

# Swot annalysis

[Business](#), [Management](#)



PepsiCo, Inc. SWOT analysis PepsiCo, Inc. SWOT analysis PepsiCo, Inc. is one of the largest companies in the world, which specialize in food and beverages. The company manufactures and sells a wide variety of snacks, carbonated as well as non-carbonated beverages. It is headquartered in New York, and it owns 19 brands including Pepsi-Cola, Diet Pepsi, Tropicana, Mountain Dew and Gatorade. It commands an employee base of over 294,000 people. PepsiCo, Inc. It has always recorded incredible performance year in, year out. For instance, it generates more than \$1,000 million in annual sales (ICDresearch, 2011). The company also records high annual revenues, and splendid profits. This paper examines the company's strengths, weaknesses, opportunities and threats as depicted in the Figure 1 below.

Figure 1. SWOT Analysis.

#### STRENGTHS

#### WEAKNESSES

Branding

Product diversification

Proper distribution channels

Low productivity

Poor employee relation

Overreliance on Wal-Mart

Overdependence on the US markets

#### OPPORTUNITIES

#### THREATS

Increased product base

International expansion

Growing market for bottled water and savory snacks

Decline in the sales of Carbonated drinks

Negative effects of government regulations

Stiff competition

Prevalence of strikes and other labor unrests

With regard to strengths, PepsiCo, Inc. is renowned in maintaining top brands. Indeed, Pepsi is one of the most recognized brands in the globe. In the year 2008 for example, Pepsi featured in the 28th position in the top 100 global brands rankings. Furthermore, most of its other brands are top brands as well. They include Diet Pepsi, Lipton Teas, Tropicana, Aquafina Bottled Water, Quaker Foods and Snacks, Tostitos, Sierra Mist, Gatorade Mountain Dew among many others. Most of these brands dominate in over 200 countries worldwide.

Another strength of PepsiCo, Inc. is product diversification. In this regard, Pepsi maintains a wide variety of products including juice drinks, snacks, bottled water, breakfast cereals, ready-to-drink beverages, cakes, among other. Also, PepsiCo, Inc. maintains an excellent distribution channel. In this regard, the company enhances proper the delivery of its products directly from the places of manufacture to the consumers and retail stores. The company also markets their own products, giving them a competitive advantage.

With regards to weakness, PepsiCo, Inc. heavily depends on Wal-Mart. Approximately 12 percent of PepsiCo's total net sales is sold to Wal-Mart (Datamonitor, 2011). This therefore implies that PepsiCo is greatly affected by Wal-Mart's strategies to large extents. For instance, Wal-Mart's low price

strategy mounts lots of pressures to PepsiCo, Inc.

Conversely, PepsiCo, Inc. experiences low productivity. This is greatly attributed to the poor remuneration to its employees who exhibit low productivity as a result of lack of motivation.

Overreliance on the US markets also constitutes PepsiCo's weakness. In this regards, a substantial portion of PepsiCo's revenues originate from the United States. As such, the company is largely affected by changes in the economic condition in the US economy.

With reference to opportunities, PepsiCo continues to broaden its product base. For example, PepsiCo, Inc. recently acquired a leading juice company in Russia and also a leading water company in the United Kingdom. It has also introduced Truenorth Nut Snack among others. Furthermore, PepsiCo has embarked on an initiative to expand its market internationally. For instance, it has increased its investment in India and China, and plans to expand further in Brazil and Mexico (Marketline, 2011). Another opportunity is the growing market in bottled water market savory snack market in the United States.

With regards to threats, PepsiCo, Inc. has been greatly affected by a decline in carbonated drink sales. Also, PepsiCo has been negative affected by various government regulations regarding environment, health and safety. However, the most prominent threat is stiff competition. In this regards, PepsiCo faces intense competition from Coca-Cola Company. Another threat is the prevalence of labor unrest among PepsiCo employees. Owing to the low pay and poor working conditions, PepsiCo employees are vulnerable to strikes and other labor unrest. This greatly threatens the company's

operations.

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