

Advertising term paper with case study



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Advertising, What Is It ? Advertisements are methods used to commercialize a product or anything else, such as AA meetings, a garage sale, etc.

Advertising is used mainly to influence specific audience or all audiences to buy the product. For example, my product is advertising Reebok and is concentrating on people who play American Football. The advertisement is using the testimonial* method to advertise Reebok. The purpose for advertising is to commercialize a product or anything else to a certain audience or to any audiences. Another purpose for advertising is to persuade people to buy the product so that you'll get more money.

A third purpose is to make the company a bigger name by getting more buyers. For example, the purpose of my advertisement is to persuade any American Football players to buy Reebok. Introduction History of Advertising Advertising as a promotional and communicational tool has come a long way through the ages to become so important and significant in our modern society. Common people may still not realize what important part it takes in our society and business, what great influence it has on creating, forming and even changing people's attitude and decisions about things and events. It has a long history of progress, although the greatest influence on its present status is due to these factors: •The development of mass communication technologies and the economical growth in the US.

- The newspaper advertising came to America later than to Europe, where newspapers were initially invented. The first American newspaper was printed in 1704 in Boston. It was called " The Boston Newsletter" and contained some announcements about the reward, offered for catching a thief of some male clothes. When the US became a country, there were

about thirty local newspapers with news info and some ads, which now we would call the classified local advertising.

From 1870 to 1900, these three decades had the greatest influence and were of great importance to the advertising progress in the US. In a very short frame of time, the USA turned from an agricultural country with the European ways of marketing traditions, the system of product distribution and the promotion into a great industrial country with totally new ways of the product promotion and distribution. Advertising entered a new age in its history. The development of the transportation system was a very important influence on the advertising progress. The US is about 3000 miles wide.

This is a rich land of the nature, fertile soil, forests and coal mines. At first, the transportation was all bound to the rivers and people traveled and transported goods only by boats. Consequently, with the development of the railway network, people started to explore new lands and, accordingly, to produce and transport more goods. Back in those times, the population of America was rapidly growing that also had a vital impact on the advertising progress.

About at the same time, new discoveries and new means of communication, such as the telephone, telegraph, typewriter, etc were invented. All these means of communication greatly assisted the development of the advertising. During these thirty years (1870-1900) there was a tremendous growth of the industry in the United States. To compare, relate these two numbers: in 1867, the amount of the smelted steel (which is still one of the main indicators of the economical growth) reached twenty thousand tons,

while in 1900 it reached ten million tons. What an incredible increase and opportunity for the advertising to develop! The history of the advertising in America is of great significance and has caused enormous effect on the advertising, marketing development and strategy building around the world.

It, basically, has fashioned and molded its traditions and course of development for the future. Advertising Explain Advertising is used to promote goods, services, images, and anything else that advertisers want to publicize. It is becoming a major part of mass media. At times we may view it positively, at other times we may just neglect or ignore it. In order to attract audiences, advertisers use various techniques on their advertisements to make people aware of the firm's products, services or brands. Although the methods used by advertisers are infinitely, they have a common goal to persuade those who may become their customers to buy their products.

An excellent advertisement will create a deep impression on its potential customers through particular techniques. The effect that advertising has had on consumers is of consequence to everyone due to the nature of capitalism. " Defined a consumer is someone that acquires goods or services for direct use or ownership. Advertising is the activity of attracting public attention to a product or business, as by paid announcements in print, broadcast, or electronic media (Dictionary. com). " Consumers see a need for items that can make their lives healthier, more enjoyable and convenient.

What advertising does for consumers is that it alerts them to the benefits that they may expect but at the same time advertising may also open the door to deception. Advertising is a multifaceted means by which a company

or an individual may market a product or service. Advertisements can be seen in books, journals, magazines and newspapers. And, can also be heard on the radio, while viewing TV or by surfing the Internet. “ One form of advertising is Co-operative advertising is done when a group of businesses with similar interests work together co-operatively to increase the impact, and reduce the expense, of their marketing efforts (Strait). ” There are advantages to advertising that is of direct benefit to the consumer.

It produces innovation and product improvement by forcing competition that lowers prices. Advertisements are also the principle means by which most people hear of a product or service, in so far as to what the product can do and its' performance. For instance an ad can alert a consumer to a product that may be able to help them live longer. They help a consumer to make up their mind when choosing.

And, ads can introduce a consumer to new products and new uses for older products. Most importantly perhaps, due to its' time-management appeal, is that an ad provides a means by which the process of trying numerous products may be eliminated. In a capitalist society sometimes the sole interest of the provider of a product may be to just earn money. At issue is whether short-cuts are worth the money that can be earned. Advertising costs money and in a competitive market providers know that if their product is not known than no one will buy it.

To pass on the price of advertising on to consumers can be disastrous. For this reason some providers have developed strategies to reduce the cost of marketing which include mass production, buying needed materials in bulk

and wholesale and relocating the production plant in another country in order to escape high taxes. However, are these tactics for increasing profit enough? Well, it stands to reason that if the quality of the product suffered as a result of short cuts than that would also reduce profit. For most companies and individuals that rely on advertising as a means of acquiring profit it is about getting their brand name recognized.

When someone sees or hears an advertisement they usually are able identify the product with the company that makes it, i. e. McDonald's Big Mac or Burger King's Whopper. It is in the provider's best interest to maintain a high standard in regards to their product or service due to the negative effects that name association bears on success. Sometimes the consumer may be misled by false advertisements. The largest problem plaguing consumers is fraud (Smith).

This often occurs when an add deceives a consumer by having them to pay for a product or service that does not exist. It also happens when a claim is made or alleged that about product's quality or performance which cannot be substantiated. Another example of advertising not being in the best interests of the consumer is when the advertisements are manipulative causing the consumer to purchase a product that they would not normally use. One gross misrepresentation occurred when the telephone service known as ' Miss Cleo' made false claims in their advertisements. There were several complaints that caused the FTC (Free Trade Commission) to pursue charges against ' Miss Cleo'. Consumers stated that in the commercial aired on TV that they were going to receive a " reading" at no cost.

And, that upon speaking to agents consumers had been told that they had been awarded additional free time and that they would not be charged while on hold. Further, these same agents intentionally misled consumers when they had made claims that consumers were legally obligated to pay for services even when criteria did not exist to support such a claim (FTC). Consumers need to be aware that the promises made to them in advertisements may not be exactly what they will get once they have actually paid for the service or product. Advertising represents a multi-billion dollar industry. Who's a consumer, everyone. Advertising in of itself provides people with useful information to help us to decide where to spend our money.

This is helpful so long as the advertisement doesn't mislead or overly manipulates people into making misinformed purchases. Instruments & Channels of Advertising • Billboards, • Signs, • Radios, • Newspapers & Magazines • Television, • and Internet re main instruments that we as society see or use everyday and advertisers use as channels to advertise to society. Advertising has a major role in businesses and advertising is a business in itself. How else would businesses get their name and product or service out to the consumer by efficient means and time? A business may create a product and within a couple days reach consumers across the nation to sell that product.

Without advertising businesses would not expand into nationwide companies, they would only exist as bricks and mortars in towns where they exist and the community knows them. Without advertising competition would only exist between companies by positive feedback of consumers and <https://assignbuster.com/advertising-term-paper-with-case-study/>

their price. Without advertising our society would move at a snails pace to grow. Spending would be minimal as well as sales.

Advertising creates more business to be done and more spending to be done. Furthermore, advertising is a paid link between the business and the consumer to inform and persuade them about a product or service to promote consumer sovereignty of products available to the consumer. To understand the disputes and arguments of advertising, the definition of advertising has to be established. Advertising happens to be anything that distributes a message to another to inform or persuade. A garage sale sign pinned on a tree is a form of advertising. But to keep it from a business standpoint, advertisements are “ paid, nonpersonal communication forms used with persuasive intent by identified sources through various media” (Commerce and Morality p43).

In order to make advertising unique from announcements and other types of information, advertising main purpose is to inform and persuade to consumers to go out and buy the service or product. The advertisers have a general knowledge of who their target audience is, but do not know the individual that exist within the target audience. “ They [advertisements] appeal to unknown individuals” (Commerce and Morality p43). For example, advertisers may target teenagers to sell a new hip shoe. Advertisers will have hip teenagers to model the product instead of mother or father figures to identify with the target audience. So on the whole, the advertisers may touch the target audience, but each individual in the target audience will identify with the advertisement at difference levels.

The goal of advertisers is to create an advertisement that can appeal to the general target audience, not deeply touch a small group of individuals in the target audience that ignores the rest. Consumer sovereignty by many, including John Kenneth Galbraith (“ John Kenneth Galbraith”), seizes to exist in today’s age. Consumer sovereignty is consumer independence.

Consumers have the choice. If they were no choice in society then there is no sovereignty. It is “ the authority of consumers to determine what is produced through their purchases of goods and services” (“ The Market System”).

Many believe that advertising takes away consumer sovereignty. Advertising is repeated again and again in order to influence consumers to not have choices. Consumers see so much of one advertisement that it forces them to go out and buy the product and service. In this setting, consumer sovereignty would seize to exist. By people admitting there is no consumer sovereignty, they admit no free will. They are admitting that they are determined to buy these products that they are exploited to.

In a sense, these consumers are forced to buy the product if they are imposed by mass advertisement of the product. Determined or brainwashed?

Does advertising have any role in forcing consumers to buy products?

Consumer sovereignty still does exist in today’s age and can never seize to exist with our economic system that is set. Consumers see an abundance of advertising and from this advertising creates desires. Most consumers, when there is money to be spent, will not save their money but rather go out and buy something.

Whatever appealing advertisement crosses their path at the time they are willing to go out and buy something is what they will buy. Is it the advertisement's fault that the consumer went out to buy something? Not at all. Advertising does not take away consumer sovereignty. We have free will to choose what we want to buy and when we want to buy an item. We have these manifestations of what we want in our head. These aren't caused by advertisements but rather from observing other individuals of what they have in society and wanting to have that item to be as well off or better off than that individual.

We live in a materialistic society. Advertising did not make it this way, individuals of society did. Furthermore, advertising reflects the attitudes of our society. For example, sex has become open more and more in today's society. It is no longer a taboo to discuss sex.

We are encouraged to express ourselves in an open matter regarding sex. Therefore, many advertisements refer to sex in order to sell a product. Consumers go on to say the add is distasteful. Ironically, advertising generally expresses the attitudes and tastes of society. For one to say an advertisement is distasteful is calling the times they live in distasteful. That person is part of a society that has let sex come out in the open and now can be seen in advertisements.

Criticizing tastefulness in advertising only criticizes the times consumers live in. Advertising does not want to have consumers to find their distasteful and obscene. " It is the culture that " deserves" indictment – not the advertisers

who reflect that culture in their ads” (Commerce and Morality p44).

Advertising targets an audience to interest them in a product or service.

They do this by relating to the audience on a common note in a unique way that stands out to show why their product or service is better than their competitors. Advertising and more advertising only creates more choices for the consumer. Without advertising, there would be little competition since the information needed to make comparisons would be unavailable” (Commerce and Morality p46). Advertising does not take away choices from the consumer, which would take away sovereignty.

A consumer is willing to exaggerate seeing an advertisement to set blame on anything that caused him or her to buy something than himself or herself. Coca cola is one of the biggest soft drink companies. The amount of times I will see some form of advertisement of Coca Cola would be less than five times in a day. Is this a lot? The amount I will see a movie advertisement is less than ten times in a day, which involves two and a half minutes of my twenty four hour day, and that is being generous. Consumers should reevaluate what they claim.

Overall consumer sovereignty is not hindered by advertising. Advertising creates more choices for consumers to consider which product they most desire. Consumer sovereignty exists for a consumer if he or she wishes. Many consumers fall into the trap of having to spend money, and right then an advertisement comes along which causes them to buy something. The root of buying products starts with the consumer themselves not the

advertisement. Advertising does not control the consumers on what they buy; advertising merely informs them on what they can buy.

Consumer sovereignty goes hand in hand with advertising to create an economic system for consumers to obtain products that they wish and for businesses to flourish Advertising Ethics Advertising is important, because it is informative and beneficial for people to know that a product or service exists. The goal of advertising is to create awareness of the product/ service, establish an identity, provide memorable information, and convince people they're better off it. There's also a truth behind the fact that most of these products/ services advertised aren't needed. But I will agree mostly on the side that advertising is information. It's there to inform us, we choose whether or not we want to purchase it out of necessity or desire. Advertising have grown and flourished today.

They help companies identify target market and give advices on how to reach the market. There are so many products out there that companies need to get people's attention on their own products/ services. Advertising helps make the product appealing to a person's basic motives, and influences their behavior and attitude with the product. I do believe that advertising shapes the society and culture. People wants to have a sense of belonging in the society that they follow the norm of what people think and act.

We think and act based on the environment around us. It's like a basic instinct for survival. If we are born in the middle of a dangerous jungle, our basic instinct is to defend and protect ourselves. If I fall back and even

become a burden, I will be ostracized by this jungle society. We are mostly born in this innovative and materialistic society, where everyone has access to all information, and we choose which one to follow so we won't fall back and become ostracized. People think advertising is unethical for many reasons.

The consequences of advertising shaping us can be harmful. It took advantage of children while they're young. Children learnt to find their identities within subtle advertising messages found everywhere on television, billboards, prints, etc. Most of these products can be harmful and unhealthy for children. For example, teens that were exposed to the tobacco and alcohol advertising at a younger age, claims the Joe Camel, Marlboro Man, and Budweiser Frog were the most recognizable icons they could think of.

Most smokers began in their teen years. Children also became victims of ultra, thin models in the fashion industry. Most of the fashion advertising is provocative and sensual, showing men and women with no clothes. Children then believe that they have to be thin and sexually attractive to be liked by peers. As an advertising point of view, advertising to children is an effective strategy to build early loyalties to the brand.

But if I am a parent, I will not want my children to be exposed with messages that become part of their lifestyle. It is not wrong to advertise to children. Advertising is just information and everyone of different age have the right of any information to make decisions in life. Since the society has and will continue to expose sexual, harmful, materialistic, etc. culture to children, it

become parents and educators responsibility to teach children about advertising. Children can be taught how to make responsible decision.

Although I think this strips the nature of childhood as we have to teach them responsibility, I think it's necessary if we're living in this globalize and informative world. AS there's a saying, " Don't change the world to fit you, but change yourself to move around the world. " Advertising also uses celebrities to promote products/ services. It's an easy and powerful tool to get people's attention since celebrities are always admired. I do believe that it's very misleading and manipulative to use celebrities. Most celebrities don't often use the products they endorsed.

And nowadays, celebrities are given products for free just to get visibility in the media. I think the society itself has a problem. The more we want to be like celebrities and live in luxury, we get sucked in by advertisements that feel luxurious. Government has always regulated the advertising industry; one for the fact is to protect consumers, and second is to have an honest market place for business to take place.

Regulating is fine compare to banning. When something is banned, people tend to want it secretly. For example, countries that ban guns in each household have higher increase of violence than countries that own guns. Children being withhold about information of sex, alcohol, and drugs, are more curious to find it out themselves secretly. Regulating and giving choices for people to decide is the best way to keep advertising alive.

At the end of the day, it all comes down to advertising being responsible with their actions. If they purposely go over the line, they should be ready to

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receive consequences. It's a give and take trade, you give people a good vibe, they will come to you. Promotion and Advertising The Role of Promotion: Communication to build and maintain favorable relationship by informing and persuading target audiences to view an organization positively and to accept its products. While a company overall role of promotion is to stimulate product demand. Objectives of Promotion: •Create awareness •Stimulate demand •Encourage product trail •Identify prospects •Retain loyal customers •Facilitate user support Case History 1 Create awareness: For E-Health to introduce a new product, making customers aware of the product is crucial to initiating the product adoption process.

E-Health has invested heavily in product development needs to create product awareness quickly to generate revenues to offset the high costs of product development and introduction. Stimulate demand: The innovative product is in the introductory stage of the product life cycle, E-Health is going to advertising its product by using the Pioneer Advertising Method to focus on stimulating demand for a product category (rather than a specific brand) by informing potential customers (doctors and the patients) about the product's features, uses, and benefits (what it is, what it does, how it can be used, and where it can be obtained. Encourage product trail: Hospitals/doctors may stall during the evaluation stage of E-Health products and services. Therefore, certain types of promotion, such as free samples and/or free tests are employed to encourage product trail.

Identify prospects: Those who are interested in E-Health products are most likely doctors, patients, hospitals, health care providers (PPO and HMO) and insurance companies. Retain loyal customers: The goal is to maintain long-

term customer relationships. Such relationships are quite valuable.

Promotional efforts directed at customer retention can help E-Health control its costs because the costs of retaining customers are usually lower than those of acquiring new customers.

Facilitate user support: To encourage hospital staffs and doctors to push the products and services, E-Health may provide them with special offers such as working with the patients in the presentation and promotion of the products and services. Advertising Target audience: •UCLA Medical Center •USC

Medical Center •Cedars-Sinai Medical Center •Loma Linda Medical

Center Advertising objective: The primary advertising objective is to produce monthly income from \$60, 000 to \$100, 000 within 12 months. Advertising

Platform: The survey to the operation candidates indicating the most important concern is the post-op complication. The use of E-Health products will create post-op connection between doctors and patients. The services will be available 24/7 monitoring the condition of the patients. Advertising

Appropriation: E-Health decided to use the percent-of-sales approach to allocate about 5 per cent of sales as advertising budget.

Media plan: Primary goal is preparing to reach the largest number of people in the target area of Los Angeles County an Orange County by using: •Local newspapers •Magazines •Yellow pages •Special events •Direct mail

•Internet •Radio •Television Advertising message: E-Health products will give the post-op patients better care with a lower cost. Execution:

Advertising manager will ensure that various phases of the advertising work are done on time, and the staff will evaluate the quality of the work and make adjustment if necessary. Evaluating advertising effectiveness: E-Health

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will use a consumer jury, a panel of potential users of the products to judge several advertisements and find out what inference them the most. IX.

Advertising objective is to produce monthly income from \$60, 000 to \$100, 000 within 12 months should match IV. Financial Objectives is to achieve 1st years sales of 3, 000 units resulting in \$10.

9 million in sales. (Which is about \$3, 633 per unit?) I think \$10. 9 million including sales of units and services, and then IX. should be changed to the same amount Case history 2 Resource Organization History Pepsi-Cola is a carbonated beverage that is produced and manufactured by PepsiCo. It is sold in stores, restaurants and from vending machines. The drink was first made in the 1890s by pharmacist Caleb Bradham in New Bern, North Carolina.

The brand was trademarked on June 16, 1903. There have been many Pepsi variants produced over the years since 1903, including Diet Pepsi, Crystal Pepsi, Pepsi Twist, Pepsi Max, Pepsi Samba, Pepsi Blue, Pepsi Gold, Pepsi Holiday Spice, Pepsi Jazz, Pepsi X (available in Finland and Brazil), Pepsi Next (available in Japan and South Korea), Pepsi Raw, Pepsi Retro in Mexico, Pepsi One, and Pepsi Ice Cucumber in Japan. In October 2008, it was announced that Pepsi would be redesigning their logo and re-branding many of their products. Pepsi, Diet Pepsi and Pepsi Max will use all lower-case fonts for name brands, Mountain Dew will be renamed “ Mtn Dew,” and Diet Pepsi Max will be re-branded as Pepsi Max.

The brand’s blue and red globe trademark will become a series of “ smiles,” with the central white band arcing at different angles depending on the

product Origins Pepsi was first made in New Bern, North Carolina, in the United States in the early 1890s by pharmacist Caleb Bradham. In 1898, “Brad’s Drink” was changed to “Pepsi-Cola” and later trademarked on June 16, 1903. [2] There are several theories on the origin of the word “pepsi”. The only two discussed within the current PepsiCo website are the following:

1.

Caleb Bradham bought the name “Pep Kola” from a local competitor and changed it to Pepsi-Cola. 2. The word Pepsi comes from the Greek word “pepe” (????), which is a medical term, describing the food dissolving process within one’s stomach. Dyspepsia is also a medical term describes a problem with one’s stomach to dissolve foods properly. Another theory regarding the name’s origins is that Caleb Bradham and his customers simply thought the name sounded good and reflected the fact that the drink had some kind of “pep” in it because it was a carbonated drink.

It was made of carbonated water, sugar, vanilla, rare oils, and kola nuts. Whether the original recipe included the enzyme pepsin is disputed. [3][4] In 1903, Bradham moved the bottling of Pepsi-Cola from his drugstore into a rented warehouse. That year, Bradham sold 7,968 gallons of syrup. The next year, Pepsi was sold in six-ounce bottles, and sales increased to 19,848 gallons.

In 1924, Pepsi received its first logo redesign since the original design of 1905. In 1926, the logo was changed again. In 1929, automobile race pioneer Barney Oldfield endorsed Pepsi-Cola in newspaper ads as “A bully drink..”

. refreshing, invigorating, a fine bracer before a race”. In 1931, the Pepsi-Cola Company went bankrupt during the Great Depression- in large part due financial losses incurred by speculating on wildly fluctuating sugar prices as a result of World War I. Assets were sold and Roy C.

Megargel bought the Pepsi trademark. [5] Eight years later, the company went bankrupt again. Pepsi’s assets were then purchased by Charles Guth, the President of Loft Inc. Loft was a candy manufacturer with retail stores that contained soda fountains. He sought to replace Coca-Cola at his stores’ fountains after Coke refused to give him a discount on syrup.

Guth then had Loft’s chemists reformulate the Pepsi-Cola syrup formula. Rise in popularity During the Great Depression, Pepsi gained popularity following the introduction in 1936 of a 12-ounce bottle. Initially priced at 10 cents, sales were slow, but when the price was slashed to five cents, sales increased substantially. With a radio advertising campaign featuring the jingle “ Pepsi cola hits the spot / Twelve full ounces, that’s a lot / Twice as much for a nickel, too / Pepsi-Cola is the drink for you,” Pepsi encouraged price-watching consumers to switch, obliquely referring to the Coca-Cola standard of six ounces a bottle for the price of five cents (a nickel), instead of the 12 ounces Pepsi sold at the same price.

[6] Coming at a time of economic crisis, the campaign succeeded in boosting Pepsi’s status. In 1936 alone 500, 000, 000 bottles of Pepsi were consumed. From 1936 to 1938, Pepsi-Cola’s profits doubled. 7] Pepsi’s success under Guth came while the Loft Candy business was faltering. Since he had initially used Loft’s finances and facilities to establish the new Pepsi success, the

near-bankrupt Loft Company sued Guth for possession of the Pepsi-Cola company. A long legal battle, Guth v.

Loft, then ensued, with the case reaching the Delaware Supreme Court and ultimately ending in a loss for Guth. Loft now owned Pepsi, and the two companies did a merger, then immediately spun off the Loft company. Niche marketing 1940s advertisement specifically targeting African Americans. Walter Mack was named the new President of Pepsi-Cola and guided the company through the 1940s. Mack, who supported progressive causes, noticed that the company's strategy of using advertising for a general audience either ignored African Americans or used ethnic stereotypes in portraying blacks. He realized African Americans were an untapped niche market and that Pepsi stood to gain market share by targeting its advertising directly towards them.

To this end, he hired Hennis Smith, an advertising executive “ from the Negro newspaper field” to lead an all-black sales team, which had to be cut due to the onset of World War II. In 1947, Mack resumed his efforts, hiring Edward F. Boyd to lead a twelve-man team. They came up with advertising portraying black Americans in a positive light, such as one with a smiling mother holding a six pack of Pepsi while her son (a young Ron Brown, who grew up to be Secretary of Commerce) reaches up for one. Another ad campaign, titled “ Leaders in Their Fields”, profiled twenty prominent African Americans such as Nobel Peace Prize winner Ralph Bunche and photographer Gordon Parks. Boyd also led a sales team composed entirely of blacks around the country to promote Pepsi.

Racial segregation and Jim Crow laws were still in place throughout much of the U. S. , so Boyd’s team faced a great deal of discrimination as a result,[9] from insults by Pepsi co-workers to threats by Ku Klux Klan. [10] On the other hand, they were able to use racism as a selling point, attacking Coke’s reluctance to hire blacks and support by the chairman of Coke to segregationist Governor of Georgia Herman Talmadge. [8] As a result, Pepsi’s market share as compared to Coke’s shot up dramatically. After the sales team visited Chicago, Pepsi’s share in the city overtook that of Coke for the first time This focus on the black market caused some consternation within the company and among its affiliates.

They did not want to seem focused on black customers for fear white customers would be pushed away. [8] In a meeting at the Waldorf-Astoria Hotel, Mack tried to assuage the 500 bottlers in attendance by pandering to them, saying, “ We don’t want it to become known as the African-American drink. “[11] After Mack left the company in 1950, support for the black sales team faded and it was cut. Marketing In 1975, Pepsi introduced the Pepsi Challenge marketing campaign where PepsiCo set up a blind tasting between Pepsi-Cola and rival Coca-Cola. During these blind taste tests the majority of participants picked Pepsi as the better tasting of the two soft drinks. PepsiCo took great advantage of the campaign with television commercials reporting the test results to the public.

In 1996, PepsiCo launched the highly successful Pepsi Stuff marketing strategy. By 2002, the strategy was cited by Promo Magazine as one of 16 “ Ageless Wonders” that “ helped redefine promotion marketing. [13] In 2007, PepsiCo redesigned their cans for the fourteenth time, and for the first time,

included more than thirty different backgrounds on each can, introducing a new background every three weeks. [14] Celebrity endorsers Main article: Pepsi spokespersons Like Coca-Cola, Pepsi and its associated beverages have had various celebrity endorsers and continue to use them. Slogans A large advertisement made to resemble a Pepsi cup at Nickelodeon Universe in the Mall of America. •1939: “ Twice as Much for a Nickel” •1950: “ More Bounce to the Ounce” 1950: “ Any Weather is Pepsi Weather” •1957: “ The Light Refreshment” •1958: “ Be Sociable, Have a Pepsi” •1961: “ Now It’s Pepsi for Those Who Think Young” •1963: “ Come Alive, You’re in the Pepsi Generation”.

•1967: “(Taste that beats the others cold) Pepsi Pours It On”. •1969: “ You’ve Got a Lot to Live, and Pepsi’s Got a Lot to Give” •1975: “ Have a Pepsi Day” •1977: “ Join the Pepsi People (Feeling Free)” •1980: “ Catch That Pepsi Spirit” David Lucas composer •1981: “ Pepsi’s got your taste for life” •1983: “ Pepsi Now! Take the Challenge! ” •1984: “ Pepsi. The Choice of a New Generation” (Commercial with Michael Jackson, featuring Pepsi version of Billie Jean) •1986: “ We’ve Got The Taste” (Commercial with Tina Turner) •1990: “ You got the right one Baby UH HUH” (sung by Ray Charles for Diet Pepsi) •1991: “ Gotta Have It”/” Chill Out” •1992: “ Be YoungER, Have Fun, Drink Pepsi” •1993: “ Right Now” Van Halen Song for the Crystal Pepsi Ad •1995: “ Nothing Else is a Pepsi” •1994: “ Double Dutch Bus” Pepsi song sung by Brad Bentz. •1996: “ Pepsi: There’s nothing official about it” (During the Wills World Cup(Cricket) held in India/Pakistan/Sri Lanka) •1997: “ GeneratioNext”. With the Spice Girls ” •1998: “ Yeh Dil Mange More”(In Hindi/Urdu meaning “ My heart wants more”)(India/Pakistan) •1999: “ Ask for

More”/” The Joy of Pepsi-Cola” (Commercial with Britney Spears/Commercial with Mary J. Blige) •2000: “ Aazadi dil ki” (In Hindi meaning “ Freedom of the Heart”)(India) •2003: “ It’s the Cola”/” Dare for More” (100th Anniversary Commercial) •2003: “ Yeh Pyas Hai Badi” (India) •2005: “ Wild Thing”/” Ask For More” (With Jennifer Lopez & Beyonce Knowles) •2006: “ Why You Doggin’ Me”/” Taste the one that’s forever young” Commercial featuring Mary J.

Blige •2007: “ More Happy”/” Taste the once that’s forever young” (Michael Alexander) •2008: “ Yeh hai Youngistaan Meri Jaan! ” (India) •2008: “ Pepsi Stuff” Super Bowl Commercial (Justin Timberlake) •2008: “? epsi is #1” ? v commercial (Luke Rosin) •2008: “ Pepsify karo gai! ” Commercial (in Urdu meaning “ Wanna Pepsify! “) (Pakistan) (Featuring. Adnan Sami and Annie (Pakistani singer))

Health concerns With the beverage industry’s cost-cutting shift to corn sweetener during the 1980s, Pepsi and similar products no longer contain large amounts of sucrose, if any. The sole exception is the seasonal release of “ Kosher for Passover” Pepsi (and Coca-Cola) products, which may not be available in all geographic regions. Orthodox Kosher law forbids consumption of grain products during the Passover holiday season, hence corn sweetener is replaced with cane sugar during springtime months. The presence of sucrose instead of corn byproducts renders lighter-colored, less brownish carbonation bubbles, and produces what some aficionados describe as a cleaner swallow and sweeter taste. Excessive sugar intake (including corn-based sweeteners) is thought to be a contributing factor in the development of certain types of diabetes.

Sugar is also a leading contributor to tooth decay. As Pepsi contains phosphoric acid, drinking two or more colas per day more than doubled the incidence of kidney disease. See also chemical Ingredients Pepsi-Cola contains basic ingredients found in most other similar drinks including carbonated water, high fructose corn syrup, sugar, colorings, phosphoric acid, caffeine, citric acid, and natural flavors. The caffeine-free Pepsi-Cola contains the same ingredients minus the caffeine. The original Pepsi-Cola recipe was available from documents filed with the court at the time that the Pepsi-Cola Company went bankrupt in 1929.

The original formula contained neither cola nor caffeine. Ingredients as seen on products: carbonated water, glucose-fructose and/or sugar, caramel colour, phosphoric acid, caffeine, citric acid, flavour. Competitors •Coca-Cola •R. C.

Cola SWOT analysis of Pepsi Cola Strength •Pepsi has a broader product line and outstanding reputation. Merger of Quaker Oats produced synergy across the board. •Record revenues and increasing market share. •Lack of capital constraints (availability of large free cash flow).

oGreat brands, strong distribution, innovative capabilities oNumber one maker of snacks, such as corn chips and potato chips •PepsiCo sells three products through the same distribution channel. For example, combining the production capabilities of Pepsi, Gatorade and Tropicana is a big opportunity to reduce costs, improve efficiency and smooth out the impact of seasonal fluctuations in demand for particular product. Weakness •Pepsi hard to inspire vision and direction for large global company. •Not all PepsiCo

products bear the company name •PepsiCo is far away from leader Coca-cola in the international market – demand is highly elastic. Opportunity

- Food division should expand internationally
- Noncarbonated drinks are the fastest-growing part of the industry
- There are increasing trend toward healthy foods
- Focus on most important customer trend – “ Convenience”.

Threats •F&B industry is mature •Pepsi is blamed for pesticide residues in their products in one of their most promising emerging market e. in India

- Over 50 percent of the company’s sales come from Frito-Lay; this is a threat if the market takes a downturn
- PepsiCo now competes with Cadbury Schweppes, Coca-Cola, and Kraft foods (because of broader product line) which are well-run and financially sound competitors.
- Size of company will demand a varied marketing program; Social, cultural, economic, political and governmental constrains.

Strategies The purpose of the strategy is to increase the EPS by 15% per annum and increase PepsiCo’s stock price. There are two ways to increase the EPS, first is to increase the income and second to decrease the amount of stocks outstanding.

To increase the income, there are two ways, first is to increase the revenue, and second is to reduce the expenses. To increase the revenue, there are several ways: a. Use the opportunity of the increasing demand in international market. As we can see, the ? sales of Coca Cola comes from international market, while Pepsi Co only ? of its sales. So, there are lots of opportunity for Pepsi to increase its revenue from international market.

b. Use the opportunity of increasing trend toward healthy food. As we know from the case, the customers prefers to have healthier body. PepsiCo can

introduce energy drinks, healthy drinks, or promote Quaker, the division which is already known for its healthy foods. c.

As other customer products, product development is critical for the company's success. The company must introduce new products and new variants from time to time. The company must also increase the brand awareness of its products to the market. ..

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