

## **A Comparative Study of Attitudes of People towards American and Non-American Carbonated Drinks after 9/11 in Urban Areas of Peshawar**

Usman Ghani

Institute of Management Sciences, Peshawar

Bahrawar Jan

Department of Statistics, University of Peshawar

Wisal Ahmad

Kohat University of Science & Technology

Muhammad Imran

Institute of Management Sciences, Peshawar

### **Abstract**

American companies of Coca-Cola and PepsiCo have been ruling the Pakistani market, but the invasion of Afghanistan and Iraq by America created a hatred for the Americans which was expressed in the form of boycotting American products. These reactions brought in a considerable decrease in the demand of Pepsi and Coke at that time and paved the way for non-American brands like Mecca Cola, Amrat Cola and so forth. Most of these brands were positioned on the basis of religion. This study investigated whether the negative attitude still exists for the American brands and that whether people have accepted the non-American brands or not. The results show that American brands are still very popular and non-American brands have not capitalized the opportunity due to poor quality and taste.

Brand creation, promotion, and positioning were once considered as the pet themes of business school analysts but now the subject has moved away from the confines of B-Schools (Subramanian, 2005). According to Nicholas (2004), the ability of brands to operate globally has been changed irrevocably by the fragmenting geopolitical landscape. The most extreme example of the changing ability of brands to operate globally is perhaps the effect on US brands which have inevitably become politicized.

American brands started dominating the global market after World War-II. US companies created and drove big brands (Subramanian, 2005). America ruled the world not with its military might but with its ideas, values and management systems (Mehbubani, 2004). According to Usbome (2003), the goodwill shown to US was transmuted into goodwill for its brands. The country represented prosperity and capitalist freedom and the products with the "Made-in-America" label were sold because they were associated with what the country represented. But somewhere in the early 1990s, especially after the collapse of the Soviet Union, the harmony was lost. There was evidence of lack of coherence in the US policies and cohesion with other countries in Europe or

Asia. Decisions now were made on the demands propelled by short-term considerations and by lobbies ranging from agriculture, textiles to oil (Subramanian, 2005).

The decision to invade Afghanistan and Iraq after 9/11 resulted in a major blow to the American image. It resulted in worldwide protests and boycott movements. The boycott campaign of the American products started in 2001 after a war was declared in Afghanistan due to the 9/ 11 incident and later on strong resistance was shown by the Muslim community to the American products after the war broke out in Iraq in March 2003. In an attempt to prevent war in Iraq, spontaneous boycott actions burst out around the world, targeting US companies. An important aspect of this boycott movement was that along with Muslims, non-Muslims around the globe also participated in it with the same zeal. People from Europe, Asia and Africa refused to buy American products.

Global Market Institute ([GMI], 2004) conducted a survey of 8000 consumers from all of the G8 countries and discovered that US corporations were in danger of suffering a major shift in purchasing habits, with nearly 20% of foreign consumers saying they would avoid such products due to the US's position on foreign affairs. The poll revealed that people in China, Japan, Germany and other industrialized nations were less willing today to purchase American brands or fly American-based airlines, than before the Iraqi invasion and the emergence of the US's unilateral foreign policies.

The boycott did not merely have adverse results. There was also a consequent effort to produce and consume non-American/locally produced goods instead. The biggest success-story has been Iran's Zam Zam Cola, whose sales skyrocketed (Shehzad, 2003). Mecca cola was launched in France, in November 2002, by entrepreneur Tawfik Mathlouthi. It pledges to donate 10% of its profits to fund humanitarian projects (such as schools) in the Palestinian territories, and another 10% to charities in the countries in which the drink is sold. Mecca Cola was launched on November 04, 2003 in Pakistan. Mecca-Cola inspired the creation of Qibla Cola in the United Kingdom with the slogan of " Libertate Your Taste" on its products. The UK-based Qibla Cola Company Ltd. launched its products in Pakistan and the company says it was the largest launch for Qibla Cola to date. Amrat cola, a local Pakistani cola company was launched in the year 2003 in the northern part of the country during the height of the Iraq war.

Various boycott movements have taken place around the world. Some of them have really changed the world and some have been ineffective. The Gandhi's boycott of British textiles; the Montgomery bus boycott; the United Farm Workers in U.S. boycott of lettuce and grapes; and the international boycott of South Africa have all been very effective because they were organized and had

proper leadership whereas sporadic and spontaneous boycotts have been unsuccessful because they lacked leadership (Rockwell, 2004).

Although Opinion surveys and Anecdotal evidence showed an increase in anti-*American* feelings in Europe and the Middle East after the outbreak of wars in Iraq and Afghanistan but an empirical study by Peter Katzenstein of Cornell University and Robert Keohane of Princeton University (2005), rejects the idea of a backlash against *American* companies by referring to the poll conducted by GMI in 2004. They studied the revenues of three big *American-based* consumer-products companies and three of their European competitors in Europe and the Middle East between 2000 and 2004 in G8 countries in which the poll was conducted. They found that the sales of both American and European firms grew almost at the same rate showing that brand America may be suffering in the eyes of the world, but American brands are still prospering.

The survey by GMI in 2004 found that an actual decrease in purchasing is more likely if a product is closely associated with America and there is a good non-American-made substitute. American-based companies such as Microsoft, Coca-Cola and Levi Strauss are less likely to be boycotted by international consumers, because there are limited alternatives to their products overseas. Holt, Quelch & Taylor (2004), have also found that Consumers in developing countries favored global brands because they represented a guarantee of quality in markets where basic standards were not always guaranteed. Coca-Cola, for example, was being a brand that used clean water in preparing its soft drinks.

In Pakistan, the two foreign companies PepsiCo and Coca-Cola have been ruling the market of carbonated drinks. Pepsi had been the market leader followed by other brands. These foreign brands have been widely accepted and liked by the people. But like other countries around the globe, the invasion of Afghanistan and Iraq by America led to boycott movement against American products in Pakistan too. Religious parties particularly asked people to avoid buying Pepsi and Coke, using vehicles fit with loudspeakers (Rizvi, 2003). This reaction of the people brought in a considerable decrease in the demand for Pepsi and Coke at that time and paved the way for non-American/Muslim brands like Amrat Cola, Mecca Cola, Qibla Cola and Thunder Cola etc. in Pakistan.

This study has focused on investigating whether those negative attitudes still exist and that whether the non-American companies have succeeded in capitalizing on the opportunity that was offered due to the invasion of Afghanistan and Iraq by USA. Peshawar, the capital of North West Frontier Province (N.W.F.P.) was selected because it is the only province in Pakistan where the coalition of religious parties swept the parliamentary election and it is believed that it was due to anti-American sentiments.

## Objectives

The research objectives of this study were:

1. To identify the factors which influence the consumers' choice of carbonated drinks.
2. To investigate whether consumers have switched to non-American/local brands of carbonated drinks or not.
3. To find out the reason (s) for not switching to non-American/local brands.
4. To examine if there was any influence of religious status of the consumers on the choice of American and non-American/local brands of carbonated drinks.

## Method

A questionnaire was used to collect the data. It was designed to measure the various dimensions of the study as mentioned in the research objectives and was pre-tested before the actual survey. Mall-Intercept form of convenience sampling was used to select the respondents. A total of 325 questionnaires were distributed but only 301 were included in the analysis because the remaining were returned incomplete. Proper representation was given to the major urban areas of Peshawar like Hayatabad, University Town, Cantonment and the City. Men accounted for 56% of the respondents and women accounted for 44%; graduate respondents accounted for 70% of the respondents and 7% had qualification below matric. Almost all professions were represented but students (31%) had a major representation. The data was analyzed through SPSS using Frequency distribution, Chi-square goodness-of-fit and Chi-square test of Independence.

Odd ratios were computed for associative analysis. In recent years odds and odd ratios have become widely used in social research for the analysis and comparison of categorical data. This approach is used to compare the probabilities of yes response to the no, relating to the question. The Odds is the ratio of the probability of 'yes' response to the probability of 'no' response. An odd ratio of 1 implies that the yes and no responses are equally likely. The odd ratio of greater than 1 indicates the numbers of yes responses are more probable than no responses.

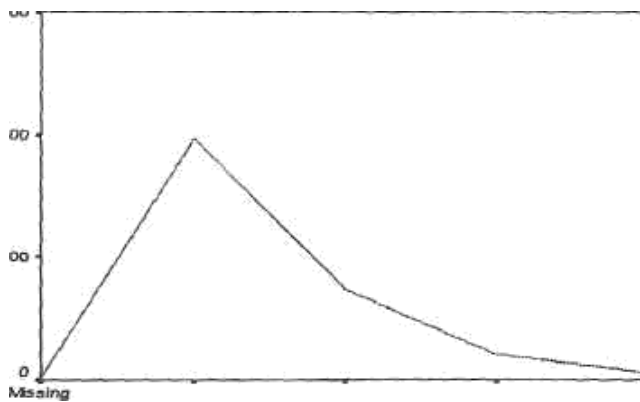
There were three reasons of using odds in this analysis;

- First, it will provide an estimate for the relationship between Yes and No responses.
- Second, it will enable us to examine the effect of other variables on that relationship.
- Third it has a special and convenient interpretation in social research.

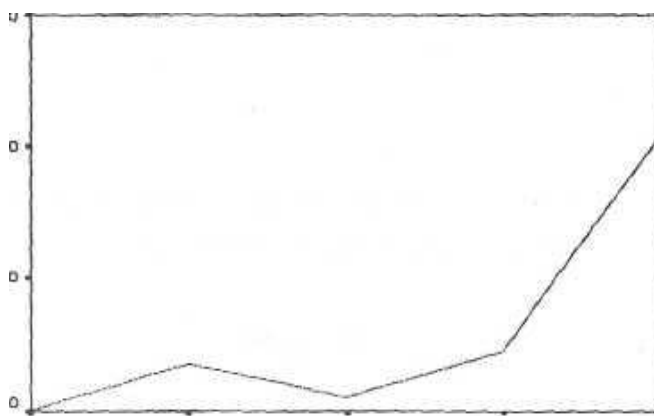
## Results

The results of the study show that majority of the respondents consider taste to be the most important factor influencing their choice of carbonated drinks. The respondents were given taste, religion, price and hygiene as the four factors and they were asked to assign 1 to the most important factor and 4 to the least important in the purchase of a carbonated drink. Figures 1a, b, c & d show that taste is ranked first, hygiene second, price third and religion as the least important factor influencing their choice of carbonated drinks.

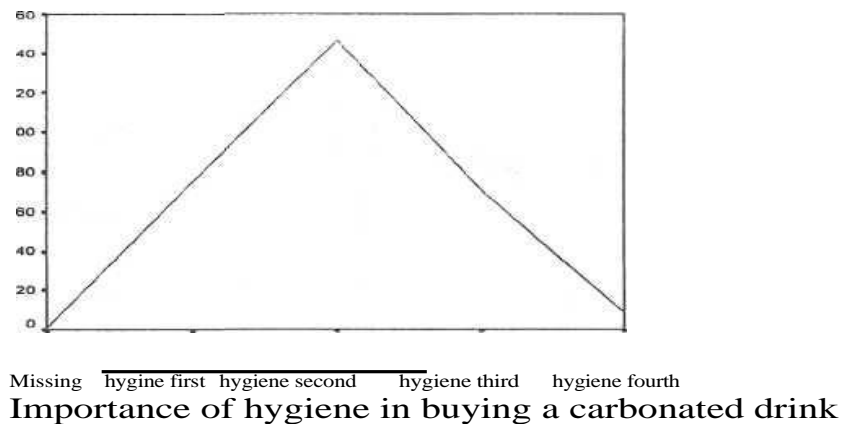
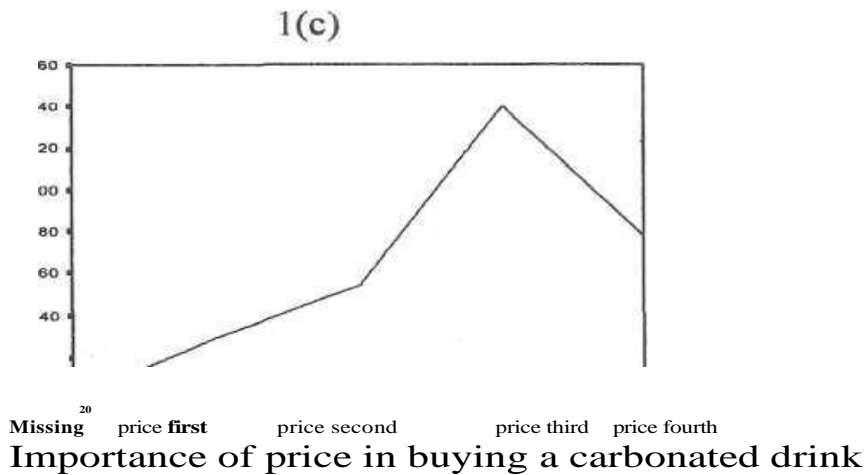
**Figures 1. a, b, c, & d** Importance of taste, religion, price & hygiene in buying a carbonated drink.



1(a)  
importance of taste in buying a carbonated drink



1(b)  
Importance of religion in buying a carbonated dr



A large majority of the residents of urban areas of Peshawar have not switched to the non-American/local brands. The frequency distribution table 1 shows that only 4.70% of the respondents have switched to non-American/local brands while 95.30% are still loyal to the American brands. The major reason for not switching to Non-American/local brands have been given to be the poor taste of these products.

**Table 1            Switched to non-American brands**

Response	Frequency	Valid Percent
Yes	14	4.70
No	285	95.30
Total	299	100.0
Missing System	1	
Total	300	

Chi-Square ( $X^2$ ) = 245.622, df = 1, p=0.001

51.30% respondents have given the reason of not switching to these brands as their poor taste while 16.40% consider them to be non-hygienic. (See Table 2)

**Table 2 Reason(s) for not buying non-American brands**

Reasons	Frequency	Valid Percent
Poor Taste	116	51.30
Not hygienic	37	16.40
Image of low Status	7	3.10
Not advertised	20	8.80
Poor Taste & not hygienic	21	9.30
Poor Taste & properly advertised	9	4.00
Others	16	7.10
Total	220	100.00
Missing System	75	
<b>Total</b>	<b>301</b>	

Chi-Square (2) = 271.986, df = 6, p = 0.001

One of the questions asked the respondents to mention their religious status. The purpose was to see whether if there could be any relation between the religious status and the use of American and non-American brands. As table 3 shows 81% of the respondents consider themselves as moderates, 11% as fundamentalists and 8% as not religious at all.

**Table 3 Religious Status**

Religious Status	Frequency	Valid Percent
Fundamentalists	33	11.0
Moderate	242	80.90
Not Religious	24	8.00
Total	299	100.00
Missing system	1	
Total	300	

Chi-Square (2) = 305.304, df = 2, p = 0.001

Although majority (95.3 %) of the respondents have not shifted to non-American brands but the p value of 0.001 shows that there is some dependency on religious status.

Odd ratios were calculated for table 4. The odds are 17.7 times higher for fundamentalists as compared to moderates in favor of switching. Hence, those who consider themselves as fundamentalists have switched more to

non-American/local brands in comparison to others.

**Table 4 Religious status Switched to non-American/local brands Cross tabulation**

			Switched to non-American/local Brands		
			Yes	No	Total
Religious Status		Count	9	24	33
	Fundamentalists	% within Religious status	27.3%	72.7%	100.0%
	Moderates	Count	5	236	241
		% within Religious status	2.1%	97.9%	100.0%
	Not religious	Count	0	24	24
		% within Religious status	.0%	100.0%	100.0%
Total		Count	14	284	<b>298</b>
		% within Religious status	4.7%	95.3%	100.0%

Pearson Chi-Square ((2) = 42.449, df = 2, p = 0.001

## Discussion

The results of the study show that American brands in general and the brands of PepsiCo in particular are still mostly preferred by buyers in the urban areas of Peshawar. The study supports the results of the survey conducted by GMI (2004) and the study conducted by Holt Quelch and Taylor (2004) which have also found that despite the hatred for America and boycott movements, consumers buy well-known American brands that guarantee quality.

The major reason for preference towards a brand is taste whereas the non-American/local companies used religion as a base for promoting and branding their products which is considered as the least important factor in the purchase of carbonated drinks. The non-American brands are having poor taste and are therefore not preferred. A very small percentage of the



respondents have shifted to non-American brands, most of who consider themselves as fundamentalists. Majority of the respondents consider themselves as moderates and they do not consider religion as an influencing force on the purchase of these products. The residents of urban areas belong to middle and high-income groups who are more status conscious. Price is not an important factor to them, and they may consider it against their status to purchase non-American/local products.

It can be concluded that the events after 9/11 provided a tremendous opportunity to non-American/local/non-American firms but they could not capitalize on it due to poor taste and lack of promotional support on mass media. The non-American/local firms might have temporarily benefited from the sentiments of people at the time of invasion of Iraq and Afghanistan. Another important factor is that although some of the brands are of foreign origin but people perceive them as non-American/local due to lack of awareness. These firms lack the financial resources required to run full-fledged promotional campaigns on mass media. Their American competitors have a clear-cut edge over them in this area. They have strong brand awareness and they spend huge amounts on aggressive promotions.

### **Future Research**

The study was limited only to one major city of Pakistan where also only the urban areas were selected. The residents belonged to middle to high-income group and were well educated. A large population of the country lives in rural areas where the income and education level is low. Also the rural population of the country is more religious. This might result in variation of results. Therefore, the attitudes of rural consumers need to be studied.

### **References**

- Holt, D., B., Quelch, J. A. & Taylor, E. L. (2004, Sept.) "How global brands compete?" *Harvard Business Review*. 82, 72.
- Keohane, R. & Katzenstein, P. (2005, December 17). "Anti-Americanisms in World Politics. *The Economist*. 377, 62.
- Mehbubani, K. (2004, December). "Rehabilitating America." *Far Eastern Economic Review* In
- Nicholas, K. (2004, November 14). "In the Shadow of East." *Sunday Herald*.
- Rizvi, M. (2003, April 23). "Boycott of US Goods Going Strong in Pakistan." *Asia Times Online*.

- Rockwell, P. (2004). "Let the Worldwide Boycott of American Begin. Portland Independent Media Center.
- Shehzad, W. (2003, March 07). "American Companies Feeling the Impact of Muslim Boycotts." Al-Jazeera News.
- Subramanian, K. (2005, February 04). "The Decline and Decline of Brand America." *The Hindu Business Line*, Internet Edition.
- Usborne, D. (2003, July 17). Dire States. Independent/UK.
- U.S. out of Touch with World Political Opinions (June 14, 2004). Global Market Insite, Seattle
- Washington in the Shadow of East (November 14, 2004). *Sunday Herald*.