Same industry, different business

Same industry, different business is a free 50-minute high school lesson (grades 9–12) on how two soda companies make money in different ways. Students compare where each $100 Coca-Cola and PepsiCo took in during FY2025 went, then use each company's Form 10-K to explain the gap without ranking them.

5-minute prep

- Print: worksheet pages 1–2 for every student (black and white). Print page 3 (extension and advanced pair) as needed, and page 4 (Version B) or an enlarged copy for students who need it.
- Project: the slides. Optionally, the comparison page cityfort.co/compare/coca-cola-vs-pepsico.
- Read: the "Teacher background in 2 minutes" box below and the answer key.

Grade	High school, grades 9–12
Time	50 minutes, or two 25-minute blocks
Edition	2026–27 first edition v1.0
Lesson page	cityfort.co/teachers/how-companies-make-money/same-industry-different-business

Objective

Students can explain how two companies in the same industry earn money in different ways. They use each company's receipt and its own 10-K, and they do not rank the companies.

Standards the lesson supports

- CCSS.ELA-Literacy.RH.11-12.7 (Common Core states)

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Timing

Minutes	Step	What happens
0–5	**Hook**	Hook: the two receipts, and one question: why so different?
5–20	**Read**	Read: one 10-K passage and three fact cards per company
20–35	**Sort**	Sort: Venn diagram of receipt lines and business choices
35–45	**Talk**	Talk: structured discussion with sentence frames
45–50	**Exit ticket**	Exit ticket

Materials

- Each student needs the two-page worksheet. It prints in black and white and holds every number and passage, so the lesson works with no devices.
- You project the slides. You can also project the Coca-Cola vs. PepsiCo comparison page on cityfort.co to show the same receipts on the site. Students do not need to open any website.

Discussion questions

1. What business choice explains the biggest difference in the receipts? Listen for: most of Coca-Cola's revenue comes from concentrate sold to bottlers. Most of PepsiCo's comes from snacks and drinks it makes itself. That shows up in making costs ($35.5 vs. $45.9) and selling and administrative costs ($28.0 vs. $39.8).
2. What does "franchise" mean in McDonald's 10-K, and how does it change the receipt? (Use with the extension.) Listen for: franchisees run about 95% of McDonald's restaurants and pay it rent and royalties. So McDonald's receipt has no franchisee food or wage costs. Chipotle runs all its restaurants in the U.S. and Canada, so food ($29.4), labor ($24.9) and rent and other restaurant costs ($19.8) are on its receipt.
3. Could you use these receipts to rank the two companies? What else would someone need to know? Listen for: ranking is a judgment, and it depends on what a person values. PepsiCo takes in almost twice the revenue; Coca-Cola keeps more of each $100. The receipts show differences, not an order. That is why Cityfort does not rank companies.

Adapting the lesson

English language learners: English learners: the worksheet has a word bank and sentence frames. In Part C, the key words in each passage and fact card are printed in bold.

IEP and 504 plans: IEP and 504 plans: a matching version (Version B) replaces the open questions. For large print, enlarge the worksheet when printing (tabloid paper works well).

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Advanced students: Advanced students: a third pair, Costco and Walmart, keeps about the same share of each $100. Students explain why their receipts still look different.

Extension: Use cityfort.co/compare/chipotle-vs-mcdonalds and the extension box on worksheet page 3. Hook: both sell fast meals. In FY2025, McDonald's kept $31.7 of every $100 that came in. Chipotle kept $12.8. McDonald's: franchisees ran about 95% of its 45,356 restaurants at the end of 2025. Its 10-K says franchisees pay "rent and royalties based upon a percent of sales." Franchisees paid 61.6% of its FY2025 revenue. Chipotle: its 10-K says it "owns and operates Chipotle Mexican Grill restaurants." It had 4,267 company-owned restaurants at Sep 30, 2026 (Form 10-Q, filed Oct 29, 2026). Food and drink sales were 99.5% of its FY2025 revenue. Ask: "Why does Chipotle's receipt show food, labor and rent, while McDonald's shows franchised restaurants' occupancy?"

Teacher background

The puzzle

In FY2025, Coca-Cola kept $25.3 of every $100 that came in as net income. PepsiCo kept $8.8.

The short answer

The two companies do different work. Most of Coca-Cola's revenue (59%) comes from selling concentrate to bottling partners, who make, package and deliver the drinks. Most of PepsiCo's revenue comes from finished products it makes: snacks (58%) and drinks from bottlers it owns (36%).

What the two have in common

Both sell some concentrate to bottlers, and both own some bottlers. The difference is the mix: how much of each company's revenue comes from each kind of work.

Where it shows on the receipts

Making the products took $35.5 of Coca-Cola's $100 and $45.9 of PepsiCo's. Selling, general and administrative costs took $28.0 and $39.8.

Both 10-Ks make the same point

Coca-Cola's 10-K says finished drinks bring in more revenue but lower gross profit margins than concentrate. PepsiCo's 10-K says the same about its own finished drinks: more revenue, but lower operating margins than concentrate sold to bottlers (Note 1, page 67).

Size runs the other way

PepsiCo's FY2025 net revenue was $93.9 billion, almost twice Coca-Cola's $47.9 billion. Keeping fewer dollars per $100 is not the same as being smaller.

Two things that are not the business model

Write-downs. Both companies lowered the value of a drinks brand in FY2025. Coca-Cola's "other operating charges" ($2.4) were mostly a $960 million write-down of its BodyArmor trademark.

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PepsiCo's "impairment of intangible assets" ($2.1) was mainly for its Rockstar brand. The two lines are close, so they don't explain the gap. Other income. Coca-Cola's $100 includes $3.89 billion of interest, equity and other income. That includes a $1.95 billion one-time gain from selling its stake in Coke Consolidated, a bottler. Measured on revenue alone, operating income was $28.71 per $100 at Coca-Cola and $12.24 at PepsiCo. The gap is still there.

Fiscal years

Coca-Cola's FY2025 ended Dec 31, 2025. PepsiCo's ended Dec 27, 2025, the last Saturday of December. Both cover 2025, so the comparison holds.

If students ask about owning shares

Say: "This class explains businesses. It doesn't judge companies as investments." Then return to the receipts.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.

Standards supported

We say "supports" on purpose. The lesson covers part of the standard, not all of it.

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- CCSS.ELA-Literacy.RH.11-12.7 (Common Core states): "Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem."

Materials

- Slides (PowerPoint, 15 slides)
- Student worksheet: Version A (open questions) and Version B (matching), plus an enlarged copy if needed
- Answer key
- Optional: projector with cityfort.co/compare/coca-cola-vs-pepsico, and cityfort.co/compare/chipotle-vs-mcdonalds for the extension

0–5 minutes: Hook (slides 1–4)

- Read the ground rule aloud (slide 2). Point to it on the worksheet.
- Show slide 3: "Both sell soda. In FY2025, Coca-Cola kept $25.3 of each $100. PepsiCo kept $8.8. Why?"

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- Students write one guess in Part A of the worksheet. Take two or three guesses. Don't confirm any yet.

5–20 minutes: Read (slides 5–8)

- Show the two receipts (slides 5–6). Students fill in the "difference" column in Part B for two lines: making the products, and selling, general and administrative.
- Pairs read the Coca-Cola box, then the PepsiCo box, in Part C. Each box has one 10-K passage and three fact cards.
- Students answer the Part C questions. Each answer names the Item and page.
- Tip: read the Coca-Cola passage aloud once. "Gross profit margin" means what is left from each sales dollar after the cost of making the product.

20–35 minutes: Sort (slides 9–11)

- Students fill the Venn diagram in Part D with receipt lines and business choices.
- Walk the room. Ask: "Which lines are close? Which are far apart?"
- Use slide 10 to show that both companies wrote down a drinks brand in FY2025. That line is close, so it is not the main reason.
- Use slide 11 for the revenue-only check: $28.71 vs. $12.24 of operating income per $100.

35–45 minutes: Talk (slide 12)

- Groups of three use the sentence frames in Part E. Each student says one sentence with a 10-K citation.
- Ask discussion question 3 (below) to close the talk. It explains why the class doesn't rank companies.

45–50 minutes: Exit ticket (slide 13)

Students answer the three exit ticket questions alone. Collect the worksheets.

Two 25-minute blocks. Block A: hook, read, and start the Venn diagram. Block B: two-minute recap with slide 6, finish the Venn diagram, talk, exit ticket.

Differentiation

- English learners (ELL): in Part C of the worksheet, the key words (concentrate, bottling, finished, deliver, snacks) are printed in bold in each passage and fact card. Give the word bank before the reading. Students may answer with the sentence frames only.
- IEP and 504: use Version B (matching) for Parts C and D. Allow an enlarged copy of the worksheet. Pair the student with a reading partner for Part C.

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- Advanced: add the Costco and Walmart pair (worksheet page 3). Both keep about $3 of each $100, yet their receipts look different. Students explain where and why, again without ranking.

student page

Scan the code or type: **cityfort.co/class/compare**

Sources

1. S1: Coca-Cola: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), The Coca-Cola Company (SEC EDGAR), Feb 20, 2026. https://www.sec.gov/Archives/edgar/data/21344/000162828026010047/ko-20251231.htm
2. S2: PepsiCo: Form 10-K for fiscal year 2025 (year ended Dec 27, 2025), PepsiCo, Inc. (SEC EDGAR), Feb 3, 2026. https://www.sec.gov/Archives/edgar/data/77476/000007747626000007/pep-20251227.htm
3. S3: McDonald's: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), McDonald's Corporation (SEC EDGAR), Feb 24, 2026. https://www.sec.gov/Archives/edgar/data/63908/000006390826000035/mcd-20251231.htm
4. S4: Chipotle: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), Chipotle Mexican Grill, Inc. (SEC EDGAR), Feb 4, 2026. https://www.sec.gov/Archives/edgar/data/1058090/000105809026000009/cmg-20251231.htm
5. S5: Chipotle: Form 10-Q for Q3 FY2026 (quarter ended Sep 30, 2026), Chipotle Mexican Grill, Inc. (SEC EDGAR), Oct 29, 2026. https://www.sec.gov/Archives/edgar/data/1058090/000105809026000104/cmg-20260930.htm
6. S6: Costco: Form 10-K for fiscal year 2026 (year ended Aug 30, 2026), Costco Wholesale Corporation (SEC EDGAR), Oct 7, 2026. https://www.sec.gov/Archives/edgar/data/909832/000090983226000093/cost-20260830.htm
7. S7: Walmart: Form 10-K for fiscal year 2026 (year ended Jan 31, 2026), Walmart Inc. (SEC EDGAR), Mar 13, 2026. https://www.sec.gov/Archives/edgar/data/104169/000010416926000055/wmt-20260131.htm

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