

# Pepsico buyer behaviour analysis



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## Buyer Behavior for Consumer Market

### **Introduction**

In the summer of 1898, In New Bern, North Carolina, a young pharmacist named Caleb Bradham began experimenting with combinations of spices, juices and syrup trying to create refreshing new drinks to serve his customers. He succeeded beyond expectations by inventing new beverages know as Pepsi-Cola. Nowadays, Pepsi is a well known soft drink in all over the world.

From its humble beginnings over a century ago, Pepsi-Cola has grown to become one of the best-known, most-loved products throughout the world. And the company behind it PepsiCo has grown as well, standing today as the premier marketer of refreshment beverages, juices and snack foods. They have consumer in over 200 countries in the whole world. The company offers more than 500 beverages and snack that appeal to every age of consumer age group and demographic category.

Today, PepsiCo is a \$29 billion company, employing more than 150, 000 people speaking more than 40 languages around the globe. The company is consistently recognized for its corporate citizenship, philanthropic efforts and diversity programs.

It is the world's fourth-largest food and beverage company and is staking its claim as the global leader in convenience foods and beverages. PepsiCo has a strong plan to continue to expand with an enormous lineup of convenience foods and drinks that provide great taste, nutrition and fun around the clock.

Here is the list of Pepsi Co brands and products.

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Mirinda, 7UP (International), Pepsi Limón, Kas, Teem, Pepsi Max, Pepsi Light, Starbucks Doubleshot (Partnership), Starbucks Doubleshot, Energy (Partnership) Starbucks Iced Coffee (Partnership), Tropicana Twister, and Mountain Dew.

### Model of Consumer Behavior

Consumer makes many buying decision every day. Many large companies do some research about consumer buying decision in great detail to answer questions what will customer buy, where they buy, how much they, when they buy and why they will buy those product. According to Principles of Marketing, Kotler (2008) Consumer Buyer Behavior refers to the buying behavior of final consumer which are individuals and households who buy goods and services for personal consumptions. The entire final consumer combines to make a consumer market.

Many big companies did a lot of marketing effort to attract the consumer to buy their product. For example, Pepsi Company. The company did a lot of marketing effort to attract the consumer such as advertising, survey, promotion and apply the 4 P's to make the consumer aware about their product.

The question here is, how did the consumer respond to the various marketing effort that Pepsi company use? Model of buyer behavior consist of Marketing and other stimuli, Buyer's black box and Buyer Responses.

Marketing and other stimuli will enter the consumer's black box and produce certain responses. So marketers need to figure out what is in the buyer's black box.

Marketing stimuli consist of the Four P's which are Product, Price, Place and Promotions. Other stimuli included major forces and events in the buyer's environment such as economic, technological, political and cultural. All the inputs will enter the buyer's black box, where they are turned into a set of observable buyer responses. Under buyer responses there are product choice, brand choice, dealer choice, purchase timing and purchase amount.

Consumers do not make their decisions in a void. Their purchases are highly influenced by cultural social, personal, and psychological factors. Here some of that influence the behavior or the particular market:

#### Cultural Factor

Cultural factor divided into three sub factors Culture, Sub Culture, Social Class. Culture is the set of basic values perceptions, wants, and behaviors learned by a member of society from family and other important institutions.

Culture is the most basic cause of a person's wants and behavior. Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country.

Based on the case study, we are doing a Pepsi brands in Malaysia. Malaysia has many races of people such as Malay, Chinese, Indian and many more. Now days many people choose to drink Pepsi because it is Halal and did not contain any alcohol. It is because most culture in Malaysia did not allowed them to drink alcohol. So for teenager of adult who cannot drink an alcohol drink, they can choose to drink Pepsi.

Other than that, now day culture in Malaysia more shift towards greater concern about health and fitness. This had brought a lot of huge industry for health fitness services, more natural foods and variety of diets. So for Pepsi company which serve soft drinks, they had come with a new products known as Pepsi Max which has less sugar and gas to fulfill the new culture of Malaysian people.

Sub Culture is a group of people with shared value systems based on common life experiences and situations. Each culture contains smaller sub cultures a group of people with shared value system based on common life experiences and situations. Sub culture includes nationalities, religions, racial group and geographic regions.

Many sub culture make up important market segments and marketers often design products. For Pepsi company, sub culture is very important in influencing the consumer to buy their products. They need to target consumer based on their nationalities, religions, racial group and geographic regions. For nationalities, Pepsi must aware about any country that did not allowed their people to take soft drinks.

For example, India. They had once ban Pepsi in their country because of the sugar contain in Pepsi. According to Marketing, Kotler (2008), Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Pepsi should not make an advertisement which can touch the sensitiveness of any religions, nationalities and others.

**Social Class** Almost every society has some form of social structure, social classes are society's relatively permanent and ordered divisions whose members share similar values, interests and behavior. Social class did not determined by a single factors such as incomes, but it measured as a combination of occupation, income, education, wealth, and other variables. Marketers are interested in social class because people within given social class tend to exhibit similar buying behavior.

### Social Factors

A consumer's behavior also is influenced by social factors, such as the Groups, Family, Roles and status. Groups are two or more people who interact to accomplish individual or mutual goals. A person's behaviors are influenced by many small groups. Groups that have a direct influence and to which a person belongs are called membership groups. Some are primary groups includes family, friends, neighbours and coworkers. Some are secondary groups, which are more formal and have less regular interaction.

These include organizations like religious groups, professional association and trade unions. For groups, it is much easier for Pepsi to attract them to buy their products. Because a single member of the groups can influences almost all the group member to follow them. For example, a leader in one group can influenced the members to buy Pepsi as part of the group activities.

Family members can strongly influence buyer behavior. The family is the most important consumer buying organization society and it has been researched extensively. Marketers are interested in the roles, and influence

of the husband, wife and children on the purchase of different products and services. In this social class, Pepsi need to target the children because they are the people who will consume more Pepsi. But of cause they will ask their parents to buy the products. So Parents is the customer and Children is the consumer.

Roles and Status is a person belongs to many groups, family, clubs, organizations. The person's position in each group can be defined in terms of both role and status. For example, Mdm Airis plays the role of Mother, in her family she plays the role of wife, and in her company, she plays the role of manager. A Role consists of the activities people are expected to perform according to the persons around them.

### Personal Factors

Personal factors consists of Age and life cycle stage, Occupation, Economic situation, Life Style, and Personality and self concept.

Age and Life cycle Stage is People changes the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle. Here Pepsi cannot target the all age of people to buy their products. They should target consumer from children, to teenagers and finally the adults. Because nowadays many people concern about their health. So they will try to avoid any soft drinks that have a lot of sugar and gas. This will affect their health.

Occupation is a person's occupation affects the goods and services bought. Blue collar workers tend to buy more rugged work clothes, whereas white-collar workers buy more business suits. A Company can even specialize in making products needed by a given occupational group. Thus, computer software companies will design different products for brand managers, accountants, engineers, lawyers, and doctors.

From here we can conclude that only working people can purchase Pepsi products. But not every one of them will purchase Pepsi. So Pepsi need to find a thing or a person to influence them. For example, advertisement is the best tools to influence them or for parents, children are their best factors to influence them to buy Pepsi products.

Economic situation is a person's economic situation will affect product choice. Life Style is a person's Pattern of living, understanding these forces involves measuring consumer's major AIO dimensions. For example, activities such as Work, hobbies, shopping, support. Other than that interest, Food, fashion, family recreation and opinions about themselves, Business, Products

Personality and Self concept each person's distinct personality influence his or her buying behavior. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment.

Psychological Factors

Psychological factors consist of Motivation, Perception, Learning, Beliefs and attitudes Motivation.

Motive drives a need that is sufficiently pressing to direct the person to seek satisfaction of the need.

Perception, The process by which people select, Organize, and interpret information to form a meaningful picture of the world. Learning is Changes in an individual's behavior arising from experience.

Beliefs and attitudes. Belief is a descriptive thought that a person holds about something Attitude, a Person's consistently favorable or unfavorable evaluations, feelings, and tendencies towards an object or idea.

Marketing Research Technique

## **INTRODUCTION**

According to Malhotra (1996), Market Research can be defined as a key element within the total field of marketing information. It's links the consumer, customer and public to the market through information which is to identify and define marketing opportunities and problems generate, refine and evaluate marketing actions while improved the understanding of marketing as a process and of the ways in which specific marketing activities can be made more effective. This is for the reason that it's always incorporates some form of the data collection whether it is secondary research (often referred to as desk research) or primary research which is collected direct from a respondent.

While based on the case study we know that Pepsi Co is one of the most famous company that produce soft drink and some other product.

Subsequently to get the information about Pepsi Co we need to do the market research so that we will know how far the customer or consumer is satisfied with the Pepsi product as well. This is because without the market research they might be tough for Pepsi Co to know about the level of satisfaction of their customer towards their product that has been produce by them. Consequently to get the work become more efficient we will follow the step on market research which is the first step is we will apply the web site method to get the first condition and perception about the Pepsi Co.

This is because through the web site method we will get extra information such as the impression, background, financial and so on about the Pepsi Co. Next we will make some preparation on preparing the questionnaire about Pepsi Co which is in the questionnaire include some of the question about how society get know about the Pepsi Co and how much they spend to buy Pepsi product.

On top of that the 20 sheet of questionnaire has been distributed towards the people around the Kuala Lumpur Convention Center (KLCC) which is the trendiest place that all people knew bout it. The data analysis will analyze by 20 people around there with the different age and occupation. Finally the data that has been collected will be prepared and presented in the best way.

Primary data collection can be considered as one of the extra sources because is needed when a researcher cannot find the data needed in secondary sources. Market researchers are interested in primary data about

demographic, socioeconomic, characteristics, attitudes or opinions or interests, awareness or knowledge, intentions, motivation, and behavior.

Three basic means of obtain by primary data are observation, surveys, and experiments. The choice will be influenced by the nature of the problem and by the availability of time and money.

## **SURVEY**

According to Business Dictionary. com (2009), Survey can be defined as the collection of data from a given population for the reason of analysis of a particular issue. Data that frequently collected from a sample of a population, known as a sample of survey. As we already informed surveys is one of the ways that are used widely in research, especially in market research to find some information or any feedback from others towards some product.

Besides that there have 4 types of survey which include personal interview, self-administrated surveys, telephone interviews and direct observation. In order to collect the information of Pepsi Co we were applying 2 types of survey which is personal interview and self administrated surveys which are made by us as well.

### **Personal Interview**

According to Business Dictionary. com (2009), Personal Interview can be defined as a market research technique for gathering information through face-to-face while contact with individuals. Personal interviews take place in a variety of place like settings-in homes, at shopping malls, in a business office and so forth.

One of the personal interviews is face-to-face interviews which is this interview are conducted between a market researcher and a respondent. Then the data is collected on a survey. Some surveys are very rigid or 'structured' and use closed questions. So that the data is easy to compare with others. Further about face-to-face interviews is more 'in strength,' and depend upon more open forms of questioning. The research will investigate and develop points of interest.

While based on the case study, we were taken place in KLCC to do the research up about the Pepsi Co which is the trendiest area in the Kuala Lumpur. We chose this place because on a daily basis there is more people visit that place and most of them are from people around the Malaysia. Consequently we use the face-to-face interview because easy to get feedback from them and we can get the information on the spot. On top of that Pepsi Co can get directly more explanation from them because they can go through what they felt about the product that has been produced by Pepsi Co.

### Self-Administered Surveys

A self-administered survey is one in which the respondent completes the survey on his or her own. While as we know questionnaires are usually printed on paper, but they might be in other ways like programmed into computer and placed on the internet and ask for the response. However, self-administered questionnaires present a challenge to the marketing researcher because they rely on the efficiency of the written word rather than the skills of the interviewer.

Self-administrated surveys are attractive because they are low in cost, and they avoid interviewer evaluation apprehension or worry. While based on the case study, when we do the survey about Pepsi Co we would just used pen and a paper to make the survey complete. Instead of that the people that has been ask for complete the survey questionnaire will directly respond on the questionnaire. Consequently we can get the result of the information directly of the questionnaire which is has been complete by the respondent.

### Telephone Interviews

Telephone interviews also can be consider as one of the techniques that can be done to make our survey complete which is telephone interviews is also one of the key under the survey method. Telephone interview can be defined as an interview that gathers information through telephone contact with individuals. This means that the interviewers will call their respondent to get the feedback or respond from their customers. As a result the information that gathers would help us as well to make changes towards our product that has been survey.

### Direct Mail

While surveys also can be made by using the direct mail which is the interviewers will send the questionnaire through the email so that the respondent can give the feedback form there using the mail responded . Example like company A which is the interviewer and in order to evaluate their performance towards society they will try to make and Direct mail interview which is they will send some question that will be in questionnaire and may be might ask about their company services that has been provided

to society and they will sent the questionnaire to Company B which the interviewee.

On this cases the company will receive the questionnaire form in direct mail from the Company B. So as the respondent Company B will return the answer also in mail form which is they will send back to Company A Through this method its give lots of pros towards the company which is can save cost in order to prepared the questionnaire because through the direct mail it's the company can save cost

### **OBSERVATION**

The market research technique is not just only based on the survey method, this is because Observation also one of the method that can be used to collect the information on the level of satisfaction towards Pepsi product.

Observation can be easily defined as the systematic process of recording the behavioral patterns of people, object and occurrences without questioning or otherwise communicating with them. Observations can be divide into two types which is having as human observation and mechanical observation. As a Marketing Research officer for Pepsi Co we were use both types of observation to know what behavior of people or society towards the Pepsi Product.

Observation as a methodical process of recording the behavioral patterns of people, objects and event without questioning or else communicating with them. Observation can be divides into two types which are as the chart show above two types of observation is Human observation and Mechanical

observation which is can be implementing by Pepsi Co in order to observe their customers.

### Human Observation

Human observation can be defined as self explanatory, using human observers to collect data in the study. We can do the observation by human observation. It means that we use human as the observers which is we can just look and interpret what they do, what feeling are they, or else from their body languages. We can know what their feel now such as happy, enjoy, bored and so forth towards the product of Pepsi.

Other than that through the human observation the best technique that can be implement by the Pepsi Co to evaluate their customer feelings is through facial reaction of the customer which is can be in their smiles, raised eyebrows an head nods as well. As a result we can automatically analyze how the customer sense towards the product of the Pepsi. Besides that Pepsi Co also can used the direct observation in order to observe the customer of their product. Which is they can straightly observe the customer behavior towards the Pepsi product

### Mechanical Observation

Mechanical observation involves using various types of machines in order to gather the information, data, which is then interpreted by researchers. On a daily basis we are already know that with the continuing improvements in technology, there are lots of “ mechanical” ways that can be used in order to capturing data in observation studies however, these new “ gadgets” tend to

be extremely expensive. The most commonly used and least expensive means of mechanically gathering data in an observation study is a video camera. A video camera offers a much more precise means of collecting data than what can simply be recorded by a human observer.

Based on the case study we know that in order to observe the customer we can implement the other ways which is like Mechanical Observation as a Marketing Research Officer we try to look forward on the ways of implementing the mechanical observation this is because they will make our work become more easily with the observation for employees or customers of the Pepsi Co. Otherwise Pepsi Co can use the CCTV which is to get the information without knowing by other people. Example that can be stated at here is like Pepsi Company in order to observe their employees in all departments like marketing department, chemical department which is this entire department were play and important role while producing and made the product Pepsi.

Consequently we can see the action that shows by them is humble, lazy, and friendly and so forth. Indirectly, Pepsi Co can manage or take an action towards the employee which is not performing effectively and efficiently towards their work. Other than that we also can use the Video in order to observe the behavioral of the customer while the purchase the Pepsi product and we can see how they felt either satisfied or not which the number of purchase.

### **Conclusion**

While based on my point of view the conclusion that can be made at here is survey is a type of research which is comparatively costly, because it

requires a staff of interviewers, but it provides the best opportunity to obtain information through probing for clearer explanations. Consequently, we can know what people in KLCC feel about the Pepsi product. This is because the respondent can tell us what they feel. Ultimately, we can know either they satisfy or not about the performance of the Pepsi product or not. Besides that the personal style (tone of voice, rewording of a question) and biases of each interviewer can affect how the participants respond and how the responses are recorded. As a result, we can get information from our recorded such as from video recorded. While from mechanical observation, we must spend more time to get the information. At the same times, we cannot observe the feeling of people in this campus because we cannot ask then but just take their photo or video. On the whole, for us, survey is the best technique to use early on in the research process when the researcher is not yet sure which questions need to be asked, because new and better questions can come out of the dialogue.

## SWOT ANANLYSIS

### **Introduction**

According to Businessdictionary. com (2009), secondary data is an existing primary data that was collected by someone else or for a purpose other than the current one. It depending on whether the data come from inside and outside the organization needing to research. In secondary data, it divided into two parts of sources such as internal and external secondary data. Internal secondary data are data that have been collected and exists inside the business firm or other organization. External secondary data is data from outside that firm.

According to Business Dictionary. com (2009) SWOT is a tool that identifies the strengths, Weaknesses, Opportunities, and Threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The method of SWOT analysis is to take the information from an environmental analysis and separate in into internal such as strengths and weaknesses and external issues such as opportunities and threats. Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desire result.

Based on case study, to be comes a strong business strategy, Pepsi Co can used SWOT analysis that helped it become stronger competitor in other way Pepsi Co must identify which is their strength, weakness, opportunity and threat?

#### SWOT Analysis of PEPSI Co

The Pepsi Company is a leading manufacture, distributor and marketer of non-alcoholic beverage concentrates and syrups, in the world. Pepsi has a strong brand name and brand portfolio. Business-week and Interbrain, a branding consultancy, recognize Pepsi as one the leading brand in their top 100 global brand ranking in 2006. The business week-interbrain value Pepsi \$67, 000 million in 2006. Pepsi ranks well ahead of its close competitor Coca-Cola which has a ranking of 22 having brand value \$12, 690 million the company's strong brand value facilitates customer recall and allows Pepsi to penetrate markets. On the other hand, the company is threatened by intense

competition which could have an adverse impact on the company market share.

### Strengths

Strong brands allow the company to introduce brand extension such as Pepsi max, Pepsi Cola, Pepsi Twist, Pepsi Diet, Pepsi Light over the year; the company has made large investments in brand promotion. Consequently, Pepsi is one of the best recognized global brands. The company's strong brand value facilitates customer recall and allows Pepsi to penetrate new market and consolidate existing ones.

Pepsi has been a complex part of world culture for a very long time and they take a good qualities control of their product by take important on qualities processes n also procedures to maintain their customer satisfaction. They have a unique product image and the product's image is loaded with over-romanticizing and this is an image many people have taken deeply to heart. The Pepsi image is displayed on T-shirts, hats and collectible memorabilia and many more.

This extremely recognizable branding is one of Pepsi's greatest strengths. It allows them to conduct business on a global scale while at the same time maintain a local approach. The bottling companies are locally owned and operated by independent business people who are authorized to sell product of the Pepsi Company. Because Cola does not have outright ownership of its bottling network, its main source of revenue is the sale of concentrate to its bottlers.

## Weaknesses

Weaknesses for any business need to be both minimized and monitored in order to effectively achieve productive and efficiency in their business activities, Pepsi have no exception. Even though domestic business as well as many international market are thriving volumes in Latin America were up 12%, Pepsi has recently reported some decliners in unit case volumes in Indonesia and Thailand due to reduce consumer purchasing power.

According to an article in Fortune magazine, in Japan, unit case sales fell 3% in the second quarter of 1998. Consequently we can determine the Pepsi Weakness which is can be improve and can be make sure that in future they will never happened again.

Besides that, Pepsi on the other side has effects on the teeth which is an issue for health care. It also has got sugar by which continuous drinking of Pepsi may cause health problem. Being addicted to Pepsi also is a health problem, because drinking of Pepsi daily has an effect on your body after few years. Because its contain chemicals which could cause cancer, damage the nervous and reproductive system and reduce bone mineral density. Such negative publicity could adversely impact the company's brand image and the demand for Pepsi product. This could also have an adverse impact on the company's growth prospects in the international market

## Negative publicity

The company received negative publicity during September 2006. The Company was accused by the Center for Science and Environment (CSE) of selling products containing pesticide residues that contained a hazardous

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pesticide residue. These pesticides included chemicals which could cause cancers, damage the nervous and reproductive systems and reduce bone mineral density. Such negative publicity could adversely impact the company's brand image and the demand for Pepsi products. This could also have an adverse impact on the company's growth prospects in the international markets.

### Opportunities

Brand recognition is the significant factor affecting Pepsi's competitive position. Pepsi's brand name is known well throughout 94% of the world today. It means that the primary concern over the past few years has been to get this name brand to be even better known. Packaging changes have also affected sale and industry positioning, but in general, the public has tended not to be affected by new products. Pepsi bottling system also allows the company to take advantage of infinite growth opportunities around the world. This strategy gives Pepsi the opportunity to service a large geographic, diverse area.

Pepsi is such an experienced powerful global company, which has a basic of a great fund. So it has the ability to place an idle sum of money to the promotion. We can see that the advertisement of Pepsi-Cola is so attractive. It also invited the top famous people to advertise for it. The advertisement is so elaborate and attractive so that Pepsi gained the special prize of the advertisement Granny.

### Threats

Currently the threat of new viable competitors in the carbonated soft drink industry is not very substantial. The threat of substitutes however is a very real threat. The soft drink industry is very strong, but consumers are not necessarily married to it. Possible substitutes that continuously put pressure on both Pepsi and Coke include tea, coffee, juices, milk, and hot chocolate, even though Coca-Cola and Pepsi control nearly 40% of the entire beverage market, the changing health-consciousness of the market could have a serious effect.

Of course, both Coke and Pepsi have already diversified into these markets, allowing them to have further significant market shares and offset any losses incurred due to fluctuations in the market. Consumer buying power also represents a key threat in the industry. The rivalry between Pepsi and Coke has produced a very slow moving industry in which management must continuously respond to the changing attitudes and demands of their consumer or face losing market share to the competition. In addition, consumers can easily switch to other beverages with little cost or consequence.

Intense competition

Pepsi competes in the nonalcoholic beverages segment