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PepsiCo Picks up Beverage Rights at Some F1 Stands

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Beverage maker PepsiCo edged past rival Coca-Cola to bag selective "pouring" rights for the upcoming Formula 1 Airtel Indian Grand Prix, the showcase sporting event of the season, said an official directly involved with the development.

Although PepsiCo managed to swing the last-minute deal in its favour, it opted to serve Pepsi, Mountain Dew and Aquafina at some areas of the racing tracks and stands.

Coca-Cola had been negotiating hard to bag overall pouring rights until two days ago but opted out because of disagreement over payments with the organisers of F1 event, which begins Friday.

Pouring rights refers to the permission to be official beverage supplier at an event. This is the first time in the history of a major sporting event that the cola giants have not inked any sponsorship deals, possibly because they don't see much value in advertising at an event that is seen as elitist.

A query to PepsiCo's spokesman did not elicit any response. An organising committee official said Coke could still manage a minimal presence at the venue, possibly at the hospitality boxes, so called because they seat the rich and the famous. A Coca-Cola spokesman refused to confirm or deny any discus-

sions with the F1 organisers. "F1 championship in India is the type of platform that we would evaluate," he said.

Both beverage firms have cited multiple reasons, including costs and lack of clarity in the deal structures, for not picking up multiple sponsorship platforms. "There are multiple agencies doing sponsorship and association deals with corporates for F1; it's not like the ICC World Cup or the IPL T20 where we were dealing with a single agency for sponsorships," said a top official involved with the sponsorships, requesting anonymity.

The asking rate for sponsorships ranges anywhere between ₹2 crore and ₹12 crore a year. "This is a huge marketing opportunity but returns on investment have to justify costs," said a cola firm executive.

Media buying firms that air-time media on behalf of corporates, meanwhile, say most consumer goods companies are staying away from the F1 because they target masses and racing is still largely perceived as an 'elitist' sport. Says R. Gowthaman, leader of the WPP ground-owned Mindshare South Asia, the largest media buying firm in the country, which buys media for PepsiCo and Hindustan Unilever: "There has to be a connect for mass brands to sponsor sport like racing. Brands in this space are largely staying away from Formula 1 because it's not a platform that offers a mass connect."



This is perhaps the first time in the history of a mega sporting event that the cola giants have not inked elaborate sponsorship deals. Both spend upwards of Rs 100-150 crore individually on marketing spends annually. While PepsiCo is a global sponsor

of the ICC World Cup cricket tournament, both firms are sponsors of various teams of the IPL T20. Coca-Cola has been associated with soccer and it was also the official beverage partner of last year's Commonwealth Games.