

Cola wars

As the CEO of Coca-Cola announces his intention to retire at the end of the year, speculation continues about the future of the fizzy drinks market.

- 1 Do you prefer Coca-Cola, Pepsi or another brand? Or do you avoid fizzy drinks? Give reasons for your answer.
- 2 Read the title of the article and predict the content. Use the words and phrases in the box to help you.

profit	rival	toxic pesticides	quality monitoring tests	strong sales
non-carbonated drinks	mineral water	278 cans per year	boom	decline

- 3 Read the article and check your predictions. What are your reactions to the article?

Fizzy or non-fizzy drinks?

As Doug Daft, the CEO of the world's largest drinks company, Coca-Cola, announces that he will retire at the end of 2004, he leaves the company at a difficult time. Reactions to the news are mixed. Some analysts say a new face might be able to boost profit, and enable the company to overtake its rival PepsiCo. Others feel the move is premature, given his positive achievements, such as cost cutting.

Both Coca-Cola and Pepsi have denied allegations that the drinks they make and sell in India do not meet American and European standards. A recent report said that brands sold around Delhi contained residues of toxic pesticides and insecticides which could cause severe health problems. The companies claim that these products went through strict quality monitoring tests. Coca-Cola and Pepsi account for more than 90% of the carbonated drinks market in India and together sell over 500 million bottles every year.

Ironically, it is the strong sales of non-carbonated drinks which have been helping to boost current sales at Coca-Cola. Sales of its Powerade sports drink and of water have both increased recently. Despite this, the firm admits it has been facing "very tough economic conditions" in Argentina and Venezuela and has seen a negative impact on sales in Germany, due to the trend away from non-returnable containers. Moreover, Pepsi is ahead in the race for the prized Chinese market.

Although the average American drinks 278 cans per year, twice the number consumed in the UK, research points to a boom in the popularity of healthier alternatives to fizzy drinks such as bottled mineral water and fruit juices. Iced tea has shown strong growth, especially in the US market. It is predicted that the non-carbonated drinks market will grow worldwide from 152bn litres to 210bn litres in 2007, a growth rate of nearly 9%. So it seems that sales of drinks like Coca-Cola and Pepsi are set to decline, mainly due to market saturation.

- 4 Match the words below to create as many business collocations as you can:

a cost	saturation
b quality	sales
c current	monitoring
d economic	impact
e negative	cutting
f market	conditions

- 5 Discuss the following questions in small groups and report your ideas to the class.

- a Do you think that quality control standards in food and drink production can be applied worldwide?
- b Should cans and non-returnable bottles be outlawed?
- c What are the trends in soft drinks consumption in your country?