

# Environmental factors shaping pepsico's marketing assignment

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This paper will review the article, identify environmental factors that shape the organization and impact marketing decisions, and discuss how technology plays a role in those decisions. Alternatives to Ackermann view of social responsibility to the company's marketing decisions and activities will be analyzed, along with explanations of how ethical issues can make an impact. The accuracy of the article's forecasts will be reviewed and further supportive references to conclusions made will be gathered, if necessary.

**Global and Domestic Factors** Several macro-environmental factors shape the PepsiCo Corporation and impact marketing decisions.

Demographics, economic climate, ecological and lattice issues, technology, and cultural concerns all affect where the company is headed desires and the decisions the company makes. Each issue affects the company differently, but when combined together, the environmental factors can wreak havoc on a company's bottom line if not addressed appropriately. On the other hand, if a company has the ability to recognize these factors, can address them, and be prepared to 'think on its feet,' then the factors can be used to the company's advantage.

The Ackerman article discusses PepsiCo investment into the Chinese market. When it comes to the environmental factors, Pepsi must adjust its marketing strategy to fit the audience rather than trying to fit the audience to its strategy. For example, current demographics in the United States reflects an aging population as the nation's "Baby Boomers" are now reaching retirement age with most of them having "grown up" with Pepsi and Coca-Cola. 12.5% of the U. S. Population is over the age of 65, compared to China, where only 7. % of the population is over age 65 (Monasteries, 2009). <https://assignbuster.com/environmental-factors-shaping-pepsicos-marketing-assignment/>

According to Ackerman (2008), Pepsi plans to invest \$1.0 billion into the Chinese markets, which is significant considering that currently the world's economy is relatively poor. The author believes that the plan to invest in the Chinese market is optimistic and that the company faces the challenge of slow growth in China, a decline in U. S. Sales and "the impact of the stronger dollar on international sales" (Ackerman, 2008, Para. 2). How wise is the decision to invest in a country during a period of world economic decline?

Pepsi made similar ventures in the Eastern European and Russian regions that proved to be profitable. According to Jonathan Fenny, a Wichita Capital Markets analyst, Pepsi's strategy is to build "platforms ahead of demand to some extent and continuing to support platforms even during times of economic weakness" (Ackerman, 2008, para. 5). Success is not guaranteed in the Chinese market, but if Pepsi has been able to achieve positive demand for its products in the past in other challenging markets, the company just might be able to drive growth in this market as well.

Technology Another example that affects PepsiCo is technology.

Technological advancements are happening at a faster pace than ever in the 21st century. Companies must be ready to take advantage of them or be left behind. Advertising decisions must be made with technology in mind, such as making use of electronic billboards vs.. The old standards, which can appeal to PepsiCo's technologically savvy target audience in China - youth and young adults. The money that Pepsi plans to invest will also be able to

company to develop new products and expand local research and development efforts.

In order to cater to the Chinese audience, technology plays a role in developing products due to the use of computers and other equipment. Comparing Views Social responsibility and ethics Ackerman (2008). Seems to believe that PepsiCo move to invest heavily in the Chinese market can appear to be "bullish," yet "optimistic." The author points out negatives concerning the venture, such as the value of the dollar in the market, economic downturns and sinking financial profit reports.

However, perception of the authors view of the company's social responsibility is high, since she States that investing in China will create new employment opportunities due to expansion of R& D facilities, manufacturing capacity and sales force. "Thousands of new jobs are expected to be created in China because of the investments" (Ackerman, 2008, Para. 11). Ethically speaking, providing employment to the unemployed, especially in poor regions, will increase quality of life for the Chinese, while at the same time, increasing revenue as more people are able to afford to purchase Pepsi products.

Not only that, Ackerman states that the company is "business driven," which typically suggests a business model where a company takes ethics into mind. Since Pepsi has been able to invest in global markets, raised jobs and improved quality of life standards in the past, the company shows that it holds to an ethical guideline by striving to repeat success in new global markets. Another view of Pepsin's social responsibility and ethical stance by <https://assignbuster.com/environmental-factors-shaping-pepsicos-marketing-assignment/>

Michael Seem proves to be positive as well. The article covers Pepsi's CEO Indri Annoy, her personal views and her vision and goals for the Pepsi Corporation's future (Seem, 2008).

Taking into consideration the struggles with obesity that the United States faces, Annoy convinced the company to sell Pizza Hut, KFC and Taco Bell in 1997, acquired the Tropical many in 1998 and helped engineer a \$14 billion takeover of Quaker Oats, maker of Storage in 2001 in order to be able to offer healthy alternatives to PepsiCo consumers (Seem, 2008). Annoy and PepsiCo have pledged by 2010 that "half of the firm's revenue will come from healthful products" and that the company will "eschew fossil fuels in favor of wind and solar" (Seem, 2008, Para. 7). The company will also campaign against obesity.

According to Land (2008), the Pepsi Bottling Group has maintained significant environmental and ecological commitments. So far the company has been able to save over 300 million gallons of water, 16,000 tons of plastic, and has been able to offset "100% of the company's U. S. Electricity" by making conscientious manufacturing technological and operations decisions. In a savvy public relations move, Pepsi includes in its marketing strategy the release of an environmental annual report to generate positive publicity about its commitment to citizenship, responsibility and ethics.

After reviewing the Ackerman, Seem and Land articles, the writer's view of PepsiCo's stance on social responsibility and ethics is positive. Pepsi's efforts to consider the environment, increasing employment in oppressed countries, and taking on health initiatives bolsters the company's social image.

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Accuracy The Ackerman (2008) article quotes Pepsi CEO Annoy saying " We are enormously confident in the continued prosperity of China. " Confidence is found in this statement and confidence seems to have been used in the qualitative and quantitative data gathered to make the marketing decision to invest in China.

When such a stance is taken and a company, in this economy, makes such a significant financial decision, the factual data outlined in the article can be concluded be fruitful. The article provides past examples of Pepsin's ventures into foreign markets that provided SUcCeSS and the statement that " its business is driven by building platforms ahead of demand to some extent and continuing to support platforms even during times of economic weakness" sums up the company's strategy because it shows the company properly plans ahead, using past successes as a foundation (Ackerman 2008).

Seam's (2008) article showed how the background and positive personal beliefs of PepsiCo CEO have flowed over into the positive marketing, manufacturing and socially responsible decisions of the company. The article also touched on the growing mentality of the United States and global market attitudes on important issues that make a global impact, including health and environment. Land (2008) reported specifically on the company's environmental efforts, which are beginning to shape the company for the future, which looks positive.

Reporting specifically in numbers the results of Pepsin's efforts to strive to be a company focused on citizenship, social responsible??/ and ethics help  
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support the writer's conclusions. Conclusion PepsiCo strives to remain one of the leading beverage and snack companies in the United States and abroad and takes into consideration the environmental factors, both domestic and global, that affect the company's marketing and business decisions. PepsiCo's plan to invest in the Chinese market will prove to be a successful venture due to past achievements in similar markets.