# Mr. Ambani's Dilemma – Pricing the Newly Acquired Campa Cola

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## Introduction:

Reliance Industries Limited (RIL) Chairman Mukesh Ambani has purchased the well-known soft drink company Campa Cola. The acquisition was a calculated attempt to increase RIL's presence in the consumer products sector. However, Mr. Ambani is up against a problem with Campa Cola's pricing plan. The business must choose whether to price it on par with rivals to take on well-known brands or to sell it for less to gain market share. The late Mr. Dhirubhai Ambani, the father of Mr. Mukesh Ambani and the founder of the Reliance group, consistently followed the strategy of offering products and services at the lowest price possible in order to take a sizable piece of the market.

## Campa Cola:

Campa Cola was a popular brand in India in the 70s and 80s, but it lost its market share to multinational brands like Coca-Cola and Pepsi. In August 2022, RIL acquired the brand from Pure drinks group. The acquisition was part of RIL's strategy to expand its presence in the fast-moving consumer goods market. However, the company is facing the challenge of reviving the brand and gaining market share in a highly competitive market.

## Soft drink Market in India

The soft drink market in India is one of the biggest in the world, and Statista.com projects that in 2023, sales from the beverage segment would total US $1703 million. Multinational brands like Coca-Cola and Pepsi dominate the market, which is very competitive.

India is a desirable market for soft drink manufacturers due to its sizable and expanding youth population. The nation's hot and muggy weather also contributes to an increase in the demand for soft drinks. During festive occasions, which happen regularly in India, soft drinks are also very popular.

The regulatory environment is one of the difficulties faced by soft drink manufacturers in India. The Indian government has put in place a number of regulations to control the sector, including taxes on sugary drinks and restrictions on advertising to children. These policies have affected the sales and profitability of soft drink companies in India.

The demand for healthier beverages is another issue facing soft drink producers in India. Customers are turning to healthier choices like juices and flavoured water as they become more health conscious. Companies that make soft drinks are responding to this trend by releasing low- and no-sugar versions of their goods.

The soft drink market in India is anticipated to expand in the upcoming years despite these obstacles. The market is anticipated to increase as a result of the rising population and rising demand for soft drinks in rural areas. To be competitive in this dynamic industry, soft drink producers will need to innovate and adjust to shifting customer preferences and the regulatory landscape.

**Competition**

The competition in the soft drink beverage market in India is intense, with multinational brands like Coca-Cola and Pepsi dominating the market. Coca-Cola and Pepsi had a strong market presence in India, with a loyal customer base and a well-established distribution network. These brands had the advantage of economies of scale, which allowed them to produce and distribute their products at a lower cost than smaller brands. They also invested heavily in marketing and advertising to maintain their market share.

**The Dilemma:**

Mr. Ambani and his team has to decide on the pricing strategy for Campa Cola. They have to consider several factors, including the brand's image, the competition, and the target audience. The first option is to price the brand at par with competitors to compete with established brands like Coca-Cola and Pepsi or the second option is to offer Campa Cola at a lower price point to attract price-sensitive consumers.

In order to successfully position Campa Cola in this highly competitive market, Mr. Ambani and his team has to carefully analyse the competition and devise a strategy that will allow the brand to stand out.

The challenge for Mr. Ambani in this case is to balance the brand's image, the competition, and the target audience to develop an effective pricing strategy for Campa Cola.