

POPPI-LAR

ECONOMICS

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Part 1:

The Pitch

Mether

BREWED REDLE STKER
PUREGAR BEVEEAGE

FLAME GINGER

16 OZ. 155CLAL No. 4111111111111111

Why?



- You need to come in hot and hard,
and you need to start a business,

Q: What is the market structure that best describes the soda beverage industry?

A: Monopolistic competition: many firms, differentiated products, free entry and exit, and some pricing power



Market Structure

Market Power & Pricing



Production cost is between \$0.78 and \$0.85, far below the price customers pay.

Why might consumers prefer Mother Beverage even if it costs more?

What does this imply for market power and price setting?

Part 2:

Marketing

Mother Beverage's inability to trademark the word "mother" was an obstacle for success.

Why is branding important in monopolistic competition?

How does it affect firms' market power?



Branding

Part 3: Rebranding & Price Setting



**Poppi utilized
TikTok as a
cornerstone of growth.**

**One viral video led
to \$100,000 in
sales within 24 hours!**

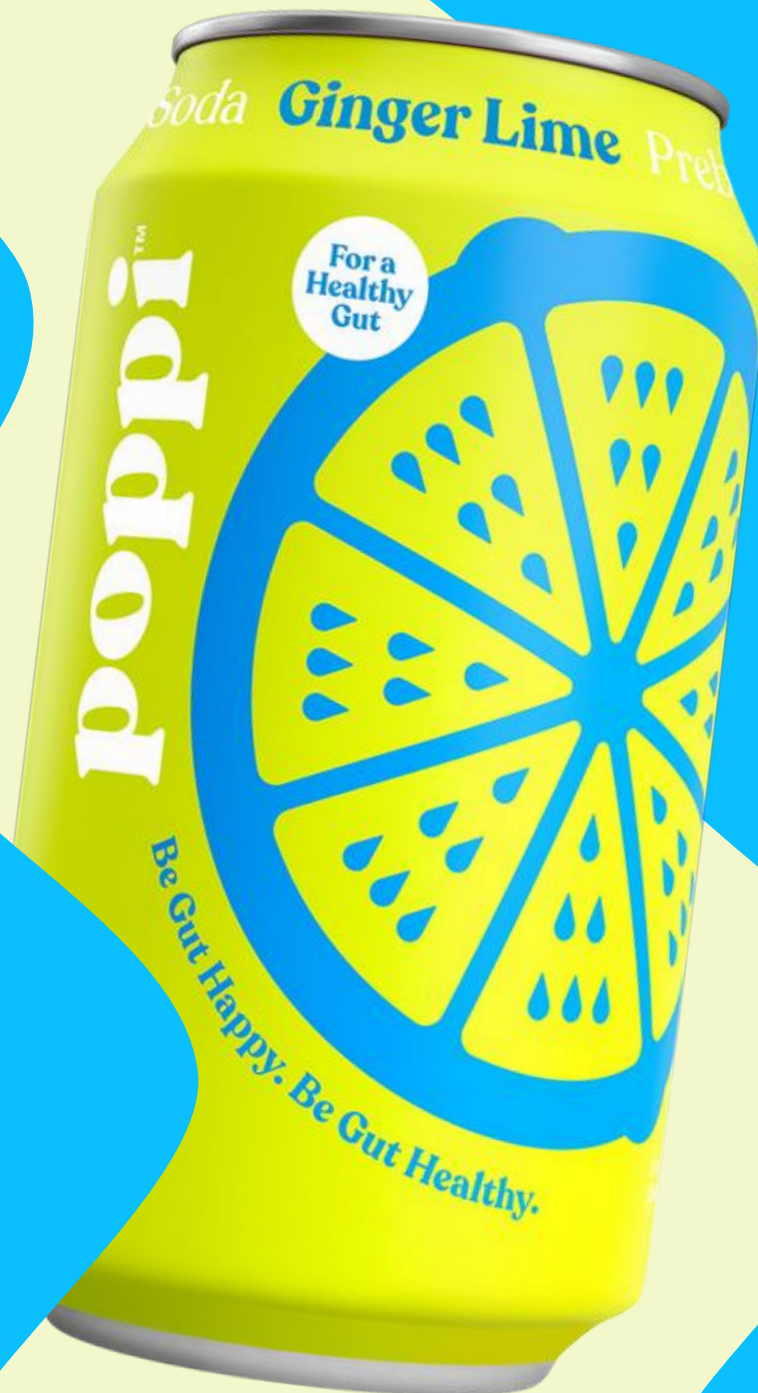
**Social media
lowers the cost of
customer acquisition in
monopolistic competition.**



The Rebrand

**Brand loyalty,
celebrity partnerships,
& national distribution
created massive value.
In 2025, Pepsi acquired
Poppi for \$1.95 billion!**

**In the short-run,
successful
differentiation can
generate economic
profits. How does this
change in the long run?**



Profits

Kahoot!





Discussion