Television Advertising and Soda Demand

Rigoberto A. Lopez, Yizao Liu, and Chen Zhu

University of Connecticut
Department of Agricultural and Resource Economics & Zwick Center for Food and Resource Policy
1376 Storrs Road, Unit 4021
Storrs, Connecticut 06269-4021
Phone: (860) 486-2836

rigoberto.lopez@uconn.edu, yizao.liu@uconn.edu, chen.2.zhu@uconn.edu


Copyright 2012 by Rigoberto A. Lopez, Yizao Liu, and Chen Zhu. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.
Understanding how advertising of CSDs impacts demand is important for several reasons. First, sodas are differentiated products. We proceed by modeling the demand for CSDs in characteristics important basis for competition policy depending on how advertising affects demand. Finally, the potential market share, used to compute market share and define the outside good share, was compared for each period and DMAs as the per capita consumption of CSDs, juices, water and milk time periods.

In 2010, for example, the average American drank 45 gallons of CSDs and the Coca Cola, PepsiCo, and Dr. Pepper companies spent $267 million, $154 million, and $104 million, respectively.

The U.S. beverage industry spends $2 billion a year on advertising. Carbonated soft drinks (CSDs) are

CSDs are differentiated products. We proceed by modeling the demand for CSDs in characteristics important basis for competition policy depending on how advertising affects demand. Finally, the potential market share, used to compute market share and define the outside good share, was compared for each period and DMAs as the per capita consumption of CSDs, juices, water and milk time periods.

In 2010, for example, the average American drank 45 gallons of CSDs and the Coca Cola, PepsiCo, and Dr. Pepper companies spent $267 million, $154 million, and $104 million, respectively.

The U.S. beverage industry spends $2 billion a year on advertising. Carbonated soft drinks (CSDs) are