Dr. Pepper Competitor Research

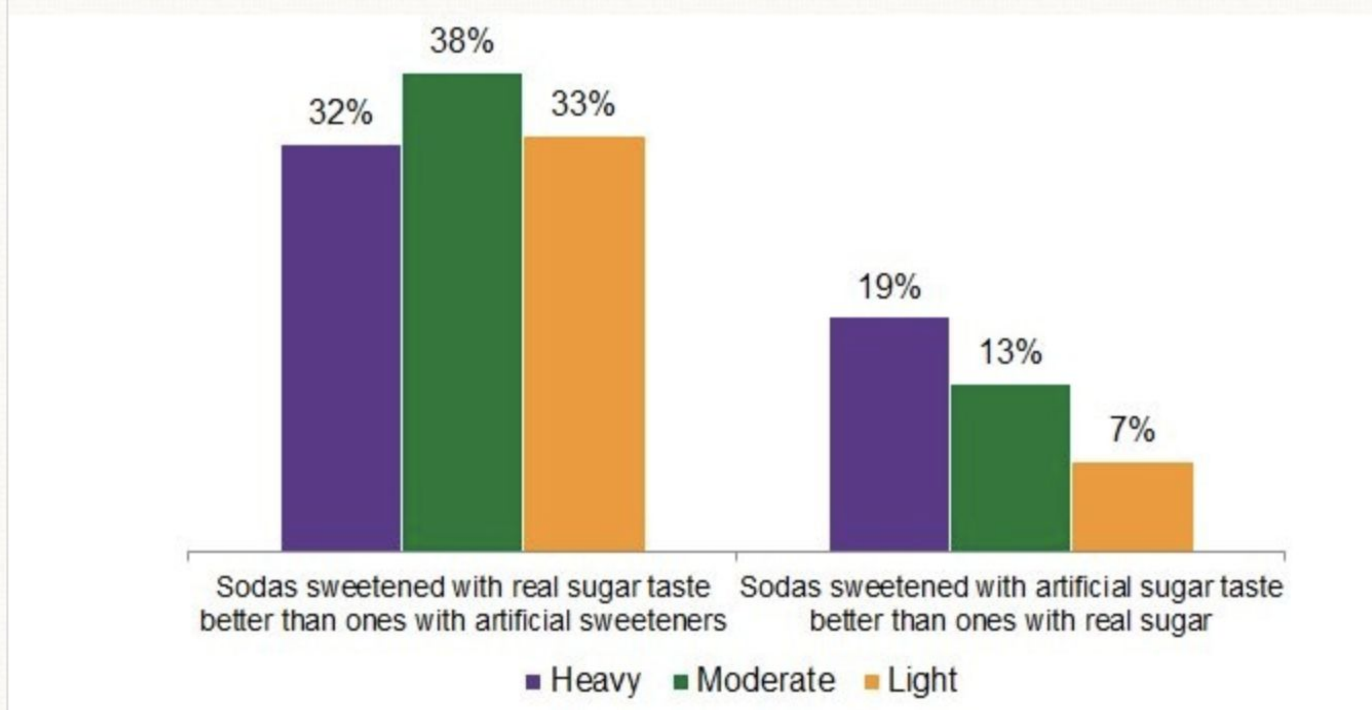
Christina Hunt – CIS 260

Category, Competitor, and Brand Overview Section

SECTION 1

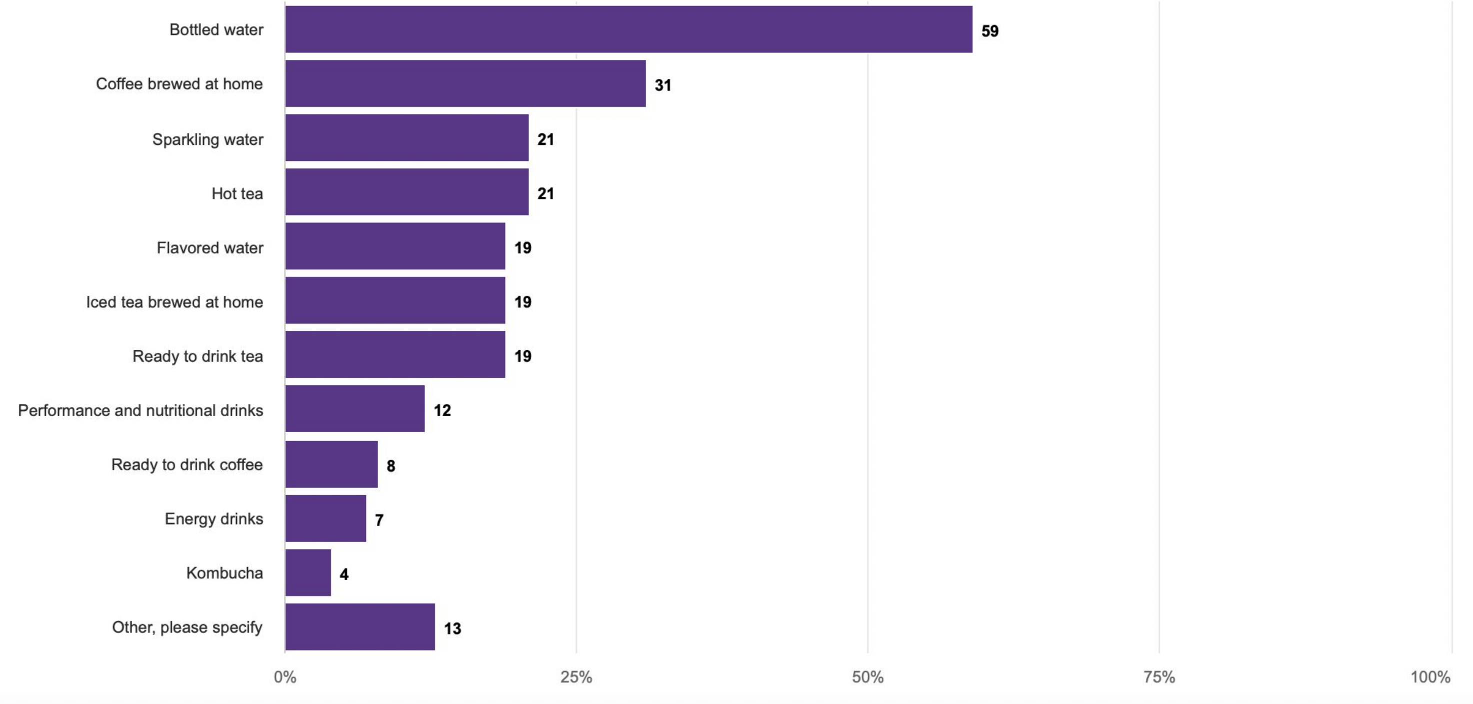
The Carbonated Beverage Industry

- Males from ages 18-44 make up the heaviest and most frequent users for carbonated soft drinks.
- Carbonated soda drinkers are swapping soda out for water.
- Consumers enjoy sodas sweetened with real sugar taste better than one with artificial sugar taste.
- Artificial flavoring detracts customers and makes them choose other options, but there are much higher percentages for soda with real sugar. So, to keep consumers craving your product, make it with real sugar and no artificial flavoring.



Source: Mintel: Carbonated Soft Drink Consumer Attitudes- US, May 2020

Carbonated beverage customers cut back on the amount they are consuming, longing for H2O.



- 59% of the males and 59% of the females selected bottled water as their preference, which was the most picked.
- Majority of this group is 55+, but the age group 18-34 has the highest percentage for bottled water at 61%.
- All age groups, for both genders, had the highest preference for coffee brewed at home after bottled water.
- Demographics for this graph
  - Males = 249
  - Females = 359

Source: Mintel: Carbonated Soft Drinks US, May 2020

Main Competitors

- Coca-Cola
- Pepsi
- Sprite
- Mtn Dew

Source: Mintel: Carbonated Soft Drink – US, May 2022

Dr. Pepper's Biggest Competition

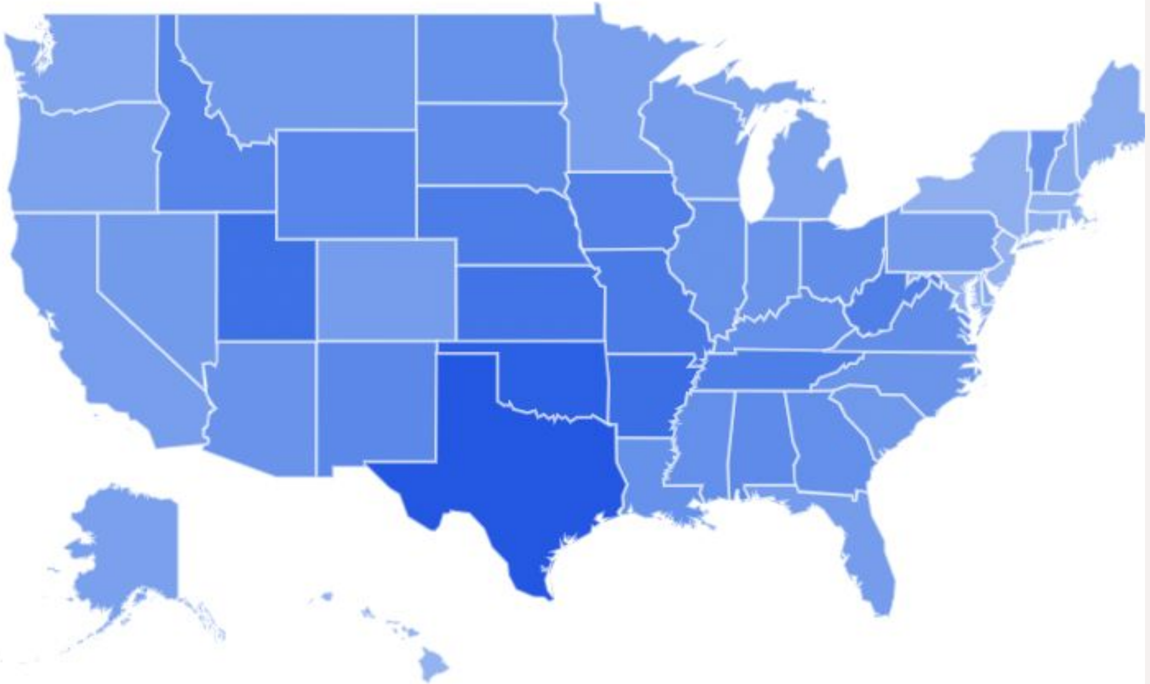
Coca-Cola

- Founded in 1892
- Coca-Cola launched a new product that contained zero sugar and it was a huge success for the company. This product served as a functional health innovation in the industry to appeal to consumers seeking a healthier option.
- This served as an advantage for Coca-Cola and then led Dr. Pepper to create "Dr. Pepper Zero" in 2021.

Coca-Cola Zero – $42.8 million in sales for the 52 weeks ending Nov. 28, 2021

+22.4% over 2020

Source: Mintel: Carbonated Soft Drinks US, 2022



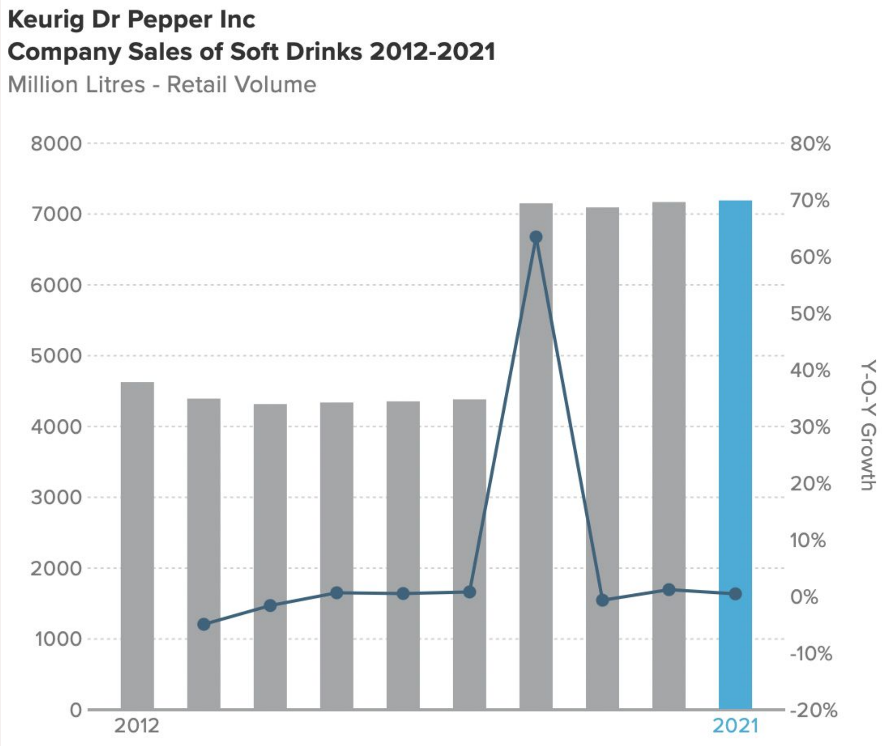
- Top 5 states for search interest for Dr. Pepper include: Texas, Oklahoma, Arkansas, Utah, and Kansas
- An interesting point here is that all 5 states are fairly close to one another, but Texas, Oklahoma, Arkansas, and Kansas are all touching at least one of the others.
- Texas holds the highest search interest for Dr. Pepper of 100%
- Hawaii holds the lowest search interest for Dr. Pepper of 21%

Searches for term ’Dr. Pepper’ peak in certain states

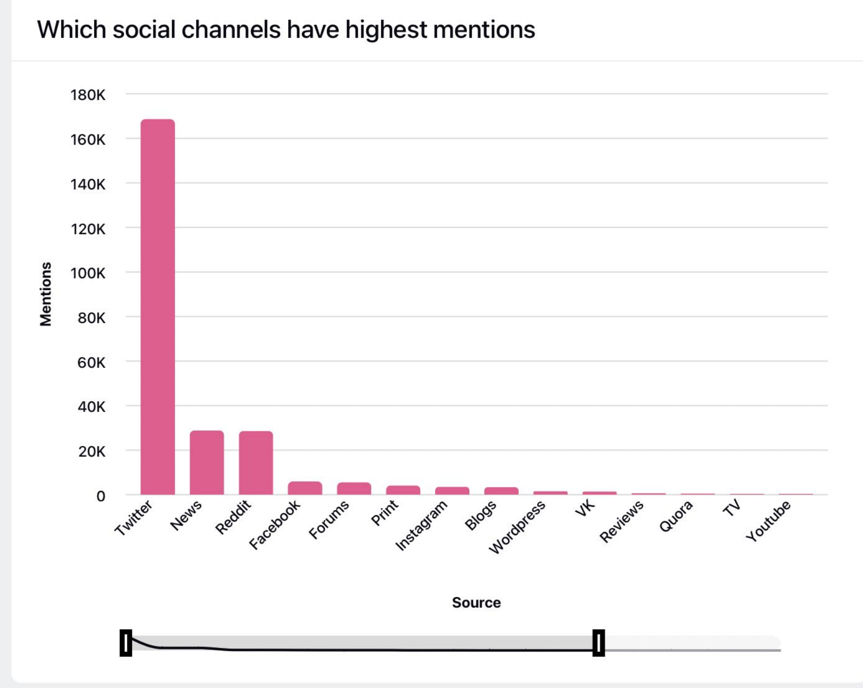
Source: Google Trends https://trends.google.com/trends/explore?date=2020-03-17%202022-04-17&geo=US&q=dr%20pepper

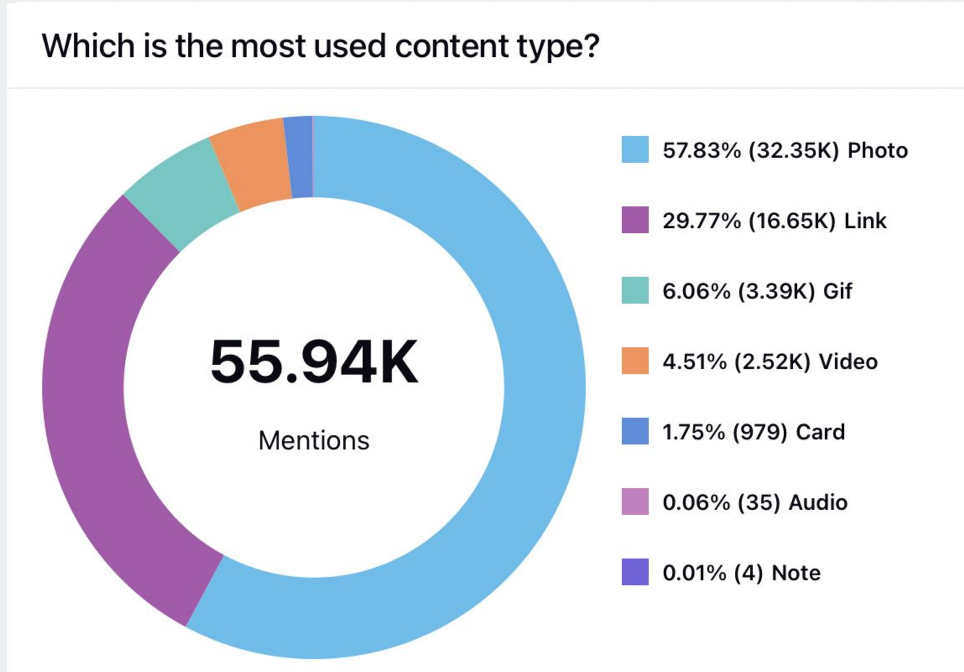
Dr. Pepper Company Sales Peak in 2018

- Dr. Pepper stays consistent in company sales in the years 2013-2017.
- Not only do the industry's sales as a whole peak in 2018 and remain consistent, but Dr. Pepper peaks as well in 2018 but falls again in 2019, while the industry's sales remain high.
- Dr. Pepper's company sales peak from 0.7% of 4,372.1 soft drink sales in 2017 to 63.3% of 7,140.7 soft drink sales in 2018.
- Dr. Pepper does not hold onto the high sales from 2018 and plummets down to-0.8% of 7,083.4 soft drink sales in 2019.



Source: Passport https://www-portal-euromonitor-com.libdata.lib.ua.edu/portal/analysis/tab





Source: Sprinklr Dr. Pepper Content and Summary 2022

Dr. Pepper Exceeds 160K Mentions on Twitter

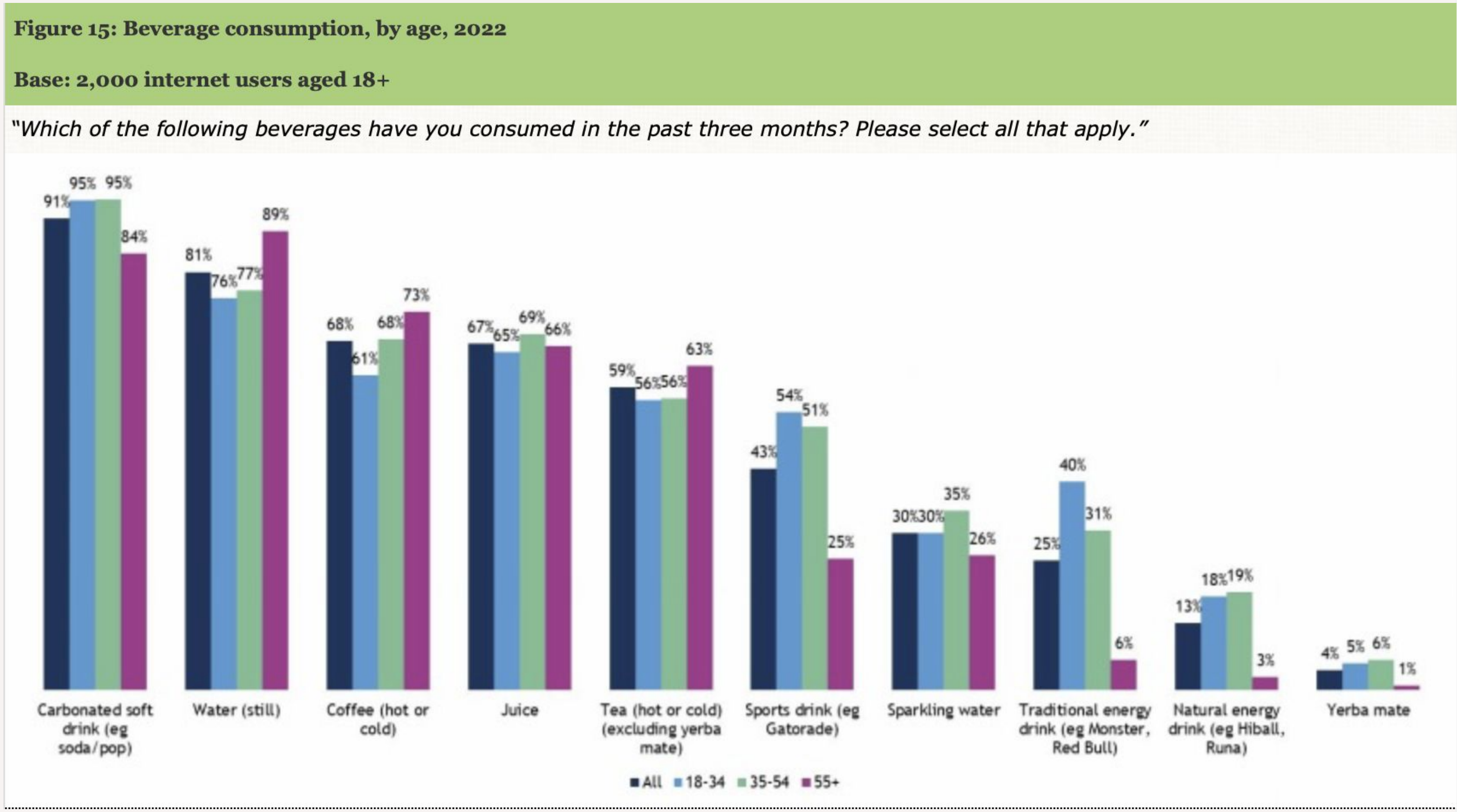
- Dr. Pepper's the most used content type with the highest mentions is photo, with a total of 57.83%.
- Dr. Pepper's second highest content type is a link. This is good because people are sharing/forwarding links mentioning Dr. Pepper, which can lead to purchasing and increase the company's profit.
- Dr. Pepper gets the most mentions on Twitter, with over 160K mentions.
- Dr. Pepper does not have very high mentions on any other platform than Twitter. This is potentially a bad thing because media mentions are extremely important for the company to spread the word about their brand.

Carbonated Soft Drink Customer Overview

SECTION 2

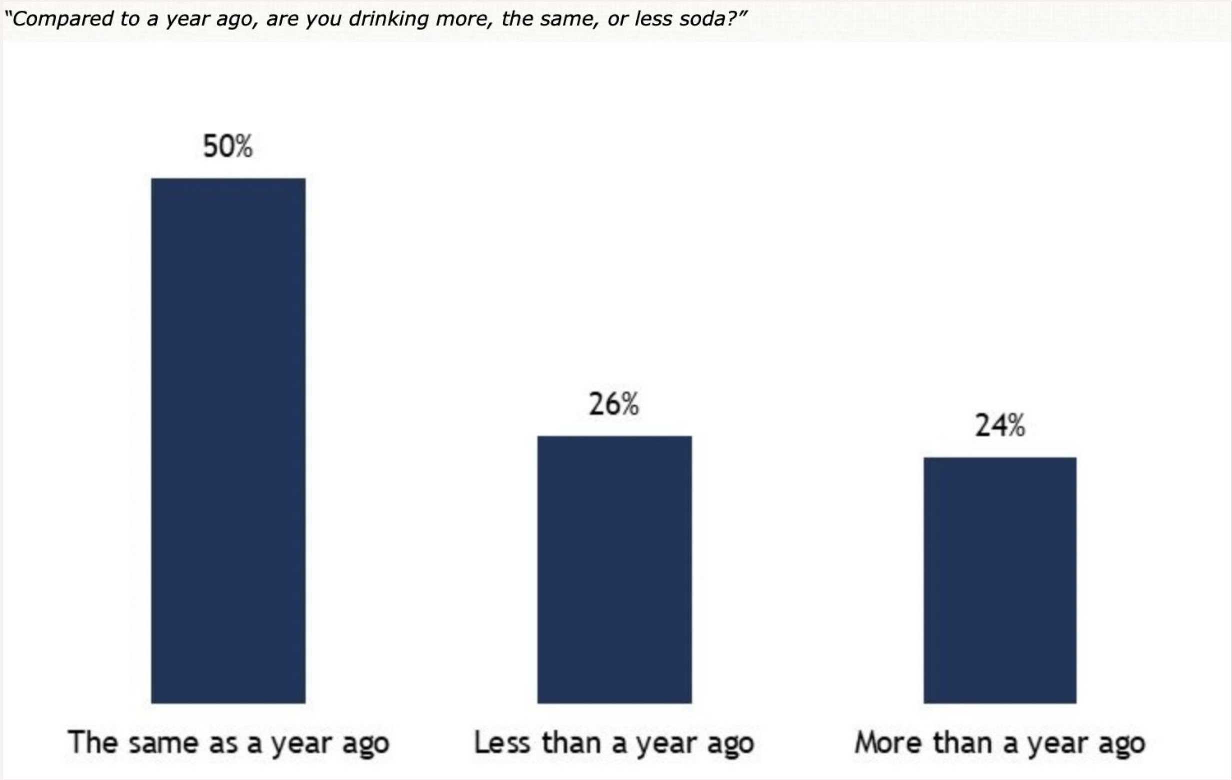
Carbonated Soft Drinks remains high on the list of beverages consumed, despite its health concerns.

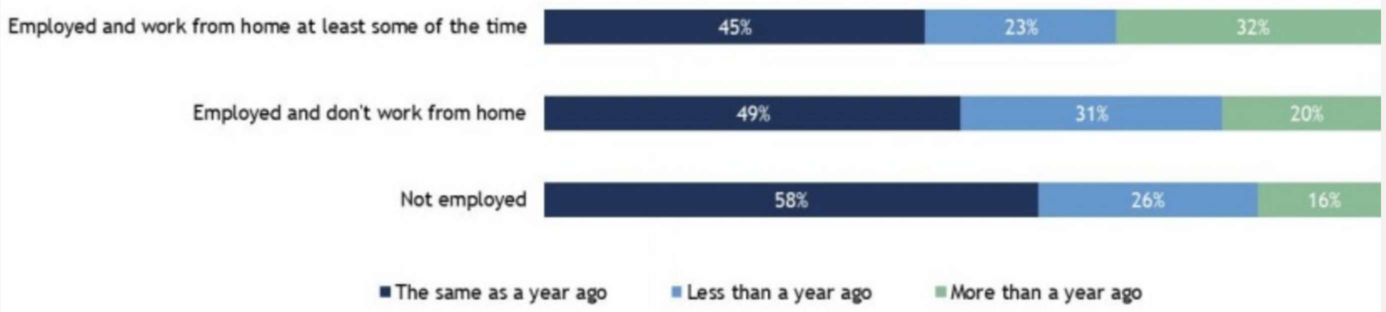
- Two-thirds of carbonated soft drink (CDS) consumers state that they are too unhealthy for regular consumption and wish to decrease their consumption.
- Nearly 7 out of 10 carbonated soft drink consumers primarily drink them as a treat.
- However, it is shown for all age groups from this chart that these statement have not affected their CSD consumption due to the extremely high percentages for CSDs.
- 91% of all ages stated that they had consumed CSDs in the last three months, which is much higher than the other beverages listed.



Source: Mintel Carbonated Soft Drinks US 2022

COVID's Positive Impact on Carbonated Soft Drink Consumption





- In response to COVID-19, many soft drink consumers increased their consumption of carbonated soft drinks, but it does not seem like those patterns have really changed. 74% of consumers are either drinking the same amount or more.
- Consumers have been left in a holding pattern as new COVID-19 virus variants emerged, some restrictions resurfaced, and inflation impacted food and drink prices and spending.

- As shown in the second chart, there is a direct impact on the level of consumption and employment/working from home status. Employed and work from home has the highest percentage of 32% of consumers drinking more now than they did a year ago.

Source: Mintel Carbonated Soft Drinks Change in Consumption US 2022

Figure 60: Average annual household spending on carbonated soft drinks, 2016-21

Year	$ per HH	% change
2016	276.41	-
2017	274.07	-0.8
2018	277.35	1.2
2019	284.11	2.4
2020	310.92	9.4
2021 (est)	330.11	6.2

Household Spending on Carbonated Soft Drinks 2016-2021

- 2021has the highest household average spent on carbonated soft drinks at $330.11 per household.
- 2017 has the lowest household average spent on carbonated soft drinks at $274.07 per household.
- 2019 □ 2020 has the highest percent change of 9.4%, going from $284.11 in 2019 to $310.92 in 2020 per household.

Source: Mintel Carbonated Soft Drinks Consumer Data US 2022

Coca-Cola Dominates The Carbonated Soft Drink Market

Figure 16: Multi-outlet sales of carbonated soft drinks, by leading companies, rolling 52 weeks 2020 and 2021

Company	52 weeks ending Nov. 29, 2020	Market share	52 weeks ending Nov. 28, 2021	Market share	Sales change 2020-21	Share change
	$ million	%	$ million	%	%	Percentage point
Total	**22,376.5**	**100.0**	**24,224.3**	**100.0**	**8.3**	**-**
The Coca-Cola Company	9,437.5	42.2	10,173.6	42.0	7.8	-0.2
PepsiCo Inc	6,039.6	27.0	6,587.8	27.2	9.1	0.2
Keurig Dr Pepper Inc	5,491.4	24.5	6,059.9	25.0	10.4	0.5
Subtotal	**20,968.5**	**93.7**	**22,821.3**	**94.2**	**8.8**	**0.5**
Private label	709.3	3.2	607.2	2.5	-14.4	-0.7

Source: Mintel Carbonated Soft Drinks Market Share US 2022

- The total sales of leading carbonated soft drinks is $1,847.8M higher in 2021 than in 2020, implying that consumers had higher consumption rates in 2021 than in 2020, probably due to COVID.
- Coca-Cola's market share is much bigger than Pepsi and Dr. Pepper at a percentage of 42.2%. This indicates that Coca-Cola is the most dominant in the market, meaning consumers want and purchase it the most often.
- For these 3 companies, Dr. Pepper had the highest sales change from 2020 to 2021. Dr. Pepper increased their sales by 10.4% from 2020 to 2021 and beat the dominant brand in the market, Coca-Cola, by 2.6%. This might imply that Dr. Pepper is doing a better job of increasing sales and consumer satisfaction than Coca-Cola.

Dr. Pepper's Target Audience

SECTION 3

Busy and Out of Shape

- Based on the data, Dr. Pepper should target people from the age groups 18-24 and 25-34 due to their high indexes.
- In addition to these age groups, Dr. Pepper should also target parents with kids under 18 because they have the third highest index of 122.
- Dr. Pepper should also aim to target people with busy lifestyles because they claim to drink it the most often and have a high index of 132. This correlates with the demographic of parents with kids under 18, because they are often very busy because of their children.
- Dr. Pepper should not target people who do not eat 'treats' or prioritize health because the table shows that many of the statements that mention something to do with health concerns have very low indexes. The consumers that enjoy treating themselves have a much higher index of 123, therefore, Dr. Pepper should target those with a less healthy lifestyle.

Source: Fall 2018 Simmons Connect Plus

Renee Gonzales

Age: 25

SINGLE

Kids: Abby (7) and Thomas (5)

Career: Administrations Office Manager at TCU

MOTIVATION: Convenience

FRUSTRATIONS:

- Busyness with kids and job
- Lack of time to care for herself and go to the gym

Favorite Hobby:

- Enjoying a treat with my kids after picking them up from school

Morning: Renee gets up at 5:45AM to get the kids to school and get ready for work. The first thing she does when she awakens is check her email, and then she always checks the weather app to see what the kids need to wear to school. After getting dressed for work and laying the kids outfits out, she wakes them up to get ready. While they are getting ready, she goes down to the kitchen to pack their lunches and make them breakfast, while she listens to the news on the TV.

Work: From the second Renee gets to work to the second she leaves, she is too busy to even stop to check her phone. She spends a lot of her time going through student applications for TCU on her computer. She then has to send out an acceptance or declining letter for each of those students. Renee gets one break in her work day at 1PM for 30 minutes to grab some lunch at the dining hall or eat a lunch she has packed. During this break, she checks her phone to make sure the kids are ok and then her email for any work updates. To wrap up her day, she will enter into the admissions team spreadsheet, the amount of students she got through that day that were accepted and declined.

Evening: Renee's first stop on her way home from work is to pick up her kids. Then, she usually will take them to sonic to enjoy a nice treat and relieve some of her stress. Once she is home, she will usually do some more work while the kids do their homework. Renee's evenings are always hectic with homework, energetic kids, and figuring out dinner. She then ends her night with tucking the kids in for bed and lying down to watch the local news.

Summary and Next Steps

SECTION 4

In Summary:

- Ages 18-24 and 25-34 have reported to enjoy Dr. Pepper the most and stated that they are extremely likely to purchase this, which is why Dr. Pepper should include them in their main target audience. Parents with children under 18 often fall into these age ranges as well, which is another reason why this is the main target audience for Dr. Pepper.
- However, the most important aspect of Dr. Pepper's target audience is that the busyness of life inclines consumers to buy more Dr. Pepper. This is important because parents with children under 18 are often super busy and people that are ages 18-34 are often very busy in college, work, or with their families, which shows why they should be included in Dr. Pepper's target audience.
- Lastly, Dr. Pepper's target audience also includes people that are less cautious about having a healthy diet. The age range, being a parent, being busy, and less health conscious all go together because a lot of people care less about fitness and health when they are too busy with distractions, like children.
- Dr. Pepper should prioritize this segment as their main target audience because each of these factors have shown to positively impact the consumption of Dr. Pepper in the data. Therefore, targeting this segment will lead to the highest sales and most success for Dr. Pepper.

Source: Fall 2018 Simmons Connect Plus

Qualitative Research Activity

- Focus Group
- Targeting Adults from age 18-35
- Key Questions:
  - How did you first hear about our brand?
  - What words/phrases come to mind when you think about this brand?
  - What influences and motivates you to choose this product over others?
  - If you could add any feature to our brand or a product, what would it be? And, why?

Quantitative Research Activity

- Survey
- Targeting Adults from age 18-35
- Key Questions:
  - How long have you been buying/consuming this product?
  - What is your favorite beverage from our brand’s beverage choices?
  - How often do you consume our brand’s products?
  - How often do you go to the grocery/convenient store?

SECTION 5

Data Appendix

Age and Income

	DR PEPPER[1]		
	Vertical %	Horizontal %	Index
Total	100%	11.9%	100
18 – 24	16%	16.7%	141
25 – 34	23.1%	15.7%	132
35 – 54	33.9%	12.2%	103
55 – 64	13.1%	9.2%	77
65+	13.9%	7.7%	65
LESS THAN $25,000[1]	14.6%	13.3%	112
$25,000 – $49,999[1]	18.6%	12.8%	108
$50,000 – $74,999[1]	20.4%	14.2%	119
$75,000 – $99,999[1]	12.3%	10.6%	90
$100,000 OR MORE[1]	34.1%	10.4%	88

Source: Fall 2018 Simmons Connect Plus

Education and Kids

	DR PEPPER[1]		
	Vertical %	Horizontal %	Index
Total	100%	11.9%	100
SOME GRADE SCHOOL – 8TH GRADE OR LESS[1]	*1.7%	*6.2%	*53
HIGH SCHOOL GRADUATE	31.1%	13.2%	111
COLLEGE – 1 OR MORE YEARS (NO DEGREE)[1]	16.9%	14.2%	120
BACHELORS DEGREE OR HIGHER[1]	24.6%	9.3%	79
DOCTORATE DEGREE (PHD, EDD)[1]	**0.5%	**4.3%	**36
PARENT KID UNDER 18 [1]	33.9%	14.4%	122

Source: Fall 2018 Simmons Connect Plus

Behaviors and Attitudes

	DR PEPPER[1]		
	Vertical %	Horizontal %	Index
Total	100%	11.9%	100
ILL PAY JUST ABOUT ANYTHING WHEN IT CONCERNS MY HEALTH	31.1%	10.2%	86
I WILL SPEND WHATEVER I HAVE TO, TO MAKE MYSELF LOOK YOUNGER	10%	9.9%	83
I AGREE WITH THE INCREASING BANS ON CIGARETTE SMOKING	54.3%	10.9%	92
I CONSIDER MY DIET TO BE VERY HEALTHY	23.9%	7.3%	62
I THINK FAST FOOD IS ALL JUNK	28.2%	9.3%	79
I ALWAYS THINK OF THE CALORIES IN WHAT I EAT	19.8%	8.7%	74
MY FRIENDS OFTEN ASK MY ADVICE ABOUT HEALTH AND NUTRITION	13.4%	8.4%	71

Source: Fall 2018 Simmons Connect Plus

Behaviors and Attitudes

	DR PEPPER[1]		
	Vertical %	Horizontal %	Index
Total	100%	11.9%	100
MY FRIENDS OFTEN ASK MY ADVICE ABOUT HEALTH AND NUTRITION	13.4%	8.4%	71
I LIKE TO KNOW AS MUCH AS POSSIBLE ABOUT INGREDIENTS BEFORE I BUY FOOD PRODUCTS	29.1%	9%	76
ILL TRY ANY NEW DIET	13%	11.3%	95
I AM WORKING AT EATING A WELL–BALANCED DIET	45.1%	10.1%	85
I TRY TO EAT HEALTHIER FOODS THESE DAYS	52.7%	10.4%	88
BECAUSE OF MY BUSY LIFESTYLE, I DONT TAKE CARE OF MYSELF AS WELL AS I SHOULD	45.6%	15.6%	132
I USE MOBILE APP OR WEBSITE TO TRACK MY CALORIES AND / OR EXERCISE	15.9%	11%	93
I LIKE TO TREAT MYSELF TO FOODS NOT GOOD FOR ME	54.3%	14.6%	123
I AM IN CONTROL OF MY WEIGHT	34.8%	9.9%	83
I AM A VEGETARIAN	8.5%	10.3%	87

Source: Fall 2018 Simmons Connect Plus

Media Habits

	DR PEPPER			
	Weighted(000)	Vertical %	Horizontal %	Index
Total	**29,231**	**100%**	**11.9%**	**100**
DESKTOP/LAPTOP HOME-USED LAST 30 DAYS	18,890	64.6%	11.6%	98
DESKTOP/LAPTOP WORK- USED LAST 30 DAYS	15,213	52%	12.5%	105
DIGITAL TABLET-USED LAST 30 DAYS	11,923	40.8%	11.8%	100
E-READER-USED LAST 30 DAYS	2,617	9%	10.9%	92
GAME CONSOLES-USED LAST 30 DAYS	9,533	32.6%	16.3%	137
MAGAZINES-READ LAST 30 DAYS	14,287	48.9%	11.4%	96
MOBILE PHONE-USED LAST 30 DAYS	27,783	95%	12.1%	102
NEWSPAPERS READ-LAST 30 DAYS	12,573	43%	11.3%	95
RADIO-USED LAST 30 DAYS	24,609	84.2%	12.5%	106
STREAMING MEDIA DEVICES LAST 30 DAYS	19,052	65.2%	13.1%	111
TELEVISION SET-USED IN LAST 30 DAYS	27,901	95.5%	12%	101

Source: Fall 2018 Simmons Connect Plus

Media Habits

	DR PEPPER			
	Weighted(000)	Vertical %	Horizontal %	Index
Total	**29,231**	**100%**	**11.9%**	**100**
DESKTOP HOME-DID NOT USE LAST 30 DAYS	10,341	35.4%	12.4%	105
DESKTOP WORK-DID NOT USE LAST 30 DAYS	14,018	48%	11.2%	95
DIGITAL TABLET-DID NOT USE IN LAST 30DAY	17,308	59.2%	11.9%	100
E-READER-DID NOT USE IN LAST 30 DAYS	26,614	91%	12%	101
GAME CONSOLES-DID NOT USE LAST 30 DAYS	19,698	67.4%	10.5%	88
MAGAZINES-DID NOT READ IN LAST 30 DAYS	14,944	51.1%	12.3%	104
MOBILE PHONE-DID NOT USE LAST 30 DAYS	1,448	5%	8.3%	70
NEWSPAPERS-DID NOT READ IN LAST 30 DAYS	16,658	57%	12.4%	104
RADIO-DID NOT USE IN LAST 30 DAYS	4,623	15.8%	9.2%	78
STREAMING MEDIA -DID NOT USE LAST 30 DAYS	10,179	34.8%	10%	85
TELEVISION SET- DID NOT USE LAST 30 DAYS	1,330	4.5%	10.2%	86

Source: Fall 2018 Simmons Connect Plus