

Colamakers' semantic shift aims to refresh

The fizzy soft drink is dead. Long live the 'sparkling beverage'. **Andrew Ward** reports

When Neville Isdell, chief executive of Coca-Cola, addressed investors following the group's fourth-quarter results last week, there was something missing.

Not once during the hour-long conference call did he use the words "carbonated soft drink", the industry term for the company's sweet, fizzy liquids.

Instead, Mr Isdell introduced a new description: "sparkling beverages".

The change in language is part of wider efforts by Coke and Pepsi to refresh the image of their flagship products, amid increasing competition from healthier, non-carbonated beverages.

Both groups announced plans this week for new, sugar-free colas enhanced with "functional" ingredients, a recognition that consumers are demanding beverages that do more than quench the thirst.

Coke said it would launch a new version of Diet Coke with vitamins and minerals

in the US this year, the group's first attempt to add nutritional value to its cola.

Diet Coke Plus will contain vitamins B-6 and B-12, magnesium, zinc and niacin.

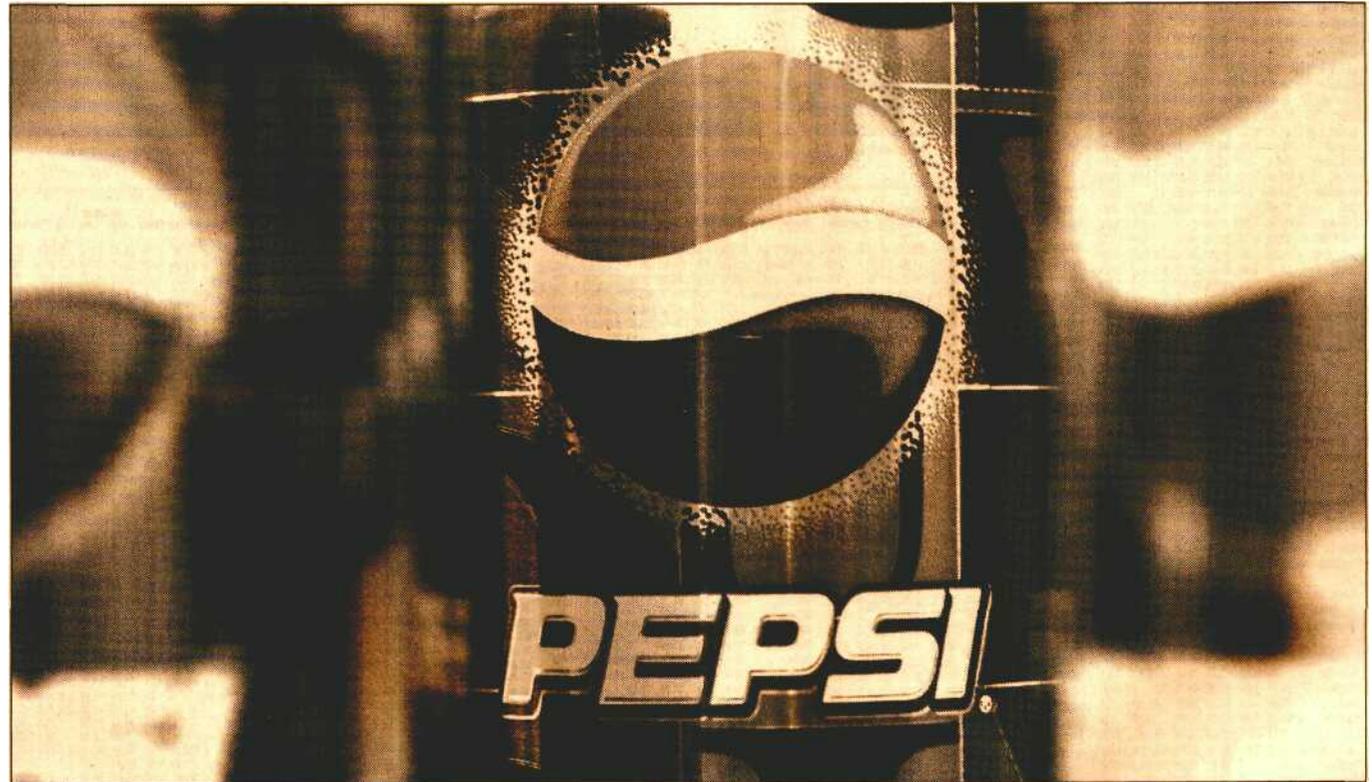
PepsiCo's new product, Diet Pepsi Max, will be enhanced with ginseng and extra caffeine, a response to the growing popularity of energy drinks such as Red Bull.

"We want to reinvent carbonated soft drinks," said John Compton, president of PepsiCo North America, at an analysts' conference this week.

Both companies are also developing hybrid brands that combine the appeal of fizzy drinks with the health benefits of non-carbonated beverages.

Coke recently launched a sparkling green tea called Enviga, which it claims can help burn calories by boosting metabolism.

PepsiCo is planning a vitamin-enhanced soft drink called Tava. It recently



Burst of innovation: the change of language is part of efforts by Pepsi and Coke to inject ebullience into their flagging flagship products amid competition from healthier drinks

acquired a fast-growing brand called Izze, which makes sparkling juice drinks with no added sugar or artificial ingredients.

The burst of innovation reflects the urgent need for Coke and Pepsi to diversify their beverage portfolios and reinvigorate their core brands as consumer habits change.

Carbonated soft drink sales volume was down 5 per cent in US supermarkets

last year, according to Beverage Digest, an industry newsletter.

Coke and Pepsi are seeking to reduce their reliance on fizzy drinks by diversifying into still beverages such as bottled water and juice.

But they insist their flagship cola brands can be revived.

Coke is already enjoying a resurgence in Europe following the successful launch last year of Coke Zero, a

sugar-free cola designed as a more "masculine" alternative to Diet Coke.

Coke and Pepsi are also increasing investment in marketing to revive their jaded brands and reconnect with consumers.

Until last month, Pepsi had changed the design of its cola cans only four times in 60 years.

But this year the design win change 35 times, with a new-look can hitting the

shelves every few weeks. Each design will be inspired by contemporary youth culture, with themes such as music, fashion, sport and technology.

Coke is also using innovative packaging to appeal to fashion-conscious young consumers, for whom the image of a drink is at least as important as the taste.

The company has introduced a sleek aluminium

Coke bottle decorated with psychedelic patterns to bars and nightclubs in 30 countries.

Sales of carbonated soft drinks remain buoyant in many emerging markets, such as China and Russia, helping Coke achieve its fastest global growth in cola volume for nearly a decade last year.

But restoring the fizz to US sales promises to be more challenging.