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Coke and Pepsi moving beyond the good times

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Ad tactics shift with TV-watching habits

By Brian Steinberg, Globe Correspondent | April 20, 2010

Coke and Pepsi ads used to be all about fun times, summer picnics, and refreshment with taglines like "Coke is it!" and "The choice of a new generation." Now, many of them instead urge consumers to do good, help others, and watch what they eat.

The ad tactics that transformed Coke, Pepsi, and their rivals into advertising icons have been replaced with a more muted tone. Those old-style ads are still out there, but as beverage makers push to reach young audiences who have developed hard-to-track media habits, they are rearranging their marketing plans. The challenge is that young consumers are using digital technology to watch TV as they please, often seeing fewer commercials, and are routinely looking beyond clever jingles and ad-speak.

"We used to have a captive audience, and we don't anymore," said Carissa Bianchi, president of the Los Angeles office of Pepsi's ad agency, TBWA\Chiat\Day.

Soda companies' commercials once snared consumer attention instantly just as Apple Inc.'s ads do today, but the companies now have a strong reason to rearrange their methods. The industry has been in decline, with 2009 volume for carbonated soft drinks down 2.1 percent, according to Beverage Digest, after a 3 percent decline in 2008. The last time the category showed growth was in 2004, and volume is down to about where it was in 1996, the publication estimated.

"These brands are getting smaller relative to other choices, and their ability to define themselves is declining," said David Stone, a former Pepsi executive who is a managing partner at New England Consulting Group, a Westport, Conn., consultant. "The real risk in this proposition is they will no longer dominate the conversation and excitement."

Indeed, for decades, Coke and Pepsi and others employed TV ads that were among Madison Avenue's standout work. Pepsi ads featured everyone from Michael J. Fox to Michael Jackson to Madonna, while a 1971 ad for Coke featuring singers on a hillside crooning "I'd like to teach the world to sing" remains instantly memorable. TV ads, marketing experts have long suggested, transformed Coke and Pepsi — really nothing more than simple, fizzy, brown-sugared water — into elixirs that made people feel youthful and happy.

Now the companies are using other tactics to sell soda. Recent efforts from Coke and Pepsi employ fun elements — one Super Bowl ad from Coke this year, for instance, featured characters from "The Simpsons" — but also have an eat-your-spinach tone baked into them.

Pepsi, a decades-old advertiser in the Super Bowl, sat on the sidelines this year and instead has been using the Web and social media to drum home its "Pepsi Refresh Project," which asks consumers to come up with ideas to make their communities better places. Meanwhile, social-media sites such as Facebook and Twitter are more integral to some of the plans than traditional avenues such as TV, radio, and print publications.

At Pepsi, celebrities and TV ads remain part of the mix, but digital and social media often galvanize potential customers in ways those traditional methods might not, said Lauren Hobart, chief marketing officer, carbonated soft drink group, at PepsiCo Americas Beverages. "The consumers have shifted, and they are much more interested in the world around them than ever before," she said, particularly with the massive changes wreaked in recent years by a troubled economy.

Coca-Cola ran ads for Diet Coke in the Oscars featuring stories meant to inspire women, but the company also is linking that popular drink to a program aimed at developing heart health. And Coca-Cola ran two

captivating commercials in this year's Super Bowl, yet kicked things off on Jan. 27 with a distinctly hype-free newspaper notice drawing attention to the company's longstanding commitment to the Boys & Girls Clubs of America; a program it runs to teach children about nutrition and physical activity; and ways in which consumers could donate time or money to the cause. A news release told people that Coke's Super Bowl activity was "part of something bigger."

Relying solely on TV ads is a technique that worked "in a simpler time," said Katie Bayne, recently named president and general manager of Coca-Cola's sparkling beverages in North America. These days, "it's not as smart," she added.

The trend is not limited to the sector's biggest players. At Concord sports drink maker owater, founder and chief executive Tom First says he uses social networking to reach consumers, along with the radio ads he has relied upon since cofounding the Nantucket Nectars line of drinks.

He said, "You'd be a fool not to try and work" with Twitter, Facebook, and other means of reaching smaller groups of consumers.

Ocean Spray still uses TV ads featuring two characters wading in a cranberry bog, but also recognizes the value of methods that break masses down into groups of customers united by geography or affinity, said Ken Romazni, the Lakeville-Middleborough cooperative's chief operating officer. One new effort features individual growers on package labels and in online videos, all the better to appeal to different consumers in specific locations.

Collectively, said Michael Bellas, chief executive of Beverage Marketing Corp., an industry consultant, the maneuvers represent "the biggest shift in a long while in how beverages are marketed."

Brian Steinberg is the television editor of Advertising Age. ■

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