

Article on Pepsi's Promotional Strategies

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Abstract

This article is literature study of promotional impact on Pepsi. Pepsi use CSR as a tool to gain emotional empathy and bring about a positive response towards their product. All in all Pepsi are masters in promoting and capturing the public's heart. The company tries to deliver emotional experiences such as happiness, hope and optimism. This article is basically a review study. The literature for the study is obtained through certain reliable research repositories. The literature survey revealed astounding facts as how to position brand in a typical market like India. The study reveals that strategic marketing along with social media presence could impact positioning of the foreign brands.

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Introduction

PepsiCo Inc. is an American multinational food, snack and beverage corporation headquartered in Purchase, New York, United States, with interests in the manufacturing, marketing, and distribution of grain-based snack foods, beverages, and other products. PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc. PepsiCo has since expanded from its namesake product Pepsi to a broader range of food and beverage brands, the largest of which includes an acquisition of Tropicana in 1998 and of Quaker Oats in 2001, which added the Gatorade brand to its portfolio. As of January 26, 2012, 22 of PepsiCo's brands generated retail sales of more than \$1 billion apiece, and the company's products were distributed across more than 200 countries, resulting in annual net revenues of \$43.3 billion. Based on net revenue, PepsiCo is the second largest food and beverage business in the world. Within North America, PepsiCo is the largest food and beverage business by net revenue. Approximately 274,000 employees generated \$66.415 billion in revenue as of 2013.

Pepsi is a carbonated soft drink that is produced and manufactured by PepsiCo. Created and developed in 1893 it was renamed as Pepsi-Cola on August 28, 1898, then to Pepsi in 1961. Pepsi is made with carbonated water, high fructose corn syrup, caramel colour, sugar, phosphoric acid, caffeine, citric acid and natural flavours. A can of Pepsi (12 fl ounces) has 41 grams of carbohydrates (all from sugar), 30 mg of sodium, 0 grams of fat, 0 grams of protein, 38 mg of caffeine and 150 calories.

According to the Forbs list of most valuable brands in the world, PepsiCo is ranked as #29, with a brand value of 19 Billion U.S. Dollars. Promotion refers to raising customer awareness of a product or brand, generating sales, and creating brand loyalty. It is one of the four basic elements of the market mix, which includes the four P's: price, product, promotion, and place. Pepsi puts a lot of emphasis on their promotion strategies and this is why millions of people consume it. The target audience are mostly teens with young adults. The promotion includes cool, hip promos to attract the audience. The advertising and promotion is mostly creative and includes music ad sports and the film industry as well.

This study focuses on the promotional activities and its impact on Coca-Cola. The scope of the study is limited solely to the markets visited by the researcher for the purpose of research; this may hence not be a total reflection of the impact of the company's activities in all markets. The researcher aims to find how the activities of the company have been successful in driving sales and the market share of the company by focusing on various promotional activities. The research tries to find the importance of a diversified promotional strategy on the success of a brand. The data and information for this research was availed from secondary data only. References was taken from various research articles and journals available online revolving around the company and the topic in discussion. The market analysis was done for the markets which were within the reach of the researcher. This paper is basically review paper and as such a vigorous literature search was done through certain international article data bases. The literature review was undertaken in order to realize the following objectives.

1. To know and assess the present market condition of Coca-Cola company.
2. To know about various marketing strategies and their relative importance to company.

3. To study and assess the future opportunities and also constraint to the company through literature review.

Research methodology

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Review of Literature

Promotions in marketing mix of Pepsi

One of the strongest reason Pepsi retains its brand image is its promotions. Pepsi targets mainly youngsters through various Brand ambassadors. In India, the brand ambassadors have been the best celebrities as well as sports person of the country including Sachin Tendulkar, M S Dhoni, Amitabh Bacchan, Ranbir Kapoor and others.

Pepsi uses all the media channels for its promotions. Along with ATL, Pepsi is also present in BTL marketing. Furthermore, along with traditional media channels, Pepsi also uses trade promotions and sales promotions at point of purchase. Discounts and packaging are always being bundled to give the best combination and value to the customer to increase purchases as well as the brand equity.

The bottom line is that Pepsi cannot exist without the proper promotions. This is because Pepsi belongs in the FMCG market, and in FMCG, you either perform or perish. The FMCG market is one of the toughest market for businesses. However, Pepsi is not only surviving, but

it is thriving in the FMCG market. Thus, hoping that Pepsi keeps re-inventing its marketing mix so that it remains in the top 2 category of soft drinks.

Pepsi began with the Yehi hai Right Choice Baby campaign, which has been one of the most memorable campaigns of the brand, featuring celebrity endorsers such as Shah Rukh Khan among others. The focus, as is clearly evident, is on the product with the youth as its target segment. Yeh Dil Mange More and Yeh Pyaas Hai Badi were some of the later campaigns.

Yeh Dil Mange More campaign was again a great success, having balanced the emotional as well as the functional appeal of the product. Featuring Sachin Tendulkar and many other leading stars at that point of time, this was also one of the longest campaigns carried out by Pepsi. The company however failed to maintain the trend and leverage it. Instead of moving on to a complete emotional appeal platform, the company decided on a product based promotion campaign. Though there is still some amount of emotional appeal to its campaigns, the principal focus is on the product - it being a preferred thirst quencher.

Analysis of Marketing Strategy of Pepsi

Segmentation of Market: A market segment consists of a group of customers who share a similar set of needs and wants. Rather than creating the segment the marketer's task is to identify them and decide which one to target. Leading soft drink companies Coca-Cola and Pepsi follow the similar segmentation strategy for target marketing.

Mass Marketing: However in some of its popular product both the companies follow the mass marketing strategy. In this type of segmentation, companies target the whole market and not any particular segment of the population.

Targeted Marketing: Although the targeted group of the company is the whole population, they want to earn more revenue from a segment than their other revenue generator sources. For this, they recognize following bases for segmentation.

Geographical: Both companies treat hot countries such as Asia, Middle East and African differently in comparison to cold countries. As in tropical countries, consumption of soft drinks is 70% in summer and 30% in winter season while in EUROPEAN countries its consumption is almost uniform. So soft drink companies prefer different marketing strategies in Asian and European countries. In countries like India and Pakistan, these companies invest huger sources in the season of summers, and their target area is domestic users, restaurants, school and college canteens and even rural chaapals. While in winter season their target is mainly party users and high-income group consumers.

Rural vs. Urban market

Coca-Cola Company is one of the first global majors to have spotted the potential spin offs from the country's rural market. Population of Rural sector is more conscious more about the price whereas Population of Urban sector is more conscious about the quality and brand name of the product. So Coca cola and PepsiCo in Year 2002 bring the 200 ml bottle at Rs. 5 specifically targeted at the rural sector so that soft drink can take place of the local drink like lemon, sugarcane juice and Tea etc. Both the companies Coca-Cola and PepsiCo have adopted different marketing strategy for rural and urban areas.

Age: India is considered to be a young country i.e. average age of Indian population is less 38years. Thus targeting young generation can be a beneficial marketing strategy for soft drink companies. In fact this is the case, all the major brands like Pepsi, coca cola, and thumps up, mainly target younger generation in India. In Europe, as average population is older than Asian countries, Coca cola targeted the older generation of the population. Similarly in USA, Pepsi targeted the generation X (younger generation) as they comprises majority of the population and they positioned Pepsi in the mind of youth that Pepsi is for the youth.

Gender: Gender based segmentation is very important. As taste of male and female is different. Let's take the example of coca cola, thumps up is promoted as masculine soft drinks while coca cola and Fanta are having light taste and mainly targeted for loving birds, ladies, and children. Same example is available in Pepsi, Mirinda's orange flavour is popular among ladies, girls, and children.

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Conclusion

By all means social media marketing appears to be best strategy to promote products. Unilateral strategy is not sufficient a company need to multi-pronged strategic stamina to overcome marketing hardships. There are also studies that advocate that the companies need to provide some certain provision for localization of their products. Lack of standardization for ingredients of product also leads consumers in to confusion few papers bemoan that there need to be sufficient and strict standardization for production and branding for food and beverages. Strategies in various business functions moves Pepsi has a vision for the time to come and are moving towards it at an incredible pace with mind blowing promotions on ground. The research done through this paper enabled us to understand how advertisement is not just about bill boards and print ads, it's about connecting with the hearts of the consumers, providing the consumers with a reason to be associated with a brand. We have also found that social media marketing combined firm strategically

approach to market could make brands out of tribulations.

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