

On dq1 diversification
and based on dq2
pepsico



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DQ1 The use of diversification can help increase shareholder value in a variety of ways. Companies that use a diversification strategy are able to reduce their overall business risk (Besley & Brigham, 2000). Having a lot of different products allows a company to lower its business risk due to the fact that firms are able to participate in multiple markets simultaneously. An example of a firm that has effectively used diversification to its advantage is Procter and Gamble (P&G). " P&G is the worlds largest and most profitable consumer products company, with nearly \$84 billion in sales and 25 billion-dollar brands" (Pg, 2013).

One of the reasons for the success of this company has been its ability to innovate. Innovation has helped the company create thousands of consumer products. It is important for companies such as P&G to create products that meet the needs, expectations, and desires of its customer base. " Effective business communication requires a certain skill set to determine the customer needs and then deliver on that information" (Highprofitsmarketing, 2013). When companies ignore the fact that satisfying the needs of the customers is of top priority they often struggle maintaining a high customer retention rate. It is important for companies that use diversification to add product lines that are aligned with the strengths of the firm. Another example of a company that implemented a diversification strategy was Microsoft with its successful entrance into the gaming industry. The XBOX 360 has taken a lot of market share away from Nintendo.

Technological products are susceptible to being influence by innovation. An example of a technological product that has been constantly innovating is Apple's iPhone. In six years the company has launched five versions of the product. All new versions have new innovative features. Innovation is often

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also found in luxury products.

DQ2

PepsiCo is the 2nd largest player in the soda beverage industry. The company is behind the industry leader Coca-Cola. Coca-Cola has historically done a better job at marketing its brand globally which has helped the company maintain a higher customer retention rate. " One of the most important metrics to measuring your customer retention is your retention rate" (Newnorth, 2013). Pepsi has to do a better job at marketing its brand in order to gain the global recognition that Coca-Cola has achieved. A factor that differentiates both companies is the fact that Coca-Cola has greater popularity among international consumers.

I think that Pepsi has been able to increase its brand recognition in the U. S. by becoming the top supplier of beverage for the fast food industry. PepsiCo generated sales of \$35 billion in 2011 (Chacha, 2012). A good strategy that Pepsi implemented recently was switching its traditional 2 liter packaging to a 1.5 liter bottle. By selling a lower quantity of soda the company can lower its prices. One of the areas in which Pepsi holds an advantage over Coca Cola is in its product diversification. Pepsi makes a lot of money selling snack foods. In the future Pepsi has to do a better job of marketing its brand. A marketing channel that can help the company attract young customer is cellular advertising. Cellular advertising is one of the hottest marketing channels in the 21st century. " The Significance Of Selection With Your Mobile phone Advertising Campaigns Portable marketing and advertising is becoming a fundamental element of any organization strategy" (Jackson, 2013).

There are various marketing channels that are experiencing a decline since

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the start of the broadband age. The marketing channel that has been affected the most is the written press. Newspapers and magazines have been experiencing a decline in the number of subscribers. TV is still generating a lot of money, but it has been losing some ground to online streaming sites such as Hulu. com.

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