

# Analyzing the marketing environment pepsi energy drink essay sample

[Environment](#), [Ecology](#)



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PepsiCo Inc. is an American multinational food and beverage corporation headquartered in Purchase, New York, United States, with interests in the manufacturing, marketing and distribution of grain-based snack foods, beverages, and other products. PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc. PepsiCo has since expanded from its namesake product Pepsi to a broader range of food and beverage brands, the largest of which includes an acquisition of Tropicana in 1998 and a merger with Quaker Oats in 2001, which added the Gatorade brand to its portfolio. Transcom Beverage Ltd (TBL) is the exclusive PepsiCo Franchisee for Bangladesh. TBL owns and operates modern plants in Dhaka and Chittagong for bottling the renowned soft drink brands such as, Pepsi, 7UP, Mirinda, Slice, Mountain Dew, Pepsi Diet and 7UP Light. The company is emerging with the motto to deliver sustained growth in Bangladesh and move towards dominant Beverage Company, delighting & nourishing every Bangladeshi, by best meeting their everyday beverages needs & stakeholders by delivering performance with purpose, through talented people.

DEMOGRAPHIC FORCES Demography refers to study of the population. Demographic factors are the relevant to the business for formulating and implementing of strategy for controlling and accomplishment of the objectives of the organization. Demographic factors like size of the population, population growth, rate, age, composition, life expectancy, family size, spatial dispersal, occupational status, employment pattern etc., affect the demand for goods and service. Following are the Demographic

factors contain age, population density and distributions of targeted customers which can effects the marketing of PepsiCo.

1. Age: PepsiCo should target that customer group that customer it the most and make promotional strategies according to that particular group of consumer's behavior because the requirements of different age groups are different. The potential customer of PepsiCo would be the age of 14 to 30 years. So their main target is young generation. Soft drinks are one of popular project linked by our youth.

2. Education: Company has to plan promotional strategies to attract the customers. If the targeted customer's majority population is educated in a country then through advertisements PepsiCo can be made well aware of their product and can convey their message easily. Promotion and education has a direct relationship.

3. Population Distribution: Population distribution means how much population lives in urban areas and rural areas. In Bangladesh 35 % population resides in urban areas and 65% population lives in rural areas. PepsiCo targets on urban areas and middle class to upper class as people there are more attract towards such beverage while people in rural areas are more attracts to local drinks.

4. Population Density: PepsiCo sales their product more those cities and regions, which have the largest population density. Dhaka has the largest population density in Bangladesh. Pepsi sales are more in Dhaka as compared to the sales in Chittagong.

**ECONOMIC FORCES** The economic environment constitutes of economic conditions, economic policies, and the economic system that is important to external factors of business. Economic factors are the very important determinants of business strategy in the organization for formulating, implement and controlling of economic policies. Economic environment refers to the nature and direction of the economy within which business organization are to operate. For instance, in developing country, the low income may be reason for the very high demand for the product and services of the business. Consumers require buying power to buy a product. The economic environment consists of factors that affect consumer purchasing power and spending patterns. Bangladesh has a developing economy which offers outstanding business opportunities for the right kind of product.

Pepsi has also focused on this factor using their economic forecasting. Pepsi have announced different products for different set of people. So if there is an economic downfall in the country they still have the capacity to run their business and they have absolutely no fear of wipe out. Their economic policy preparation can be seen through their price patterns— The 15Tk regular drink is targeted for local customer outside needing refreshment after lunch or dinner. The 25Tk disposable pet bottle is targeted for people who are traveling and have high buying capacity. The 35Tk Cans are status symbol and are consumed by upper class to show some difference. The Pepsi Co. price targeting for different groups help them run their business efficiently in economic down fall time too. If the there is a big economic downfall in the

country so their sale of regular bottles decreases but on the same time due to their perfect marketing their Cans sale increases. The other advantage Pepsi finds from their perfect marketing is that their sports sponsorships help them gain respect in youth which increases their sale when there is a win from Bangladesh team. So they never get cut short in a boom.

#### POLITICAL-LEGAL ENVIRONMENT

Political environment refers political and government and legal environment. It has close relationship with the economic system and economic policy. For instance; the communist countries had a centrally planned economic system. Communist government countries laws are control investment and related matters. The political environment is based on the uncertainty, therefore, demographic countries consist of number of political parties. Political parties aren't got clear majority to form a government. In this situation, industry and commerce collapsed their business activities due to hung government. The political parties are unable to formulate stable government, it affect and fluctuate the government policies. Therefore, business organization and public are needed to the stable government. Bangladesh is a politically stable economy; foreign investors are attracted to Bangladesh.

The Bangladeshi government is improving business with trade and investment. 1. Political Stability: Whenever the government is considered to be stable, the business will flourish. If there is political stability in the country the policies and strategies made by Pepsi can be consistent to be implemented. Foreign companies are also keen to invest in those countries which are politically stable where they have no fear of decline in their market

share or shut down due to sudden change of government. 2. Mixed Economy  
In mixed economy government and private sector both plays their role in developing the economy of the country. Investment by foreign companies like Pepsi is more likely to flourish in mixed economy. 3. Laws Formulation  
Government has given copy rights to Pepsi so that another company cannot sell their product by the name of Pepsi. The countries where laws are formulated, the strategies and activities of the company are different. 4. Social Responsibility  
Pepsi's social responsibility is to provide its customers with clean and hygienic product so to do this they have increased the use of disposable bottles.

#### SOCIO-CULTURAL ENVIRONMENT

Socio-cultural environment is an important factor that should be analyzed while formulating company business strategies. If company is ignoring the customs, traditions, tastes and preferences and education, it can affect the business. It consists of factors which are related to human relationships and the impact of social attitudes and cultural values. These are bearing on the business of the organization. Social practice, beliefs and associated factors are helpful for promotion of the certain products, services or ideas, the success of marketing depends to a very large extent, on the success in terms of changing social attitudes or value systems. The cultural environment is made up of institutions and other forces that affect the society basic values, Perceptions, preferences and behaviors. The Pepsi Co. Bangladesh is an expert in dealing with the cultural factor though it is an non-Muslim company but still it's most sales are in Muslim countries the

reason behind their success is that they have never created boundaries of religion in their ad campaign and they have deal with the Muslims in their own way.

The Pepsi uses the cultural factor of people of Bangladesh which is giving dinners to the family remembers and they have targeted this particular thing in their ads which has created Pepsi a basic necessity of every get together. The other major Muslims belief is Ramadan and EID. Pepsi have utilize this cultural factor very smartly and through discount promotions and viral ads campaign during the Ramadan and EID help them gather a very successful business and market share. The perfect ads campaign forces even the lower middle class to purchase the Pepsi products during Ramadan and especially for EID. One major disadvantage Pepsi had due to some extreme religious beliefs of some people in Bangladesh which tried to portray Pepsi as a Non Muslim company and the products they sell are forbidden or prohibited in Islam. But Pepsi came out of this challenge by asking Junaid Jamshaid (old singer now a renown Islamic scholar) to do an ad for them to promote their product and tell consumers that this product is permitted. So tackling each factor sensibly is an art of marketers and Pepsi Co. team have always come up with the new ideas to increase their business.

## TECHNOLOGICAL ENVIRONMENT

Technological factors sometimes pose serious problems. A firm that unable to cope with technological changes may not be survived. Further, the differing technological environment of different markets or countries may be called for product modifications. Technology is the most important elements

of the macro environment. Technology is the human being innovation and it literally wonder. Technology helps to human being go to moon, travelling the spaceships, other side of the globe with few hours. Advances in the technologies have facilitated product improvements and introduction of new products and have considerably improved the marketability of the products. The technology is advancing day by day with new technology coming up and replacing the old quite easily. The technology advancement is also a macro environmental factor for a business. As the new technology coming up rapidly so no company can rely on their conventional ways of production and other tasks.

World has now become a global village and there is no issue of transferring one product from one country to different so the only way to survive for companies is by producing the product in quick time and with cheap price this was the reason behind the success of China as they manufactured cheap and fast products through advancing in technology and by using new ways to manufacture a product. Similarly Pepsi also keeps on advancing their machine, production units, sale systems and logistics supply system to keep up with the fast growing world. The major change in the Pepsi production came up with the advancement of their inventory control system from normal SQL to SAP. This allowed them to record complete sale record of the country and track each every sales point present throughout the country. The expert system Pepsi Co. uses helps them in taking crucial decisions and forces them to advance to new production units in a timely fashion. The new recycler plant implemented by Pepsi Co. saves 70% of the waste which not



only helps in making environment green but also reduces the cost of bottles by 50%.

## NATURAL ENVIRONMENT

Natural environment is the study of an important component of the nature i. e., natural environment. Difference in geographical conditions between markets may sometimes call for changes in the marketing mix. Geographical and ecological factors also influence industries which help material index tend to be located near the raw material sources. Climate and weather conditions affect the location of certain industries like the often textile industry. Ecological factors have recently assumed great importance. The depletion of natural resources, environmental pollution and the disturbance of the ecological balance has caused great concern. Government policies aimed at presentation of environmental purity and ecological balance, conservation of non replevisable resources etc., have resulted in additional responsibilities and problems for business, and some of these have to effect of increasing the cost of production and marketing, externalities also become an important problem of the business has to confront with.

The Pepsi Co. have a great advantage manufacturing in Bangladesh because the major ingredient required to manufacture Pepsi is Sugar which is produced in a vast amount in Bangladesh. So Pepsi shares a great liberty in manufacturing their products in Bangladesh for the home country and also for the neighboring countries if there is a need of more supplies to neighboring countries of Bangladesh. The natural environment is vastly effected by the cluster of industries and Pepsi Co. was also one of the major

factors of waste materials in the country through their disposable plastic bottles but now they have invested in a major recycling plant in Bangladesh and have followed many different ways to reduce the industrial waste.

According to a report PepsiCo have reduced their 80% of the industrial waste through new majors. Through this approach of new packaging and paying high amount of money in the recycling system they are now considered as an environmental friendly company. Their new initiative to replenish water has been a major success. They are able to achieve a positive water balance, giving back more water than they consumed through their various initiatives of recharging, replenishing and reusing water. The Pepsi Co. another initiative of waste to wealth in which they educated their customers how to properly dispose of the used bottles so that they could be recycled is also a important breakthrough in making a green environment.

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