

The Pepsi Challenge is basically a series of advertised blind taste tests whereby consumers are told to take a sip each from unlabeled glasses of Coke and Pepsi. The Pepsi Challenge was first aired in Texas in May 1975. Below is an article from New York Times about the potential impact of the Pepsi Challenge on stock prices.

Pepsi Extends Challenge to Coke

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Pepsi-Cola yesterday extended its "Pepsi Challenge" advertising to New York and Los Angeles, bolstering it with independent national research that alleges to show "more Coca-Cola drinkers prefer the taste of Pepsi-Cola than the taste of Coca-Cola."

The challenge started in Texas and moved to Michigan and, according to Victor A. Bonomo, president of Pepsi-Cola, "Coke's response led us to believe that we were on to something." He was referring to a number of Coca-Cola comparative commercials that compared many things, but never the consumer preference for the tastes of Coke and Pepsi.

Batten, Barton, Durstine & Osborn has created six 30-second commercials for the New York market. All are of the hidden-camera variety that show supposed Coke drinkers taking the taste test and going ape for Pepsi. There will be additional advertising on radio and in newspapers. He was referring to a number of Coca-Cola comparative commercials that compared many things, but never the consumer preference for the tastes of Coke and Pepsi.

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The tagline is "Coca-Cola drinkers let your taste decide. Take the Pepsi Challenge."

Asked at a news conference yesterday what effect the campaign in Dallas had on Pepsi's share of the market, Mr. Bonomo said that the drive increased supermarket sales from 8 percent to 12 or 13 percent, and raised soft-drink sales generally but didn't affect Coke's market share.

How's that again?