own advantages. The best strategy is difficult to determine. However, “the reality of global advertising suggests that the contingency approach is the best” (Wells et al., 2003, p.517). This represents a combination of factors influencing the
standardisation and localisation approach. The contingency approach is the one adopted by Coca-Cola where it is known as the “glocal” approach - globalisation and localisation (Anon, 2006).

2.3 Advertising and consumer behaviour
The advertising message has a great influence on the decision-making process of consumers. Normally when consumers are exposed to advertising, a portion of their long-term memory is activated thereby, stimulating the buying behaviour (Papavassiliou, 1989). Consumers may process the advertising message in two ways. They may either process the information to come up with an overall evaluation of the brand being advertised or they may simply enjoy the entertainment facet, thus hindering the evaluative aspect of the ad (Papavassiliou, 1989).

2.4 Branding and consumer behaviour
According to Meenaghan (1995), consumers are influenced by the intrinsic values, which are centred on the quality of the product and the extrinsic values, which originate from the brand imagery created by advertising. Coca-Cola is the leader in the soft beverage industry and this success is mainly attributed to the company’s ability to build relevant and appealing images around the product, hence creating a brand difference (Kotler and Keller, 2006). In fact, to become the market leader, Coca-Cola has also optimised on brand equity as a tool to influence consumer buying behaviour. Normally, brand equity includes brand strength, which measures the degree of attachment consumers hold towards a brand and brand attachment, which is the set of attitudes consumers hold towards a brand (Wright and Nancarrow, 1999).

Consumers prefer high-equity brands such as Coca-Cola because they can easily interpret the brand benefits of the product, feel more confident of branded products, and obtain more satisfaction from its usage (Batra et al., 2005). Strong brand equity is beneficial because the company can better retain the customers; service their needs to later help in boosting the company’s profitability level (Rajagopal, 2006). It is to be pointed out that Aaker’s framework not only relates brand equity to consumers but also to distribution trade (other proprietary brand assets). For instance, one of the reasons behind Coca-Cola’s leadership is its incredible worldwide distribution (Batra et al, 2005).
2.5 Coca-Cola islands and its advertising strategy

Situated in Mauritius, Coca-Cola Islands acts as an intermediary between all the Coca-Cola bottlers in various islands and the Coca-Cola Company. The role of Coca-Cola Islands is to give consultancy, technical and marketing support to authorised bottlers found in Mauritius, Reunion Island, Madagascar, Comoros, Mayotte and the Seychelles.

Basing themselves on the AIDA Model, marketing managers at Coca-Cola developed the following “Funnel” Model. As the Brand Manager explained, the model describes the five phases the consumer goes through to become loyal to the product. Advertising objectives are based on these phases. For instance, to create brand awareness, the marketing managers will try to initially inform the potential consumers about the product. Positive disposition relates to the unique selling proposition about the product. After having seen the product being advertised, the consumer is expected to try it, and then adopt it to finally be committed to the product. The aim of such a model is to bring brand loyalty. Hence, advertising strategies are formulated based on this model.
Based on the above discussion, the following research objectives were to be determined by the study.

- To evaluate the extent towards which consumers are influenced by Coca-Cola advertising in Mauritius.
- To assess the effectiveness of Coca-Cola ads
- To evaluate consumers’ perceptions of Coca-Cola ads in Mauritius

The hypotheses to be tested were:

**Null hypothesis 1: Unappealing ads do not have a significant influence on consumers’ purchasing decisions**

**Null Hypothesis 2: Advertising does not have a significant influence on consumers’ consumption level.**

3. **Methodology**

This is a descriptive study using primary data collected through a structured and undisguised questionnaire. The questionnaire consisted mostly of closed ended questions. However, open-ended questions were also integrated to obtain wider variety of responses and to get the true opinions of respondents. The questionnaire was structured
into 6 sections. Prior to data collection, a pilot test was conducted among eight respondents (5% of the sample size) to ensure effectiveness, comprehensiveness, clarity and reliability and timing of questionnaire.

Due to time constraints and inability to survey the whole population, a sample of 150 respondents was used and the quota sampling technique was adopted based on geographical differences as shown in Table 1 below. All data were processed using the SPSS software and descriptive and inferential analyses were performed.

<table>
<thead>
<tr>
<th>Regions</th>
<th>North</th>
<th>South</th>
<th>East</th>
<th>West</th>
<th>Central Plateau</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires per region</td>
<td>29</td>
<td>23</td>
<td>17</td>
<td>25</td>
<td>56</td>
<td>150</td>
</tr>
</tbody>
</table>

4. Analysis and Findings

This section presents an analysis of the findings gathered from the survey. The demographic profile consisted of an analysis of the age group of respondents, their gender, residential area, educational level and income level.

<table>
<thead>
<tr>
<th>Demographics</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>44</td>
</tr>
<tr>
<td>Female</td>
<td>56</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
</tr>
<tr>
<td>Under 20</td>
<td>6</td>
</tr>
<tr>
<td>20-29</td>
<td>49</td>
</tr>
<tr>
<td>0-39</td>
<td>19</td>
</tr>
<tr>
<td>40-49</td>
<td>20</td>
</tr>
<tr>
<td>50-59</td>
<td>6</td>
</tr>
<tr>
<td>60 and over</td>
<td>0</td>
</tr>
<tr>
<td>Residential area</td>
<td></td>
</tr>
<tr>
<td>North</td>
<td>20</td>
</tr>
</tbody>
</table>
The soft beverage industry in Mauritius was then analysed and the choice of respondents assessed. Emphasis was laid on the rivalry that exists between Coca-Cola and Pepsi.

**Soft beverage consumption**
Among the 150 respondents interviewed, 90% consumed soft beverages indicating the strong positioning of the soft beverage industry in Mauritius. However, 10% did not consume soft beverages. To obtain plausible reasons behind the non-consumption level, the following table was generated:

<table>
<thead>
<tr>
<th>Income level</th>
<th>15</th>
<th>12</th>
<th>17</th>
<th>36</th>
<th>21</th>
<th>20</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Rs 5000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs 5 001 - 10 000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs 10 001 - 15 000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs 15 001 - 20 000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above Rs 20 000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Level of education**
- School Certificate: 9
- Higher School Certificate: 30
- Undergraduate: 56
- Postgraduate: 4
- Others: 1

The majority of respondents who did not consume soft beverages fell within the 40-49 age category as shown in Table 3. Research by Matthews (1995) has shown that as people grow older, they experience a certain amount of cola fatigue, thus explaining the reason...
for the high number of respondents within the 40-49 age group.

The findings revealed that respondents consumed the following soft beverages:

![Figure 3: Brand of soft beverages consumed]

The majority of respondents consumed Coca-Cola (97 %), which indicates the leadership of the brand in the local soft beverage market. Pepsi, which is Coca-Cola’s closest substitute, was the second most consumed soft beverage (88 %).

**Table 4: Mean scores of factors influencing buying decisions**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>3.29</td>
</tr>
<tr>
<td>Brand</td>
<td>3.71</td>
</tr>
<tr>
<td>Price</td>
<td>3.23</td>
</tr>
<tr>
<td>Wide Availability</td>
<td>3.72</td>
</tr>
<tr>
<td>Quenches Thirst</td>
<td>3.89</td>
</tr>
<tr>
<td>Lack of choice</td>
<td>2.89</td>
</tr>
</tbody>
</table>

The closer the mean score is to 5, the stronger is the importance of the factor for influencing soft beverage consumption. The mean score for advertising was 3.29, implying that Mauritians are neither discouraged nor encouraged by advertising in their purchasing decisions. However, other factors such as brand (mean = 3.71), wide availability (mean= 3.71) or the intrinsic quality (quenches thirst) of the product (mean = 3.89) do encourage them in purchasing a Coca-Cola. Nevertheless, when asked if they would buy a Coca-Cola with reference to its price, respondents tend to have a neutral
response (mean = 3.23), due to the fact that prices of the different soft beverages do not vary significantly. In addition, the ‘lack of choice’ factor generated a neutral response with a mean of 2.89, implying that consumers do have a variety of choice regarding soft beverages. Therefore, the three main factors which encourage respondents to consume Coca-Cola are branding, wide availability and the intrinsic quality of the product.

To get a clearer picture of the influence of branding and of advertising on buying decisions, a comparative analysis was conducted, as shown in Figure 4.

![Figure 4. Influence of advertising and branding on buying decisions](image)

Most respondents had a neutral attitude towards the influence of advertising on buying decisions. Most of them did not know whether advertising encouraged them or discouraged them in their buying decisions. On the other hand, respondents were more influenced by branding than by advertising in their purchasing decisions. Hence, Mauritians have a tendency to purchase Coca-Cola mainly because of the strong brand positioning of the product.

**Null hypothesis 1: Unappealing ads do not have a significant influence on consumers’ purchasing decisions.**

To check whether there is an association between unappealing ads and purchasing decision, the Chi Square tests were used.
Since the significance level is 0.641 (above 0.05), it can be concluded that there is no significant relationship between unappealing ads and their effect on purchasing decisions (accept Ho). Even if consumers have seen an unappealing ad, they will continue to purchase the drink.

Hence, it becomes important to evaluate the impact of Coca-Cola advertisements on actual level of Coca-Cola consumption, as shown in the following table:

### Table 5: Chi-Square Tests

<table>
<thead>
<tr>
<th>Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.217</td>
<td>1</td>
<td>.641</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction</td>
<td>.000</td>
<td>1</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>.407</td>
<td>1</td>
<td>.523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisher's Exact Test</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.214</td>
<td>1</td>
<td>.644</td>
<td>1.000</td>
<td>.817</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>63</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Computed only for a 2x2 table

b. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 19.

Since the significance level is 0.641 (above 0.05), it can be concluded that there is no significant relationship between unappealing ads and their effect on purchasing decisions (accept Ho). Even if consumers have seen an unappealing ad, they will continue to purchase the drink.

Hence, it becomes important to evaluate the impact of Coca-Cola advertisements on actual level of Coca-Cola consumption, as shown in the following table:

### Table 6: Cross tabulation: Coca-Cola Consumption * Influence of advertising
As shown in Table 6, most respondents (41 or 47.1\%) who consumed Coca-Cola had a neutral attitude towards the influence of advertising on their purchasing decisions. 33.3\% of respondents who consumed Coca-Cola were somewhat encouraged by Coca-Cola advertisements while only 5.7 \% were strongly encouraged by Coca-Cola ads. Hence, Coca-Cola advertising had some impact on the purchasing behaviour of some consumers.

Null Hypothesis 2: Advertising does not have a significant influence on consumers’ consumption level.

It thus becomes necessary to test the association between Coca-Cola advertising influence and Coca-Cola consumption level through the Chi Square tests, as shown in Table 7.
Since the level of significance was 0.035 (less than 0.05), there is a significant association between Coca-Cola advertisement influence and the level of consumption. Therefore the null hypothesis 2 was rejected and the alternative hypothesis accepted. This implies that Coca-Cola advertisement had a n influence on consumers’ consumption level. To measure the strength of association which existed between advertising influence and the level of consumption, Cramer’s V was used as shown in Table 8.

Table 8: Cramer’s V

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal Phi</td>
<td>.284</td>
<td>.035</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.284</td>
<td>.035</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>128</td>
<td></td>
</tr>
</tbody>
</table>

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

In Cramer’s V, measures are restricted to 0 and 1. The closer the value is to 1, the stronger is the association. The value for Cramer’s V was 0.284 and it was thus deduced that there is a weak association between Coca-Cola advertising influence and Coca-Cola consumption level.

Table 9. Mean scores for customers’ perceptions towards Coca-Cola ads in Mauritius

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coca-Cola advertisement is only a tool to encourage consumption</td>
<td>3.75</td>
</tr>
<tr>
<td>Advertising is only a tool used by Coca-Cola to reap higher profit</td>
<td>3.72</td>
</tr>
<tr>
<td>Coca-Cola advertisements are meaningless</td>
<td>2.48</td>
</tr>
</tbody>
</table>
A 5-point Likert Scale was used from 1 to 5 with 1 being ‘strongly disagree’ and 5 being ‘strongly disagree’

Table 9 shows that most respondents tended to agree (mean = 3.75) that Coca-Cola advertisement is only a tool to encourage consumption. Mauritians also agreed (mean = 3.72) that Coca-Cola advertising is only used by the company to reap higher profit. However, when asked about their level of agreement with the statement that Coca-Cola advertisements are meaningless, respondents tended to disagree (mean = 2.48). With a mean of 2.39, respondents also disagreed on the statement that Coca-Cola ads are deceptive. Therefore, respondents believed that Coca-Cola ads were useful to some extent and not deceptive.

5. Discussion

The analysis provides ample evidence to indicate the positive impact of advertising on consumption level. The research has shown that there is a weak but moderate significant relationship between the influence of Coca-Cola ads and consumption level of the beverage. Besides, the leadership of the brand in the local soft beverage industry confirms the effectiveness of the Coca-Cola ads. In fact, the aim of Coca-Cola Islands is to increase brand loyalty in Mauritius, so that in future, consumers are reluctant to switch between brands. This strategy seems to be working effectively as indicated by the high level of Coca-Cola consumption. However, as Ha (1998) advocated, it is not easy to obtain and sustain customer’s loyalty to a company’s product, since there are many forces driving customers to be unloyal, such as competitors or the customers’ thirst for variety. Hence, it becomes necessary for Coca-Cola Islands to develop appropriate advertising strategies to prevent consumers from turning unloyal to the brand.

Coca-Cola is the most preferred soft drink in Mauritius. However, even if Mauritians prefer to consume Coca-Cola, some segments of the population prefer Pepsi. Since it has been proved that there exists a positive relationship between advertising influence and consumption level, it becomes important for Coca-Cola to capture that segment preferring Pepsi. Coca-Cola Islands can use a set of different specialised advertising campaigns (Farbey, 2002), to achieve this objective. It is important to first segment the market to implement such a strategy. Coca-Cola Islands can segment the market according to age, gender and intensity of consumption.

The market survey also showed that there are non-soft beverage consumers, light, medium and heavy users. The non-consumers were mainly within the 40-49 age group. They are reluctant to consume soft beverages because they are conscious of the increasing health issues surrounding the consumption of soft beverages. It thus becomes important for Coca-Cola Islands to formulate appropriate advertising strategies to target these consumers with other products in the portfolio such as Coca-Cola light. As far as the light users are concerned, Coca-Cola Islands can encourage them to consume Coca-Cola more frequently. This can be achieved by focusing on feature appeals, like the
refreshing aspect of drinking a Coca-Cola. The ads could be targeted to these light users during very hot seasons. It is important for Coca-Cola to maintain its heavy and medium users and this could be achieved through promotional tools like sales promotion.

Coca-Cola’s “glocal” strategy is working fairly well in Mauritius. According to the market research survey, most consumers are influenced by the brand (mean = 3.71) in their purchasing decisions. This strategy could be improved so as to establish a stronger sense of cultural congruence (Anon, 2006). Hence, ads could reflect the typical Mauritian culture while still maintaining a balance with the brand’s global image.

The market survey has indicated that consumers have a wrong perception of the use of advertising as a marketing tool. The majority of respondents tended to agree that Coca-Cola uses advertising to encourage consumption (mean = 3.75) and to reap higher profits (mean = 3.72). It thus becomes important to reposition the role of Coca-Cola advertising. This can be achieved through the attitude-change strategies as proposed by Schiffman and Kanuk (2000). The aims of such strategies are to show consumers that Coca-Cola advertisement is not only a tool to encourage consumption and reap higher profit, but a way to bring images of happiness and unity among people so that they feel better. According to the Brand Manager of Coca-Cola Islands, the Coke Side of Life campaign is a way of telling people to take life on the positive side. Unfortunately, most consumers could not understand the message of the ad. Hence, it would be advisable for Coca-Cola Islands to integrate positive images reflecting happiness, which consumers can clearly distinguish.

6. Conclusion

The soft beverage industry in Mauritius is at an interesting stage. Nowadays increasing health issues and introduction of new drinks on the market are discouraging the consumption of soft beverages. At the same time, giant companies in the industry are investing massive amount of money on advertising so as to acquire higher market share. The role of advertising is thus becoming increasingly important.

This research study revealed the positive relationship between advertising influence and consumption level. In addition, the leadership of Coca-Cola in the Mauritian soft beverage market was confirmed. This position can be mainly attributed to the strong brand influence of the product. However, Pepsi is not far behind. Major segments of the population are developing strong preferences towards Pepsi ads. The study also showed the wrong perceptions Mauritians have towards Coca-Cola advertising.

Coca-Cola may lose its market share in the future if no actions are taken to remedy the situation. It is therefore important for Coca-Cola to capture those segments preferring Pepsi ads and to reposition itself. This can be achieved through the use of different specialised advertising campaigns, more investment in corporate social responsibility, and communication of ads in the most effective medium. Coca-Cola Islands should emphasise on its glocal and creative strategies, to maintain its leadership and obtain higher share of the market. Coca-Cola has a long way to go, provided it keeps track of
market changes and matches its strategies to these changes. In the future this research could be further expanded to include the impact of branding on Coca-Cola purchasing decisions.

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