

# Pepsico.marketing plan

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Plant based PET bottles can also be recycled with regular PET plastic bottles. Responsible Water Sourcing Pepsi is using the newest technologies to reduce water use in the bottling plants. PepsiCo will also purify wastewater and return it to the local water supply. PepsiCo will also clean its bottles with purified air instead of water further reducing its water footprint. Natural Ingredients Pepsi Green will use natural cane sugar and adopt the Bouncer Standard, which measures the social and environmental impact of the production and primary processing of sugar cane.

Executive Summary Meredith Burns PepsiCo has been producing a wide variety of beverages and snack foods since its founding in the late sass's as a soft-drink company named Pepsi-cola. PepsiCo is not just soda pop. Since Pepsi-Cola's merger with Frito Lay in 1965, PepsiCo has strives to offer quality snack and beverage products worldwide. The snack and beverage market is more diversified and plentiful than ever. There are a plethora of choices one can make, from the tried and true to new, exotic and adventurous tastes for anyone to try. At PepsiCo, we strive to meet the demands of our customers.

We are constantly improving our brand, by investing in research and products that not only offer new and unique choices to the consumer, but also care for our precious natural resources and environment. We offer our customer new and exciting choices, but we have time-tested staples that our customers rely on, not only for their sentimental value as well. Superior quality and trust in us as a company will move us ahead in reaching our goals. PepsiCo states in its Business Objective that it wants to lead the world in beverage and snack sales.

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We strive to continue to develop our brand recognition worldwide, as well as become an industry leader in environmentally sound practices. While PepsiCo desires to be a global sales leader, our current focus will be on our U. S. Target Market. As we move forward, our target market will be young people and their educational institutions. PepsiCo sees great potential in marketing to people ages 13 to 26. This population has money in their pockets, and utilizes retail stores, vending machines, school cafeterias, and athletic venues. The youth of the U. S. Have a great sensitivity to environmental concerns and overall health and well-being.

Offering a greater variety of health-conscious snacks and beverages, as well as conducting business in an environmentally responsible fashion resonate with this target market. In order to appeal to PepsiCo target market, we have expanded our Product to those beyond soda. Beverages such as Taco, Sobs, Dole, Naked and Aquifer bottled water (among many others) have solidified PepsiCo as a beverage leader and innovator. Our target market will often choose these popular, healthier drinks over sodas. Along with beverages, PepsiCo offers a wide variety of snack foods that appeal to the busy young person.

From Chests, Frito, Doris and Grandma's Cookies to Smallwood Popcorn and Quaker Oatmeal, we offer a plethora of choices. Classic and fun, to healthy and low-cal, there is something to appeal to all tastes in treats. The way PepsiCo reaches our consumers means we need to get the product to the right Place. PepsiCo employs the most cost-effective possible that correspond to where the products are being sold. From delivering directly to

retailers, to selling to third-party distributors who stock vending machines, we aim to get the right product to the right place at the right time.

Once the product is in place, the price must reflect what the customer will consider a good value. Marketing management will decide what price to sell each product at, ensuring that the price is suitable for the geographic area, and that the customer will consider the product to be a product of quality, yet not too exorbitant. Along with choosing appropriate pricing, PepsiCo must decide how to promote the products. The company relies heavily on advertising to the target market, using mass media and especially television. Celebrities who resonate with the target market are often very effective in product promotion.

Taking a look at PepsiCo S. W. O. T. Analysis, we can get a feel for where PepsiCo is positioned to successfully move forward. We can also find areas for product improvement, as well as create solutions for potential problems and pitfalls facing the brand. Among PepsiCo strengths are brand recognition and loyalty, as well as product diversification. The company can build on these strengths to confidently introduce into the market that are innovative and health-conscious. PepsiCo will also continue to grow our commitment in environmentally responsible manufacturing.

Challenges facing the company are varied, not insurmountable. PepsiCo has had problems with employee/management relations, and discrimination.

There have also been some marketing issues, including controversial ads and poor logo redesign. PepsiCo will need to make sure it gains control over the image it wants to portray to its target market, stay on top of PR issues,

and ensure that there is no over-reliance on any single retail o e Business Mission and Objectives Isabel Gonzalez Pepsi Co is an internationally known company for soft drinks.

Pepsi is a carbonated soft drink and a product of PepsiCo. The Drink was invented in the in the summer of 1898 by a young pharmacist named Caleb Abraham. As demand increased for his product with a positive response from clients, he made the decision to launch the Pepsi-Cola Company from the back room of his pharmacy. He sold the drink in his pharmacy praising his product as an exhilarating, invigorating, product that aided indigestion, or could be used as cough medicine. He had seventeen years of success.

Those years of success changed at the turn on WWW as the ingredients needed to make the product became unaffordable forcing Abraham to go bankrupt. Candy manufacturer and president of Loft incorporated, Charles G. Guts, changed the luck of the company assuring its success back into the market. During the early years of its development, Pepsi began selling its 12-ounce bottle in 1934 for only five cents, when all of his competitors sold their product for the same price, but 6-ounces less. The price of the bottle has changed throughout the years.

Currently, the price for a 12-ounce bottle now varies from \$1. 29 to \$2: 00 depending on where the product is being purchased. Price is not the only thing that has changed through the years; its racketing techniques, products, logo, slogans, mission, and vision have changed in order to be adaptable to the changing environments it competes. The company has

created many other products aside from Pepsi but gained popularity with Pepsi. PepsiCo mission vows to conserve its past, present, and future.

Mission " Our mission is to be the world's premier consumer products company focused on convenient foods and beverages. We seek to produce financial rewards to investors as we provide opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate. And in everything we do, we strive for honesty, fairness and integrity. "(PepsiCo. Com) PepsiCo wants to become the premier consumer beverage product in the world, a big seller of carbonated drinks, as well as a source that meets societies needs.

In order to meet societies needs; it is involved in addressing the issues of the environments in the societies it interacts or operates, in order to operate compete and control the value for its shareholders. Their Vision: " Pepsi CO'sResponsibilityis to continually improve all aspects of the world in which we operate-environment, social, economy, creating a better tomorrow than today. "(PepsiCo. Com) They strive to provide programs in which it assumes responsibilities to better the environment and society they interact with, while keeping a commitment to create value in its shareholders by making the company more sustainable.

Their purpose is to leave a good affirmative image on society while engaging and dedicating themselves to deliver " performance with a purpose"

(PepsiCo. Com) The objectives of the company are: 1 . To adapt it's self to the changing environment of society and environmental doctors. 2 To aim towards developing a way to recognize any under tapped market to cake

away market shares from their competitors and increase their profits. 3. Makes great efforts and works hard to maintain a strong image of the company and product name brands such as Pepsi internationally and nationally.

Its products, like Pepsi, are developed to be adaptable by the market in which they plan to operate. 4. To aim for innovative and creative ways to expand its markets. Situation Analysis - SOOT Shasta Erickson Company background Name PepsiCo Inc. Industries served Beverages, Food Geographic areas served Worldwide Headquarters U. S. Current CEO Indra Nooyi Revenue \$ 66. 504 billion (2011) Profit \$ 6. 462 billion (2011) Employees 297, 000 Main Competitors The Coca-Cola Company, Dr Pepper/Seven Up, Inc. , Mondele International, Inc. , Hansen Natural Corporation, National Beverage Corp., Kraft Foods Inc. , The Kellogg Company, ConAgra Foods, Inc. , Nestle S. A. And others. Strengths Diversification Brand Pop Brand Loyalty Industry Recognition Weaknesses Employee Relations Marketing Misfires sad PR Overconfidence on Wall-Mart/Cam's Opportunities Capitalize on Trend Toward Healthier snacks and Drinks Growth in Emerging Markets Environmental Sustainability Reinvention Threats Overall Decline in SD Sales Legislation Ingredient-conscious Consumers PepsiCo STRENGTHS Diversification - The US per capita carbonated soft drink (SD) consumption for 2012 was 42. Gallons. This represents a steady decrease, down over 10 gallons per person since 2005. As the (SD) market continues to decline, Pepsi-Cola brands is well-positioned with products such as Sobeys beverages, Propel, Aquifer, Struck ready-to-drink beverages, Brisk and Lipton teas . PepsiCo generates approximately 25% of

its total revenue from Cads while its primary competitor, Coke, sees 60% of its revenue from SD sales. Brand Portfolio - In addition to Pepsi-Cola brands, the Pepsico umbrella also encompasses Frito-Lay, Tropical, Quaker, and Storage Brands.

This array of products reaches into every market from snack foods, to dinner table items, health conscious foods and Juices. These brands are distributed internationally, increasing market share. Brand Loyalty - in 2011, three of PepsiCo newest brands (Diet Met. Dew, Brisk Tea, Struck Ready-to-Drink coffees) each grew to 1 billion in annual sales. This gives Pepsico a total of 22 billion dollar brands which is an increase of 100% since 2000. These mega brands include: Pepsi, Lays, Met.

Dew, Storage, Tropical, Diet Pepsi, 7-JP, Doris, Quaker Foods, Chests, Miranda, Lipton Ready-to-Drink, Ruffles, Dittos, Pessimism, Brisk, Sierra Mist, Frito, Diet Met. Dew, Struck Ready-to-Drink, Walkers Industry Recognition - 2011 awards include: DOD Jones Sustainability Index - New Superstore Leader for Food & Beverage Maintained Beverage SectorLeadershipFortune's World's Most Admired Companies Fast Company's 50 Most Innovative Companies Barons' World's Most Respected Companies Dispenser's World's Most Ethical Companies Black Enterprise's Best 40 Companies for Diversity Latin Style Magazine's 50 Best Companies for Latinist to work for in the US Working Mother's Best Companies for Multicultural Women WEAKNESSES Employee Relations - In 2012, PepsiCo changed the screening criteria for employment, which eliminated applicants with arrest records from consideration. This resulted in over 300 black applicants not being hired, and



they subsequently sued the company. Shortly thereafter, PepsiCo announced that it would be laying off 8,700 employees (3%) worldwide while simultaneously increasing the marketing budget by \$600 million and giving a "golden parachute" to retiring CEO Misaims

Damper who had been at the helm during several failed campaigns. While layoffs were happening, KICK accounts of existing employees were cut. Marketing Misfires - From controversial celebrity endorsements resulting in pulled ads, to ad campaigns resulting in uproars over racial insensitivity and eating disorders, too \$1 million dollar redesigned logo that was too similar to President Obama's election campaign logo, PepsiCo has failed at marketing their main product, Pepsi, time and again.

Further, the company decided to take the \$20 million that it would have spent on articulation in the 2010 Super Bowl, and put it into the non-revenue generating Pepsi Refresh Project. This attempt at reinvention and brand building ultimately cost PepsiCo a 6% loss in sales and an incalculable amount of promotion as Coke went on to sponsor the Super Bowl alone. Bad PR - PepsiCo has seen a number of incidents that question the products' safety and quality.

There were syringes found in Pepsi cans, a rumored mouse that had been found (and dissolved in) in a Mountain Dew bottle, and more recently accusations of predominated vegetable oil in Storage. Whether true or not, whether the fault of the company or not, bad publicity can intact irreparable damage to the company's image. PepsiCo NAS also been faulted with selling bottled water that is filled with what equates to tap water while marketing

the bottles with pictures of mountains on them. This could be construed as deceptive. Overconfidence on Wall-Mart/Cam's - In 2011 Wall-Mart/ Cam's represented 11% of PepsiCo total revenue.

Their top 5 retail customers represented 30% of their North American sales with Wall-Mart/Cam's coming in at 18%. If customer attitudes shift, or if the relationship were to deteriorate, this would represent a massive loss to the company. OPPORTUNITIES Capitalize on Trend Toward Healthier snacks and Drinks - PepsiCo has already agreed to remove sugary drinks from schools. Primary schools will only be served water, low fat or non-fat milk, or juice with no sugar added. Secondary schools will also have the choice of diet drinks and Storage.

Since PepsiCo already has a larger market share than Coca-Cola in the non-SD category, so the opportunity should not be lost to continue to increase market share. Growth in Emerging Markets - PepsiCo has a much smaller global presence than its main rival, Coca-Cola. However, PepsiCo as made efforts to expand in this area by offering products and flavors geared toward local palates. For example, Lays Pickled Cucumber potato chips in Russia, Tropical Pulp Sacs Juice drinks in China, and Tropical Fruit sparkling fruit drinks in Saudi Arabia. This type of global expansion needs to continue by both acquiring and developing new markets.

Environmental Sustainability - Water scarcity is becoming an increasing obstacle. PepsiCo can seize the opportunity to find ways to conserve and/or reuse water. It should also be mindful about pollution and its carbon footprint. Continued research into plant-based recyclable containers is imperative.

PepsiCo recently rolled out North America's largest fleet of all-electric trucks, making great strides in the right direction. Reinvention - After several serious marketing failures, PepsiCo needs to reinvent itself. Rather than focusing only on the teen market, it should expand its market reach additional demographic groups.

The Pepsi Pulse and the mi Pepsisocial mediasites have started down this path. However, social media will still only primarily reach the younger groups of consumers. Pepsin's real opportunity is not with the launch of the gimmicky Mountain Dew Kickstand, which is marketed as a soda for the morning. Pepsi needs to find the product that speaks to the more mature consumers who are more health conscious and may want more meaningful nutrition. THREATS Overall Decline in SD Sales -Coca-Cola holds the majority of the market share of the carbonated soft drink sales with strong brand loyalty.

As SD sales continue to decline, capturing these consumers will become even more important. Legislation - The federal government as well as many cities and local municipalities are considering a soft drink tax in an attempt to fightobesity, diabetesand other health risks associated with sugary snacks and drinks. New York City has even further enacted a ban on " Supervised" fountain drinks. Along the lines of the " sin taxes" on items like cigarettes and alcohols, these proposed " sugar" or " fat" taxes put monetary value on consumers' every day choices.

This could encourage consumers to make healthier choices and ultimately hurt sales. Ingredient-conscious Consumers - Once considered rare, food

allergens have become a focus of many consumers and food manufacturers are responding by changing or expanding their product lines to accommodate them. In addition, artificial sweeteners and other ingredients found in soft drinks have been shown to cause cancer. Pepsi has already reformulated a product to avoid legal requirements to disclose negative information on their product labels. PepsiCo should consider reformulation for overall health benefits rather than just labeling convenience.

PepsiCo - One of the biggest threats to PepsiCo is PepsiCo itself. The snack food division of PepsiCo, sold under Frito-Lay is far more profitable than the flagship Pepsi. During the health conscious movement, PepsiCo jumped on board with the trend. They made the decision to put more money into marketing Frito-Lay, increasing its budget by 35%. At the same time, the already struggling Pepsi's marketing budget was reduced by 50%, having a centralization effect. If Pepsi is to survive as a brand, PepsiCo will have to find a way to successfully market the product, which will require a significant investment.

**INDUSTRY ANALYSIS** The US soft drink industry is made up of six main segments, which include Carbonated Soft Drinks, Fruit Beverages, Bottled Waters, Functional Beverages, Sports Drinks, and " Other" drinks. 3 companies account for 66% of the total market share: Coca-Cola, PepsiCo, Inc. , and Dry. Pepper Snapped Group. The remaining 36% is comprised of a combination of smaller manufacturers. Soft drink manufacturing is a \$47. 2 billion industry in the US, with an annual growth rate of 1. 8%. The major

market segments are: Carbonated Soft Drinks Top Brands are Coca-Cola, Pepsi, Mountain Dew, and Dry.

Pepper Fruit Beverages Top Brands are Tropical and Minute Maid Bottled Waters (includes bottled spring and filtered water and vitamin enhanced) Top Brands are Aquifer, Disdain, Glace Vitamin water, and Propel Functional Beverages (includes energy/relaxation drinks, ready-to-drink teas and coffees) Top brands are Red Bull, Monster Energy, Arizona, Lipton, Snapped, and Nested Sports Drinks Top Brand is Storage Other Drinks (includes ice manufacturing, dairy-based drinks, and soy-based drinks) Supermarkets and general merchandisers represent the largest channel to distribution and account for 48% of the market.

Other distribution channels are Food Service Operations, Convenience Stores and Gas Stations, Vending Machine Operations, Other outlets such as drug stores, private clubs, and Exports. Industry Challenges One of the biggest challenges to the soft drink industry is the increasing awareness of health-conscious issues. The quality of ingredients is crucial to long-term success. Non-traditional ingredients will also become a factor as consumers look for natural colors and flavors. Industry experts predict that US tastes will follow Europe where Sprite and Nested have both already seen a reformulation with a 30% sugar reduction.

Where Steven has become a popular sugar alternative, other sources such as Monk Fruit will become increasingly popular. Looking Forward What consumers should expect to see from the beverage industry in the coming years are sustainable packaging with the rise on non-petroleum based

single-serve containers, embracement of green thinking and business practices, including more social programs and support for producers in the wake of climatic change, more integrity in " Fair Trade" and " Certified Sustainable" labels.

Better labeling will provide clearer, more concise information including country of origin on every ingredient. There will be more accurate and consistent fact panels on each product. Marketing trends will continue to move away from being directed at children, and will be updated to satisfy consumers looking for a more healthful and environmentally responsible life.

Target Market Strategy Austin Golden The Pepsi Bottling Group

manufactures, distributes, and delivers a wide-variety of rodents that may interest many different markets.

With brands like Frito Lay, the maker off variety of potato chips and other snacks. Tropical, the maker off variety of Juice drinks. Quaker, the maker off variety of cereals and other food products, and Storage, the maker of sports drinks. PepsiCo is able to create a marketing mix with a target market that involves an abundance of different groups. Geographically PepsiCo target market is world wide, offering their products in many different nations; PepsiCo is able to spread its product line to all people.

This rates a larger target then most companies, but with the size of PepsiCo and the amount of products they offer it only increases the products they are able to sale. But with the number of products that other countries offer the U. S. Marketplace is the most viable and comfortable geographical location at this time. Within this marketplace PepsiCo will focus on the thousands of

High schools, Universities, and other higher education institutions. These educational structures house millions of students between the ages of 13 and 26 that usually consume more than one PepsiCo product per day. These institutions also usually have vending