

# Environmental and external analysis of pepsi in uk

[Business](#), [Company](#)



Pepsi in UK is an entity of Pepsi International division of Pepsi Inc USA. Pepsi is the world's 3rd largest snack and beverage company. (Rafey, R et, el). As well Pepsi is the 2nd largest manufacturer of carbonated soft drinks in the world. (Rafey, R et, el). Pepsi in UK is one of the largest operations of Pepsi Inc comparable to Pepsi Mexico. In UK Pepsi Company's main competitors are local manufacturing companies in food and beverage industry and other retailers. As well it faces competition from international Companies like Coke, Cadbury, Schweppes and Kraft etc. (Rafey, R et, el). In UK Pepsi faces severe competition from these companies and the UK market is complex and dynamic in nature.

The nature of SWOT analysis and its value in developing Marketing strategies and Marketing Plan. SWOT analysis means strengths and weaknesses of an entity's internal environment in terms of human, technical, organizational, information systems, operational processes and models, management culture and leadership style. It also considers opportunities and threats of its immediate market conditions as well as opportunities arising from the internal organizational strengths and the threats arising from the weaknesses of its internal environment.

Also read: Gardenia Bread Pricing Strategy

In addition it also considers opportunities and threats arising from macro environment such as the economic conditions, social factors, demographic factors, ethical and environmental factors, legal and regulatory factors, financial factors such as exchange rate volatility, interest rate and global economic condition and outlook in a global world economy in the 21st

century. This analysis is necessary to develop marketing strategies and plans suitable to each market segment such as positioning, pricing, promotion, distribution channel decisions, advertising methods decisions and public relations, brand development company image building and the revision of plans on a continuous basis if conditions change in internal and external environment and to change strategies.

### Strengths of Pepsi in UK

Pepsi in UK has considerable operations in UK and has developed a reputation of its brand it has the strength to compete with local manufacturers and international competitors. As well it has a flexible distribution channel and a range of products, which are comparable in quality and price as well it has developed marketing plans and strategies in place it has the capacity to compete with the local manufacturers and international competitors. That is Pepsi in UK have competitive strength more than adequate to compete effectively in the UK market which is vital to survive and grow in the future.

(Pepsi Inc Annual Report 2005). Pepsi in UK has several product ranges and has developed new products on a continuous basis. It also has a management culture internally to develop new products, which satisfies emerging customer needs. In a market such as UK, which is dynamic in nature it is vital to produce new products and a variety of product lines to compete effectively in such a dynamic market place. Therefore Pepsi in UK has the strength of having an innovative management culture and management processes within the company and it is strength to minimize

risks and maximize returns for its shareholders in a socially responsible manner. (Pepsi Inc Annual Report 2005).

In addition to the above Pepsi in UK has a state of the art technological infrastructure particularly information system infrastructure which is crucial in making sound decisions and respond to market changes as quickly as possible in a cost conscious manner. This is vital in a market like UK, as the competitors will strive to keep cost down and compete in price and quality in this market. Pepsi in UK has the technological strength comparable to its competitors. This is a vital strength in a market like UK. (Pepsi Inc Annual Report 2005).

#### Weaknesses of Pepsi UK

As the market is dynamic and unpredictable in terms of changes in consumer tastes, demographic changes and social norms and customs. Therefore Pepsi may not be able to anticipate such changes accurately all the time and may lose its customers to its competitors if they are able to capture such changes better than Pepsi. That is Pepsi in UK faces competitive risk to considerable extent. Therefore if risks are not managed or unmanageable it is a weakness of Pepsi UK in operating in such market conditions. In addition the economic cycles may affect its industry and if Pepsi in UK cannot manage these risks then it may affect its profitability and the potential for growth in the UK market. Economic cycles are unpredictable to some extent and it may not be able to predict accurately the economic cycles and its operations are exposed to these market risks, which are uncontrollable, completely by Pepsi in UK and it is a weakness of Pepsi in UK.

## Opportunities of Pepsi in UK

In UK market Pepsi has an opportunity to develop new products because the UK market is dynamic in its nature its consumers have considerable purchasing power as UK is a developed industrial country. It has a stable economic and financial system. In addition the market is diverse and Pepsi can find niche markets where competition is not severe and can introduce new products and market existing products to these profitable market segments. As UK has an advanced communication and information technology infrastructure Pepsi can use information technology and e-commerce models to increase its growth potentials and build flexible distribution channels and businesses alliances to increase efficiency of operations and reduce costs.

Therefore it has an opportunity to have a competitive cost structure and comparable profit margin of its core business and enable to have a competitive price in different market segments and appropriate quality comparable to its competitors. The technological feasibility and using technology is an opportunity for Pepsi UK to improve its efficiency in operations and improve profitability and have a competitive edge in UK markets is a definite opportunity for Pepsi in UK.

## Threats of Pepsi in UK

Pepsi in UK faces many economic threats and risk factors. They are future economic outlook in terms future economic growth, inflation and unemployment and exchange rate, and interest rate. These are difficult to predict and these factors affect the consumer disposable income and there

fore affects demand for the goods and services of Pepsi in UK. Some of these factors are volatile such as exchange rates and interest rates and inflation. These are definitely a major threat or risk to its operations in UK for Pepsi in UK. The other threats are unpredictable consumer taste changes, degree of competition in UK, legal and regulatory changes in health and safety, employment law, environmental laws, which may add to the cost to Pepsi's operations and adversely affects its profitability.

In addition in a global economic environment the UK economy will be affected by shocks of economic political problems in other countries as it affect the trade and capital flows and therefore global factors and outlook in economic growth and social and political factors may indirectly affect Pepsi's profitability as these factors affect the UK economy and may indirectly affect Pepsi's profitability if these factors negatively affect the UK economy in general.

## Conclusion

As discussed above Pepsi in UK has strength to survive and grow in the UK market if it can manage the risks and reduce its weaknesses and act in the UK market in a socially responsible manner. However some risk cannot be reduced and it must not operate in such market segments depending on the degree of competition and the future growth potential as well as its strength of its cost structure and price and quality and its capacity to counteract the marketing strategies of its competitors. It has the potential to develop niche markets in UK particularly evaluating the profitability of these segments and entering in to these segments early before the competitors enter. In addition it can also introduce healthy new products by identifying customer emerging

<https://assignbuster.com/environmental-and-external-analysis-of-pepsi-in-uk/>

needs and supplying it by developing a flexible distribution channel and leverage technology to reduce cost of operations and there by increasing profit margin.

It must also have a risk management system to minimize risk as these markets pose considerable risk to its operations. Pepsi in UK has such systems and they have the potential to some degree minimize some of the threats and have the capacity to reduce some weaknesses in its organizational processes and operational planning and control mechanisms. Analyzing the strengths, weaknesses, opportunities and threats Pepsi in UK can develop marketing strategies and plans to identify niche markets which are profitable, Use information technology to improve its distribution channel efficiency and use it to identify customer needs, use effective public relations to boost the company image as a socially responsible company.

Assess risk factors and enter into market segments where it has less risks and more return or capacity to manage risks, Use appropriate pricing, adverting and promotions to each market segments to boost sales in a cost effective manner. Introduce new products in to profitable market segments on a continuous basis-satisfying customer emerging needs accurately as possible. Revise and monitor marketing plans and changing strategies if conditions change on a regular basis. By adopting these marketing strategies and plans Pepsi in UK can survive and grow in UK in the short to medium term.

## Bibliography

Bauerschmidt, A & Bloodgood, J. M. 2002, 'Competitive Analysis: Do Managers Accurately Compare Their Firms to Competitors?', Journal of Managerial Issues 14, 4, March 14, 2007, Available at: [http://www. questia. com/PM. qst? a= o&d= 5001904195](http://www.questia.com/PM.qst?a=o&d=5001904195)

Diversity: Programs Become Valuable Tools for Increased Profitability 1998, March 14, 2007, Available at: <http://www. questia. com/PM. qst? a= o&d= 5001407649>

Kay, J. A. 1995, 'Foundations of Corporate Success: How Business Strategies Add Value', Oxford University Press, March 14, 2007, Available at: <http://www. questia. com/PM. qst? a= o&d= 29059159>

Mccall, J. B & Stone, M. A. 2004, 'International Strategic Marketing: A[N] European Perspective', Routledge, March 14, 2007, Available at: <http://www. questia. com/PM. qst? a= o&d= 107561930>

Moss, M. R. 2000, 'Mapping out Your Firm's Success', Black Enterprise 30, 8, March 14, 2007, Available at: <http://www. questia. com/PM. qst? a= o&d= 5001170134>

PEPSICO 2005, March 14, 2007 Available at: [http://www. pepsico. com/PEP\\_Investors/AnnualReports/05/Pepsi2005Annual. pdf](http://www. pepsico. com/PEP_Investors/AnnualReports/05/Pepsi2005Annual. pdf)

Rafey, R et, el. 'PEPSI CO (PEP)', March 14, 2007

Available at: [www. yorkinvestmentclub. com/slides/pepsi. ppt](http://www. yorkinvestmentclub. com/slides/pepsi. ppt)

Shapira, P. 1998, 'Extending Manufacturing Extension", Issues in Science and Technology, 14, 3, March 14, 2007, Available at: <http://www. questia. com/PM. qst? a= o&d= 5001335408>

<https://assignbuster.com/environmental-and-external-analysis-of-pepsi-in-uk/>



Swot Analysis Will Do the World of Good; Business Quiz 2006, Liverpool Echo, March 14, 2007, Available at: [http://www. questia. com/PM. qst? a= o&d= 5017750581](http://www.questia.com/PM.qst?a=o&d=5017750581)

Turner, M. F. 2001, ' How Does Your Company Measure Up?', Black Enterprise 32, 4, March 14, 2007 Available at: [http://www. questia. com/PM. qst? a= o&d= 5000894763](http://www.questia.com/PM.qst?a=o&d=5000894763)