

# History and future expansion of pepsico



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PepsiCo is a multinational corporation that manufacturing, marketing, and sells wide varieties of food, snacks, carbonated and non-carbonated beverage. PepsiCo is the world's second largest food and beverage business. PepsiCo is one of the companies that listed Fortuned 500 and ranked 50 in year 2010. PepsiCo's global headquarters is located in Purchase, New York. PepsiCo current Chairman and CEO is Indri K. Noyil. Its annual revenue is approximately \$ 60 billion and own approximately 285, 000 employees worldwide. PepsiCo has four major division of the PepsiCo family which is PepsiCo Americas Beverage (PAB), PepsiCo Americas Foods (PAF), PepsiCo Europe, and PepsiCo Asia, Middle East, Africa (AMEA). PepsiCo owns several of the world's most popular brands, including Pepsi-Cola, Frito Lay, Tropicana, Quaker, Gatorade and etc.

## History

PepsiCo was founded as the result of merger between Pepsi Cola Company and Frito Lay in year 1965. Everything needs to go back to time where the stories of Pepsi-Cola begin. In year 1898, New Bern of North Carolina, a pharmacist and also a drugstore owner called Caleb Bradham invented Pepsi-Cola. At that time the refreshing drinks that Caleb created him was a unique mixture of carbonated water, kola nuts, vanilla and rare oils. Caleb's customer named it as " Brad's Drink" but Caleb renamed the drink to " Pepsi-Cola" where the Pepsi word come from a Greek's word called " Pepsis" which mean digestion.

In 1902, Caleb opened the Pepsi Cola Company in the back of his pharmacy, and he applied the trademark to the U. s. Patent Officer. In 1903, an official

patent was awarded to him. At the beginning of the business, he mixed the drinks himself and sold it through soda fountains. But not for long, another new way of sold the Pepsi Cola came up which bottle it so that everyone can enjoy it.

The World War I caused the changes of the U. S. financial landscape, and also caused the cost of doing business increased. The sugar price was unstable and fluctuated between high and low which affected the production cost of Pepsi-Cola. The fluctuation of the sugar price caused Pepsi-Cola went bankrupt in year 1923. Caleb sold out the trademark of Pepsi-Cola to Craven Holdings Corporation and returned back to his pharmacy. In a short period of time, Pepsi-Cola trademark was purchased by the New York Stockbroker Roy C. Megargel. Roy. Roy struggled to save the business, and for the first time Pepsi Cola Company move his headquarter from New Bern, North Carolina to Richman, Virginia. In 1931 all the work done to save Pepsi Cola was a failure and declared bankruptcy for the second time. Charles G. Guth the president of Loft Corporation, a successful long chain candy stores saw the opportunities and saved Pepsi-Cola. Pepsi-Cola did not bankrupt for these time and it able to earn profit to Loft Corporation.

During the 1930s, Pepsi-Cola start their international invasion. The Pepsi-Cola trademark was registered in the Soviet Union (currently Russia), Latin America and Canada. For the third time the Pepsi-Cola moved its headquarter to Long Island City, New York. In 1934, a new president of Pepsi-Cola named Walter S. Mack was selected. Pepsi-Cola grew bigger than the candy The World War II occurred and caused the price of sugar fluctuated just as the World War I did. Mack, the new president prevented the past to <https://assignbuster.com/history-and-future-expansion-of-pepsico/>

happen again. He bought a sugar plantation in Cuba so that it can supply sugar to its self. The Pepsi-Cola developed bigger than the candy company, Loft Corporation and decision was made to change the name of Loft Corporation into Pepsi-Cola Company.

When the World War II ended in year 1945, Pepsi-Cola Company moved headquarter to Manhattan. It continued its international expansion and started to designed and created a new bottle sizes. Eventually for the first time it designed cans that can fill in 325ml of Pepsi-Cola. After the World War II end, the marketplace was change and a new retail phenomenon called supermarket starting to appear. Pepsi started to distribute their Pepsi-Cola in cans to the supermarket. A new logo was designed to represent Pepsi-Cola, “ bottle cap”.

As a result of international expansion, Pepsi was available in 120 countries in year 1958. Pepsi-Cola Company only sold one product, Pepsi for 65 years. Everything had change when Pepsi-Cola Company merged with Dallas, Texas successful snack company, Frito Lay Inc. into PepsiCo in 1965.

The beverage business become more fiercely in the '70s, because of the competition between Pepsi-Cola and Coca-Cola. The media called the competition between these two companies as “ the cola war”. PepsiCo came out with new larger size of bottles, like 32 ounce and 64 ounce of package (approximately 1 litres and 2 litres). Due to the advancement of the technology, PepsiCo had change the glass bottles into plastic bottles which is more light and safer than glass. In 1970, PepsiCo moved its headquarter again to Purchase, New York. A strategy was launched by PepsiCo called The

Pepsi Challenge; the purpose is to let the consumer to test the taste of Pepsi and Coke. Result showed that more consumer preferred Pepsi than Coke and the result helped Pepsi to gain market shares. In 1976 PepsiCo became the single largest selling soft drink in American supermarkets. In two years time PepsiCo own Pizza Hut Inc and Taco Bell through acquisition.

In 1980s, PepsiCo and China reach an agreement to allow PepsiCo to manufacture soft drinks. PepsiCo restructured its business into three core businesses which are soft drinks, snack foods, restaurants and PepsiCo sold out the transportation and sporting goods businesses. Soft drink core business was combined under PepsiCo Worldwide Beverage and for the snack foods business was combined under PepsiCo Worldwide Foods. PepsiCo purchases Kentucky Fried Chicken (KFC), quick service chicken market and 7up international, the soft drink company. During 1980s PepsiCo able to enter several countries market such as China, India, Canada,

In 1990s PepsiCo begin to produce and distributed its product in Vietnam. PepsiCo acquired an Indian company which is it first big bottling plant in Bombay. PepsiCo joint venture with Starbucks to form North American Coffee Partnership to develop ready to drink coffee beverage. In 1994 PepsiCo was the third largest employer which employed more than 470, 000 employees worldwide. The first website of PepsiCo was created ([www. pepsico. com](http://www.pepsico.com)). In 1997, PepsiCo spun off its restaurant businesses as an independent publicly traded company. Those restaurants are Taco Bell, Pizza Hut, KFC, Wingstreet and A&W. PepsiCo was able to focus more on its beverage and snack food businesses. PepsiCo celebrate its brand Pepsi-Cola 100th anniversary held in

Hawaii. PepsiCo form a joint venture with Lipton Co. to develop and market tea based drinks.

In 2000s, PepsiCo reunite all North American beverage operations, including Pepsi-Cola, Tropicana and Gatorade in one new division, PepsiCo Beverages and Foods North America. PepsiCo also unite all international snacks beverage and food units into PepsiCo international. In year 2003, Pepsi-Cola trademark has been 100 years old. PepsiCo celebrate its 40th Anniversary since established from year 1965. Pepsi was named 2007 working Mother “ Best Company for Multicultural Women” and it also won 2 awards for Best Environmental/ Wildlife Campaign and Best Cause Marketing Event. For 5 year continuously PepsiCo received 100 rating in the 2009 Corporate Equality Index from the Human Right Campaign Foundation. Merger of PepsiCo, Pepsi Bottling Group and PepsiAmericas was approved by the European Union.

#### Latest Development and Expansion

WWF report showed that the increased of number for free flowing river loss is a disturbing trend, and threaten the supply water for agriculture, sanitation, drinking, fish and fishery products (WWF, 2006). Freshwater has now become one of the most critical natural resource issues faced by humanity (Falkenmark, 1993).

Beverage companies are taking step to preserve the water resource due to the Increasing of global water scarcity. Gatorade is one of the brands under PepsiCo which its plants are using silicone like substance to lubricate bottle line rather than using soapy water and ionized air to clean empty bottles.

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Recycle steam vapor from heating process is use by the Gatorade plant. In India, PepsiCo teach the farmers to direct seeding for rice, rather than moving seedlings from nurseries to paddies which are flooded (Martinne, 2009).

The green vending machines help PepsiCo to reduce its environmental footprint and give their electric bills a little relief. PepsiCo puts away the old vending machine which used hydro fluorocarbon to cool the drinks and scientist said hydro fluorocarbon can cause global warming (Martinne, 2009).

Press release by PepsiCo and Waste Management to announce their multiyear partnership on designed Dream Machine to improve On-the-Go-Recycling. Dream Machine function as recycling machines which people can recycle the cans and bottles. By recycle the cans and bottles, the people will earn reward points. PepsiCo will support career training, education and job creation for returning U. S. veterans with disabilities when each can and bottle recycled in the Dream Machine (PepsiCo, 2010).

In Earth Day 2010, Frito Lay introduced “ the world’s first compostable chip bag” The compostable bag will be use by SunChips for their products. The purpose of compostable bag is to educate people about composting and create more awareness of it (Charisse, 2009).