

Significance of social media of pepsi marketing essay



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Marketing has always been a challenge for firms since making the company, brand or product appealing to the customer with the intention of increasing sale volume. Companies therefore tend to come up with innovative marketing strategies to gain customer's attention. Traditional marketing approaches such as TVCs, printed advertisements, telemarketing etc. have lost their charm due to bombardment of same old marketing techniques. Customers are now fed up of promotional activities and tend to get annoyed due to excessive marketing. Moreover customers are so much aware and knowledgeable now a day thanks to internet that they themselves pick out what marketing activities they need to see and what to block out. Moreover social networking communities on the internet have created the flow of information more dense and fast since positive peer reviews, marketing blogs and number of " Likes" on a company's page now make up the customer equity of a firm. This is why more companies are moving towards social media marketing as it is a rather inexpensive and easy way to reach a large audience with similar taste. We can say that the proverb " Birds of the same feather flock together" is the basis of notion for increasing interest in social media marketing. The major reason is that social networking websites have communities in which people loyal to a particular brand or users of a product or any specific taste or activity tend to get involved and interact. This interaction and engagement is what we call as Resonance in the brand resonance model which is the top most stage of brand development (Kevin Lane Keller, 2001). More and more companies are now adopting this strategy to directly communicate with the targeted customers while providing them with exactly what they need. Such marketing strategies also enhance the chances of positive word-of-mouth marketing which is the most influencing

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marketing strategy we know till now. This report will further determine how different companies implement this marketing strategy along with the positive and negative aspects associated with this strategy.

Pepsi Refresh Project

Pepsi is one of the world's largest companies and a leader in the beverage market with a tough competition from Coca Cola. In fact we can even state that both these companies tend to form a kind of Oligopolistic competition in the market and enjoy large market shares by strategically dividing the world's region among them. Pepsi is well known for innovative TVCs and tend to spend a huge amount of capital in this marketing strategy. In 2010 however marketers at Pepsi got the idea of utilizing the social media marketing technique for enhancing the brand equity. They played a huge gamble by trading their Super bowl opening ad position with a social campaign worth \$20 million. This was a huge risk for Pepsi since they initially did not have a large following on social networking websites like Twitter and facebook in contrast with more than 4 million facebook fans of Coke (Digital Buzz Blog , 2010). However Pepsi launched this marketing campaign in which grants were to be made to an innovative idea which impacts the community or environment and gets the highest number of votes on social networking websites namely Twitter and facebook. Pepsi very interestingly combined two marketing techniques in their strategy one was using social media and the other one was marketing for social good. Thus Pepsi was actually looking at mutual benefits and gaining free publicity for this strategy. This technique proved a great success for the firm since the mere number of visitors on their website increased by 800% (Moir, 2010) and their <https://assignbuster.com/significance-of-social-media-of-pepsi-marketing-essay/>

following on Twitter and facebook increased significantly too. Other companies say their success and tried to imitate as well since the successful execution of this viral marketing strategy was as living proof that social media is the future of marketing.

Significance of Social Media

As stated earlier and in several other sections of this report social media is gaining popularity day by day. According to statistics facebook has more than 800 million active users and 100 million active users of Twitter and growing. Thus we can see that these social networking websites are themselves a huge ground to market the company and create awareness with increased recognition and recall strategies. It is not only the mere number of user but there are several other features which allow the companies to interact with the customers in a rather innovative manner. For example companies can post their pictures, activities, information regarding products and about the company. Moreover the more significant aspect of social media is getting live on spot feedback from the customers. Companies can even measure their brand equity and build it through social media since it allows customers to engage with the company and other customers. Before the emergence of social media concept of communities and brand engagement was not so popular so we can say that this marketing channel has a great impact on marketing strategies of today as well as tomorrow.

Advantages and Disadvantages of Social Media Marketing

Even though social media marketing has gained popularity and companies claim that it has a significant influence on the profit of a company yet the <https://assignbuster.com/significance-of-social-media-of-pepsi-marketing-essay/>

relevance of number of followers on a social networking website with the actual sales is debatable as stated earlier. There are a number of advantages and disadvantages associated with this strategy. We will first look at the advantages

Inexpensive marketing strategy as compared to traditional techniques

Direct communication channel with the customers

Innovative marketing techniques allows sharing the experiences and associations of consumers

Ability to reach a large audience without any geographical boundary with no additional cost

Encourages customers to engage with the brand community and other customers such creating brand resonance

Even with all these advantages on hand there are some disadvantages associated with this marketing technique such as lack of expertise required to handle social media marketing (Sandilands, n. d.). If not executed properly which means updating statuses and posts on at least daily basis then this strategy can only become an additional cost for the company without any positive impact on the revenue. Moreover since social media is based on freedom of speech almost anyone can say anything therefore any negative comments might also trigger negative emotions over a large scale just like positive comments do. In the same way as positive viral marketing is healthy negative viral marketing by a competitors or any regular person may prove to be detrimental for the company.

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Impact of Social Media Marketing on Pepsi

Pepsi gained huge advantage from implementation of this viral marketing strategy. However we might say that the correlation between the popularity of a social media marketing strategy with the actual increase in revenue is still a topic to be debated yet companies find a significant increase in their brand equity after successful implementation of social media marketing techniques such as Pepsi did. As a proof we can see that the number of followers of Pepsi's facebook page in 2010 was around 25, 000 however as of today the number has leaped to more than 9 million followers. This can be regarded as a huge success (even though it is still far behind Coca Cola with 55 million+ followers) since it is also a fact that only those companies enjoy a large following who have higher customer loyalty which is indirectly judged by the will to engage with the brand. The company tends to promote their brand by posting videos, pictures and updates regarding events organized by Pepsi. They encourage customers to upload their own photos regarding experiences with the product and ask random questions like " Who hides their Pepsi in the fridge" to connect and relate in a rather informal way with the customers. The company also boasts about the number of Tweets it gets per minute regarding a certain project. This strategy has proved to be quite beneficial for the company since more people following the page means more people talking about the product and more people talking about it means higher engagement with the brand which indirectly enhances the revenues of the company. The Chief Consumer Engagement Officer at Pepsi, Frank Cooper, states that at Pepsi they believe that social relationships are a foundation for the effectiveness of their marketing plan the customers tend

to communicate with real life social networks about why they love the product and this word-of-mouth marketing influences revenue and profit (Silverstein, 2010).

Social Media Marketing in Other Businesses

As states above social media marketing and online presence has become a norm in the business sector. The main reason behind it is the growing number of internet users. People tend to “ Google” products they want and read their specifications and reviews online before making a purchase. Therefore every other firm is adopting social media marketing strategy and integrating it as a formal marketing strategy in their business plans. We will discuss two other business which are implementing this marketing technique and enjoying its benefit.

Samsung

Samsung has its own page on facebook called “ Samsung Mobiles USA” it is one of the several pages associated with the company. The page currently has more than 21 million users following it which makes this page a huge success. The customers interact with other users of the product, share their experiences, give reviews and even take part in contests arranged by the company. The company also uses this page to advertise the latest releases and informing customers about upcoming products. For example the recent post of Samsung Mobile USA’s page is about the innovative features of Galaxy Note II which has around 40, 000 “ Likes”. By analyzing the data we can conclude that Samsung also rests on top of the Brand Resonance Model and enjoys great customer engagement thus strengthening its brand equity.
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Lamborghini

Another example is of luxury cars manufacturing company Lamborghini which has official community on facebook and Twitter. The company has around 5 million followers on facebook alone which makes a huge fan following since this company tends to target a niche market. The company uses these social media channels to promote their cars along with additional products such as Lamborghini Original Accessories which lovers of this brand can buy even. The company also uploads videos regarding sneak peeks into the luxury cars and other specifications which might interest the customer.

We can see that companies dealing in any business sector from beverages to cars to automobiles tend to utilize social media to communicate with the most precious asset of a company " Customers".

Impact of Social Media Over the Next Decade

A major impact of Social Media over the next decade as stated by Asur, S., & Huberman, B. A. (2010) will be that companies may be able to predict the success or failure of an offering without actually launching it. This will be done through social networking websites just like companies are doing right now however statistical models can be applied to check the success rate of a product/service. Moreover marketing gurus state the e-marketing will be the future of marketing since customers are no longer attracted to the traditional marketing techniques. What the customers now need is a rather customized and direct approach through which they are listened as much as companies communicate about themselves. To achieve this target companies will be using social media channels such as facebook and Twitter to form long-term

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relationships with the customers. We can even say that social media might become the next big thing for advertisement leaving TVCs and print media behind. The main reason is obviously the changing preferences of targeted customers which are mostly Generation X and Y who tend to be more tech savvy and internet users. Even the current statistics of facebook and Twitter show the road ahead as researches state that 55% users of facebook state that they are likely to recommend a brand after becoming its " fan" and 34% of the marketers have stated to generate their leads through Twitter (Digital Buzz Blog, 2012). With such statistics we can conclude that social media has a bright future ahead and over the next decade who knows we might be teaching the business students 4 P's of Social Media Marketing Mix.

Moreover this marketing channel will cause a paradigm shift a will change the face of marketing as we know it. Old marketing practices will be abolished and considered obsolete. The companies which will not move forwards and adapt this new strategy will be losing on a major competitive edge which companies highly active on social networking websites will gain.

Conclusion

Since social media marketing has itself become a viral marketing technique it has become a business norm for companies to mark their presence online or else they might be considered lacking in their marketing aspects. However such innovative marketing techniques since totally different from the traditional marketing techniques need to be implemented tactfully. Just like marketers were needed for developing a traditional marketing plan in the same way experts are needed for socializing on the social media with the public and making their pages meaningful, relevant and distinctive for the <https://assignbuster.com/significance-of-social-media-of-pepsi-marketing-essay/>

customer. The marketing campaigns should also include something customers can relate with since it is more like an informal interaction channel with the customer through which companies can communicate about them along with listening to what the customers have to say. This is why companies tend to encourage customers on social networking websites to share their feelings, associations and experiences with the product. Such sharing of information creates a healthy and long-term relationship between customer and the company. This marketing strategy allows the companies to disseminate information regarding any upcoming event, product or launch directly to the end user thus eliminating any intermediary cost which was incurred in traditional marketing approach. However as stated earlier that this strategy along with several advantage has some drawbacks to it as well but which strategy doesn't? Even if the pros are contrasted with the cons of social media strategy we will see that its benefits outweigh the disadvantages. Therefore companies who need to build brand equity must get themselves socially involved with the public and build relationships with their customers just like Pepsi did. The proof of success of viral marketing through social media can be seen in numerous examples one of which is the new song Gangnam Style by PSY which gained millions of views in a matter of days thus social media is the next big thing in marketing.