

# Marketing managers marketing mix marketing essay

[Profession](#), [Manager](#)



The Marketing Mix, a basic tool of Marketing managers, the particular mixture of marketing techniques, for example, pricing, packaging, and advertising, used to promote the sale of a product. Marketing managers bring the elements of the Four P's together, combining them to achieve a greater result from their combination than each of the individual effects of the Four P's.

In brief this assignment is concerned about marketing management . It covers in details about the concept of marketing mix with the aid of PepsiCo Inc., Which I have taken as a case study in exploring the way this organization has applied the marketing mix.

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### **INTRODUCTION**

Marketing is about identifying human and social needs, in shortest form may be meeting the needs profitably. In other words marketing can be defined as an organizational function and set of processes for creating, communicating

and delivering value to customers and managing customer relationships in ways that's benefit the organization and its stakeholders (marketing management, Philip Kotler & Kevin lane Keller 13th Edition 2006).

Mainly marketing was not being done only with the marketing department of the organization. It needs to interact with the aspects of the customers experience marketers must properly manage all possible points to satisfy the customer. Satisfying the customers was not an easy task for a marketer to market his product, a proper marketing plan definitely needed for the success of the product for this, " marketing mix" was a very important tool for the proper marketing plan in success. That's why now a days marketing mix as become a very vital role in the organization products. The proper marketing mix definitely gives a positive growth and enabling the organization to increase the market share in the particular target market.

## **MARKETING MIX**

The term marketing mix refers to the four major areas of decision making in the marketing process that are blended the results desired by the organization. The four elements of the marketing mix are sometimes referred to the four Ps of marketing. The marketing mix shapes the role of marketing with in all types of organization, both profit and non-profit. Marketing managers make numerous decision based on the various sub elements of the marketing mix, all in an attempt to satisfy the needs and wants of customers.

In recent times, we have seen the explosion of new media (Internet, viral marketing, event marketing, product placement, etc.) decreased television viewership, the advent of TiVo and similar technology where viewers can be skip through commercials, and increased cost-cutting pressures. All of this has combined to increase demands for marketing departments to maximize the return on their marketing investments that is to optimize the combination of marketing and advertising investments in order to generate the greatest sales growth and or maximize profits. Marketing mix modelling measures the potential value of all marketing inputs and identifies marketing investments that are most likely to produce long-term revenue growth.

As a marketing manager of PepsiCo Inc., is a world leader in convenient snacks, foods and beverages with revenues of more than \$39 billion and over 185, 000 employees. Here i am going to discuss about my organization, organization marketing strategy and mainly the marketing mix implemented by PepsiCo.

## **BACKGROUND OF THE COMPANY**

**NAME : PEPSI CO**

**COUNTRY OF ORGIN : UNITED STATES**

**INDUSTRY : Food Snacks & Non-alcoholic Beverages**

**CEO : Indra Krishnamurthy Nooyi**

**PRODUCTS : Pepsi**

**: Mountain Dew**

**: Sierra Mist**

**: Starbucks Frappucino**

**: Lipton Iced Tea**

**: Tropicana products, Etc.,**

## **HISTORY**

The Pepsi Cola Company began in 1898 by a Pharmacist and Industrialist Caleb Bradham, but it only became known as PepsiCo when it merged with Frito Lay in 1965. Until 1997, it also owned KFC, Pizza Hut, and Taco Bell, but these fast-food restaurants were spun off into Tricon Global Restaurants, now Yum! Brands, Inc. PepsiCo purchased Tropicana in 1998 and Quaker Oats in 2001. In December 2005, PepsiCo surpassed Coca-Cola Company in market value for the first time in 112 years since both companies began to compete. PepsiCo, Incorporated (Short for Pepsi Company) (NYSE: PEP) is a large multinational with interests in manufacturing, marketing and selling a wide variety of carbonated and non-carbonated beverages, as well as salty, sweet and grain-based snacks, and other foods. Besides the Pepsi-Cola brands.

PepsiCo is a world leader in convenient snacks, foods and beverages with revenues of more than \$39 billion and over 185, 000 employees.

## **In India**

PepsiCo gained entry to India in 1988, by creating ventures with Punjab government-owned Punjab Agro Industrial Corporation (PAIC) and Voltas India Limited. This joint venture marketed and sold Lehar Pepsi until 1991, when the use of foreign brands was allowed; PepsiCo bought out its partners and ended the joint venture in 1994. In 2003, the Centre for Science and Environment (CSE), a non-governmental organization in New Delhi, said aerated waters produced by soft drinks manufacturers in India, including multinational giants PepsiCo and The Coca-Cola Company, contained toxins, including lindane, DDT, malathion and chlorpyrifos – pesticides that can contribute to cancer, a breakdown of the immune system and cause birth defects. Tested products included Coke, Pepsi, 7 Up, Mirinda, Fanta, Thumps Up, Limca, and Sprite. CSE found that the Indian-produced Pepsi's soft drink products had 36 times the level of pesticide residues permitted under European Union regulations; Coca Cola's 30 times. CSE said it had tested the same products in the US and found no such residues. However, this was the European standard for water, not for other drinks. No law bans the presence of pesticides in drinks in India.

In 2006, the CSE again found that soda drinks, including both Pepsi and Coca-Cola, had high levels of pesticides in their drinks. Both PepsiCo and The Coca-Cola Company maintain that their drinks are safe for consumption and have published newspaper advertisements that say pesticide levels in their

products are less than those in other foods such as tea, fruit and dairy products. In the Indian state of Kerala, sale and production of Pepsi-Cola, along with other soft drinks, was banned by the state government in 2006, but this was reversed by the Kerala High Court merely a month later. Five other Indian states have announced partial bans on the drinks in schools, colleges and hospitals. ([http://en.wikipedia.org/wiki/PepsiCo#PepsiCo\\_in\\_India](http://en.wikipedia.org/wiki/PepsiCo#PepsiCo_in_India))

## **LITERATURE SURVEY**

### **MARKETING**

Marketing is a social and managerial process where by individuals and groups obtain what they need and want through creating and exchanging products and value with others (kotler and Armstrong principles of marketing)

### **MARKETING MIX**

Marketing mix is the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market. marketing mix is consist of every thing the firm can do to influence the demand for its products the many possibilities can be collected in to four groups of variables 4p'product, price, place, and promotion (kotler & Armstrong ). The marketing mix principle are controllable variable which have to be carefully manage and must need the target customers. All elements of the marketing mix are linked and support each other.

## **PRODUCT**

The first element in the marketing mix is the product . The term product refers to the tangible physical products as well it includes services. Product means the goods and services combination the company offers to the target market. (Kotler & Armstrong) . An object or a service that is mass produced or manufactured on a large scale with a specific volume of units. A typical example of a mass produced service is the hotel industry. A less obvious but ubiquitous mass produced service is a computer operating system.

Product is divided in to three basic levels:

Core products

Actual products

Augmented products

### **Core Products**

The perceived or real core benefit or service to be gained from a product.

### **Actual Product**

A composite of the features and capabilities offered quality and durability, design and product styling, packaging and brand name.

### **Augmented Products**

Support for the product, including customer service, warranty, delivery and credit, personnel, installation and after-sales support.



## **PRICE**

The second element in marketing mix is price. The price of the product covers all the expenses incurred in manufacturing and selling. Price is the amount of money customers have to pay to obtain the product.(kotler & armstrong) . It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product. For example: When pricing a new product, businesses can use either market penetration pricing or a skimming strategy.

### **Types of Pricing**

#### **PENETARTION PRICING:**

Penetration pricing is the pricing technique of setting a relatively low initial entry price, a price that is often lower than the eventual market price. The expectation is that the initial low price will secure market acceptance by breaking down existing brand loyalties. Penetration pricing is most commonly associated with a marketing objective of increasing market share or sales volume, rather than short term profit maximization.

#### **SKIMMING PRICING:**

Skimming pricing is the strategy of establishing a high initial price for a product with a view to “skimming the cream off the market” at the upper end of the demand curve. It is accompanied by heavy expenditure on promotion. A skimming strategy may be recommended when the nature of demand is uncertain, when a company has expended large sums of money

on research and development for a new product, when the competition is expected to develop and market a similar product in the near future, or when the product is so innovative that the market is expected to mature very slowly.

Pricing objectives usually four forms:

Profitability

Volume

Meeting the Competition

Prestige

## **Profitability**

Profitability means that the firm focuses mainly on maximizing its profit.

Under profitability, a company increases its prices so that additional equals the increase in product production cost.

## **Volume**

Volume pricing objectives a company aims maximize sales volume with in a given specific profit margin. The focus of volume pricing is increasing sales rather than on an immediate increase in profits.

## **Meeting the Competition**

Meeting the price level competitors is another pricing strategy. It is focusing in less on price and more on non-price competition items such as location and services.

## **Prestige**

Prestige pricing refers to the practice of setting a high price for an product, throughout its entire life cycle as opposed to the short term ‘ opportunistic’ high price of price skimming. This is done in order to evoke perceptions of quality and prestige with the product or service.

## **PROMOTION**

Promotion is the third element in the marketing mix. Promotion means that the activities communicate the merits of the product and persuade the target customers to buy their product. (kotler)

Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements – advertising, public relations, word of mouth and point of sale. A certain amount of crossover occurs when promotion uses the four principle elements together, which is common in film promotion. Advertising covers any communication that is paid for, from television and cinema commercials, radio and Internet adverts through print media and billboards. One of the most notable means of promotion today is the Promotional Product, as in useful items distributed to targeted audiences with no obligation attached. This category has grown each year for the past decade while most other forms have suffered. It is the only form of advertising that targets all five senses and has the recipient thanking the giver. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary

individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations. ([http://en.wikipedia.org/wiki/Marketing\\_mix](http://en.wikipedia.org/wiki/Marketing_mix))

For example a consumer is likely to want only one variant of your product and expect to purchase it immediately. A retailer is likely to want limited stock of a number of variants and not expect to pay for 60 days. A distributor is looking at large volumes of product in all its variants at greatly discounted rates. Your distribution policy needs to take account of these variables. If it does not, then you will find yourself in a very embarrassing position with a customer sooner or later which would result in the loss of a sale.

The elements of the communication process are:

Sender

Decoding

Message / Media

Decoding

Receiver

Feedback &

Noise

There are four promotion tools. Each promotion tools has its own unique characteristics and function.

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Advertising

Sales promotion

Public relations

Personal selling

**(Term explanations are in Appendix)**

## **PLACE**

The fourth element of the marketing mix is place . Place includes company activities that makes the product available to target customers (kotler) Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet. Place refers to having the right product, in the right location, at the right time to be purchased by consumers. This proper placement of product is done through middle people called the channel of distribution. The channel of distribution is comprised of interdependent manufacturers, wholesalers, and retailers. Each participant in the channel of distribution is concerned with three basic utilities: time, place, and possession. Time utility refers to having a product available at the time that will satisfy the needs of consumers. Place utility occurs when a firm provides satisfaction by locating products where they can be easily acquired by consumers. The last utility is possession utility, which means that wholesalers and retailers in the channel of distribution provide services to consumers with as few obstacles as possible.

## **MARKETING MIX IN PEPSI**

### **PRODUCT**

As per Kotler said product means any thing that can be offered to a market for attention, acquisition, use or consumption and might satisfy a want or need . mostly products are fall into two segments . consumer products and industrial products

The Pepsi drink contains basic ingredients found in most other similar drinks including carbonated water, high fructose corn syrup, sugar colourings, phosphoric acid, citric acid and natural flavours. The caffeine free Pepsi cola contains the same ingredients but no caffeine.

### **Quality**

Pepsi follows one quality standard across the globe. Pepsi has a long-standing commitment to protecting the consumers whose trust and confidence in its products is the bedrock of its success. In order to ensure that consumers stay informed about the global quality of all Pepsi products sold in world . Pepsi products carry a quality assurance seal on them. The core benefit is drink for refreshment without alcohol and the feature is black colour with contain Aspartame (Nutra Sweet), Sucralose (splenda), Acesulfame Potassium (Sunnett). Augmented Product:

Good customer support (i. e. Accessible, fast)

### **Differentiation**

Pepsi has attempted to differentiate its products from coke's, but with little success. In an attempt to differentiate its products from cokes, Pepsi shifted

its focus to the growing American teenage market in the 1990's, while coke continued to target baby boomers. Pepsi focused on varietal differentiation since 1999 by introducing a string of niche products although product innovation has been quickly copied by Coke. Since product extensions generate considerable uncertainty with modest results and high cost, both firms could jointly de-escalate the introduction of new products in favour of focusing on core brands, with some emphasis on product innovation. Pepsi could signal this intent by announcing its strategy publicly, hopefully encouraging Coke to follow suit.

## **Brand Extension in Pepsi**

### **PRICING**

Pricing is the only mix which generate the turn over for the organization the remaining are the variable cost for the organization. Price must support all elements of marketing mix, pricing is very difficult and must reflect and supply demand relationship.

### **Types of pricing Strategy.**

#### **Penetration pricing**

Penetration Pricing is a market-based approach to pricing wherein the price is set to a sufficiently low level (below the prices of competing products) to make the product attractive to the mass market. The aim is to achieve a large market share by high initial sales. It is introducing the product at a low price intended to capture the mass market for the product or service.

## **Skimming pricing**

A product pricing strategy by which a firm charges the highest initial price that customer will pay. As the demand of the first customers is satisfied, the firm lowers the price to attract another, more price-sensitive segment.

Therefore, the skimming strategy gets its name from skimming successive layers of “cream,” or customer segments, as prices are lowered over time.

## **Competition pricing**

Method in which a seller uses prices of competing products as a benchmark instead of considering own costs or the customer demand.

## **Product Line pricing**

Product lining is the marketing strategy of offering for sale several related products. Unlike product bundling, where several products are combined into one, lining involves offering several related products individually. A line can comprise related products of various sizes, types, colours, qualities, or prices. Line depth refers to the number of product variants in a line. Line consistency refers to how closely relate the products that make up the line are. Line vulnerability refers to the percentage of sales or profits that are derived from only a few products in the line.

## **Bundle Pricing**

Another pricing adjustment designed to increase sales is to offer discounted pricing when customers purchase several different products at the same time. Termed bundle pricing, the technique is often used to sell products that are complementary to a main product. For buyers, the overall cost of



the purchase shows a savings compared to purchasing each product individually.

## **Psychological Pricing**

Psychological pricing or price ending is a marketing practice based on the theory that certain prices have a psychological impact. The retail prices are often expressed as “ odd prices”: a little less than a round number.

The ASIA CSD market is mature. The industry sales growth is largely driven by population growth as well as the amount of advertising and product innovation taking in the industry. Given the mature nature of the market, both PepsiCo and coca-cola have resorted to pricing discrimination strategies to maximise the value of the consumer demand.

## **Direct Pricing Discrimination**

The simplest form of extracting customer surplus is charging customers with different prices based on their location and purchasing power. This is evident in the international operations of both Pepsi and Coca cola. Cola prices in Mexico, Brazil and Eastern Europe are lower than prices in Asia. Restaurant fountain drinks, single drinks at gas stations and take-home packs at supermarkets have all different prices on a per-unit basis even though their costs adjusted for packaging and distribution would not warrant such a discrepancy. Obviously, such segmentation helps situational-based pricing differences.

## **In-Direct Pricing Discrimination**

Quantity discounts along with price coupons used in supermarkets are obvious indirect price discrimination tools Pepsi can use. However, the most effective indirect price discrimination tool Pepsi has is in fact its brand name. The Pepsi brand equity actually allows the company to maintain its pricing power. Retailers use this product category to induce store traffic and create additional sales, which in turn reduces their power relative to Pepsi. Given the 80% margin on concentrate, it is easy to see why Wal-Mart and other discount retailers can undercut Pepsi's pricing with private labels, but still they will be ineffective in 'stealing' Pepsi customers as long as Pepsi's brand (and Coke's for that sake) maintains high customer loyalty.

## **PROMOTION**

The successful products are service means nothing and less the benefits of such service can be communicated clearly in to the target market. Normally the promotional mix consists of:

Advertising

Public relations

sales promotion

Personal selling

Direct mail & internet, e-commerce

Normally Pepsi spending more on advertising rather than any other promotion mix. The main promotional strategy for Pepsi is advertising on media and taking part in social corporate events and sometimes Pepsi also offering sales promotions during the non-peak periods to retain the sales partly, now Pepsi advertising in internet also. As a marketing manager of Pepsi should go with Virgos advertising strategy to overcome the competitor and also Pepsi should contribute public relation also that will definitely give positive and rapid sales increase.

## **PLACE**

The distribution and logistics operations of the PepsiCo, one of the world's leading beverages and snack foods companies. The distribution system of the company clearly explaining the significance of various distribution channels used including supermarkets/retail stores, fountain/restaurant, convenience stores, vending machines and others for distributing beverages and snack foods. It also describes the logistics operations of PepsiCo's bottler (Pepsi Americas) and elaborates on how by employing the latest wireless technology solutions it enhanced the efficiency of its distribution and logistics operations significantly.

## **CONCLUSION**

Pepsi Inc., as built reputation around the world as a major player in the soft drink market as well as the leader in the snack food industry. This has been done by creating a wholesome environment for their customers all the while maintaining its integrity. This can be seen in the marketing mix which is the successful mix such as product, price, promotion and distribution. But in

PepsiCo distribution must understand the importance of an efficient distribution and logistics management system in reducing costs and creating value for customers. An effective marketing program brings together all of the elements of the marketing mix to achieve the organisation's marketing objectives by delivering to customers what they want and need. Thus, the most successful companies will be those that can meet these needs most effectively.

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