



International Research Journal of Marketing and Economics

Vol. 3, Issue 12, December 2016

Impact Factor- 5.671

ISSN: (2349-0314)

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Website: [www.aarf.asia](http://www.aarf.asia) Email : [editor@aarf.asia](mailto:editor@aarf.asia) , [editoraarf@gmail.com](mailto:editoraarf@gmail.com)

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## IMPACT OF DIGITAL MARKETING ON PEPSICO

*Submitted in partial fulfillment of the requirements for the award of the*

*Degree of Bachelor of Business Administration in Finance and International Business*

*Of Christ University*

*By*

**Digvijay Singh Kushwaha (Reg. No. 1523610)**

**Prachi Khosla (Reg. No. 1523665)**

Under the guidance of

**Prof. Sridharan**



**CHRIST**  
UNIVERSITY

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Declared as Deemed to be University under Section 3 of UGC Act 1956

SCHOOL OF BUSINESS STUDIES AND SOCIAL SCIENCES

BGR CAMPUS

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BENGALURU

2016-2017

## ABSTRACT

*This paper talks about the various ways in which digital marketing has impacted one of the biggest multinational companies; PepsiCo. The purpose of the paper is to find the huge impact digital marketing has made on PepsiCo. It talks about the various traditional and unique marketing strategies the company has been practicing over the years and how the introduction to digital marketing has helped them to expand and grow. The conclusion of the research was that PepsiCo had successful traditional marketing strategies but the introduction to digital marketing has helped the company to promote their products on a global scale in unique ways so as to innovate, create and grow.*

**KEY WORDS:** Creative, Digital marketing, innovation, impact, growth

## INTRODUCTION

PepsiCo, Inc. is an American multinational sustenance, snack and drink partnership headquartered in Purchase, New York. All PepsiCo food and beverage products are sold worldwide. The six divisions under PepsiCo, few of them being independent or in conjunction with third parties make, market and distribute and sell a diverse range of products, develop new products be innovating continuously, and focus on delivering performance with purpose; the company follows and encourages sustainable growth by aligning what is good for the business, society and planet. Constant innovation, partnerships and acquisitions have helped the company to have a diversified portfolio of beverages and other products enjoyed all over the world. PepsiCo serves 200 nations and is a world pioneer in giving sustenance and drink items. Its brands comprise of Frito-Lay North America, PepsiCo Beverages North America, PepsiCo International and Quaker Foods North America. The organization is centered on being the chief maker in providing the world with convenient nourishments. They offer wide assortment nourishment alternatives also, including sound choices.

The six main global divisions of the company are:

1. North – America Beverages (NAB)
2. Frito – Lay North America (FLNA)
3. Quaker Foods North America (QFNA)
4. Latin America (LA)
5. Europe Sub – Saharan Africa (ESSA)

## 6. Asia, Middle East and North Africa (AMENA)

The vision and mission statement of PepsiCo:

Vision - deliver top-tier financial performance over the long term by integrating sustainability into our business strategy, leaving a positive imprint on society and the environment.

Mission - provide consumers around the world with delicious, affordable, convenient and complementary foods and beverages from wholesome breakfasts to healthy and fun daytime snacks and beverages to evening treats.

The rise of technology and social media is bringing in new ways of marketing such as digital marketing. PepsiCo is one company which has capitalized on the opportunity and has embraced the technology to promote all their products on a digital platform. This has helped them build good customer relationships and made consumers aware of the other products of PepsiCo. The company has also adopted user generated content form of digital marketing in order to promote themselves and also to constantly stay in touch with customers to understand their needs better and focus on trying to solve existing problems by reviewing suggestions provided by customers.

### **HISTORY**

The recipe for Pepsi was at first made in the 1880s by Caleb Bradham, a medication expert and industrialist from New Bern, North Carolina. He created the name "Pepsi-Cola" in 1898. As the cola made in distinction, he made the Pepsi-Cola Company in 1902 and enrolled a patent for his recipe in 1903. PepsiCo, Inc. was set up through the merger of Pepsi-Cola and Frito-Lay. Pepsi-Cola was made in the late 1890s by Caleb Bradham, a New Bern, N.C. sedate expert. Frito-Lay, Inc. was encircled by the 1961 merger of the Frito Company, set up by Elmer Doolin in 1932, and the H. W. Lay Company, set up by Herman W. Lay, in like manner in 1932. Herman Lay, past official and CEO of Frito-Lay, was director of the top administrative staff of the new association; Donald M. Kendall, past president and CEO of Pepsi-Cola, was president and CEO. The new association reports offers of \$510 million and has 19,000 laborers. Genuine consequences of the new associations are:

- Pepsi-Cola Company: Pepsi-Cola (point by point in 1898), Diet Pepsi (1964) and Mountain Dew (displayed by Tip Corporation in 1948).

- Frito-Lay, Inc.: Fritos check corn chips (made by Elmer Doolin in 1932), Lay's picture potato chips (made by Herman W. Lay in 1938), Cheetos check cheddar upgraded snacks (1948), Ruffles stamp potato chips (1958) and Rold Gold brand pretzels (got 1961).

## **LITERATURE REVIEW**

1. Stephanie Clifford (2009) in his research “Frito-Lay Tries to Enter the Minds (and Lunch Bags) of Women” analyzed that women tend to eat more of munchies like wafers and chips than is consumed by men. Women on an average consume double the amount of chips that men consume. This has been a case for some time now but the trend has just started to turn in the favor of Frito lay (PepsiCo). According to the research, women used to indulge in munching in the following ratios- 14% salty, 25&sweets, 61% on drinks, fruits and vegetables. This trend started changing only when frito-lay was able to modify its product line according to the need and requirement of women. This was done with the help of neuromarketing. This helped them identify the parts of the product that women most relate with. With this, they were able to come up with creative ideas like- showing off healthy ingredients on the packet, making the bags classier by giving them a matte finish instead of the classic shiny plastic and introducing a fat-free segment which would particularly target women who crave guilt free snacking. This, in turn, has allowed Frito-lay to regain its position as the market leader in chips and wafers segment. Earlier the main target audience was teenagers and men but in the modern day with the help of digital marketing Frito-lay now successfully caters to the needs and wants of all its customers.

2. Stuart Lauchlan (2016) in his research “PepsiCo reaches out to front-end digital-age consumers while focusing on back-end efficiencies” analyzed that PepsiCo is spending money on their social media assisted consumer engagement campaigns. PepsiCo is looking at various coordinated online as well as offline advertising projects, such For The Love of Sports. Worked around one of PepsiCo's products - Gatorade. The multi-faceted campaign features a national retail promotion, TV commercials, and a unique cause initiative that encourages consumers to vote for deserving sports-focused organizations to which Gatorade will donate on their behalf. Moreover, they have tied up with renowned chefs and various icons of the food industry for making videos of easy and fancy ways of cooking oats. Also, consumers now get to give their feedbacks and see the change that their votes can get, i.e. they now get to vote and choose the flavors of Frito-lay chips that get to stay and the flavors

that need to be replaced. In a nutshell, for the past 15 years, PepsiCo has been investing in Enterprise Resource Planning and that has finally paid off by directing them in the right direction, that is, investing in digital marketing which has further helped them increase their sales and further grow and advance as a company.

3. Seb Joseph (2015) in his article – “PepsiCo reveals its toughest content marketing lessons” analyzed that PepsiCo is in the throes of a worldwide push to quantify the adequacy of its content marketing. In the modern day, the five most important factors for PepsiCo to keep in mind are- Content is king but expertise rule, that is Content overwhelms not only the present promoting scene but rather the whole online space. The Web is the colossal equalizer, permitting anybody with a thought to contribute. With such chances for interest, in what manner can brands guarantee that clients the substance that they want and at the same time guarantee that they will stick around for the discussion.; Can social media play the same role as television- a single advertisement when aired on a platform like youtube makes almost 50% more revenue than that was earlier made by producing television advertisements, this inturn helps the company to generate better profit figures for the future and hence allows them to invest more money in expansion; Clicks and mortar meet up- though mobile applications, PepsiCo has found new ways of attracting new customers by providing in-depth detail of the availability of its product through creative channels. Moreover, this helps them attract the youth which in the current scenario amounts for a major chunk of PepsiCo’s target market ; How to drive programmatic conversions in a mobile world- The approach of automated publicizing has created a sense of worry for many brands over the responsibility of their media spend and made them doubt whether the right people are really observing their promotions. For now PepsiCo believes that there is no exact way of determining whether the advertisements are being viewed by the right people but they believe that till the time the share prices of the company are going up there is no need for the company to actually exhaust any of their resources in this field; Exposure vs revenue on youtube- PepsiCo initially got into advertising through youtube because of the fear that their arch rivals- Coca-Cola would surpass them in terms of advertising since they can easily out spend them. Once they tied up with google to advertise through Youtube, they didn’t really see a difference in terms of marketing and believed that they had also entered the entertainment segment. Although no harm was done throughout this phase, PepsiCo ended up improving its brand image and also managed to keep the playing field evened out with Coca-Cola.

4. Mike O'Brien in his study "Frito-Lay turns to social media to pick new chip flavor" analysed that Frito-Lay, by asking its customers to take part in the "Do us a flavour" contest looked to boost social media engagements. The customers weren't only given a choice of selecting a flavor but were also given a chance to make a flavor of their own. This was done by conducting various online surveys on social media websites like Instagram, Facebook, and Twitter. The winners were also supplied the chips with the flavor of their choice by Frito-Lay through cabs and the main flavor that is selected by the company to produce will win a reward of \$1,000,000, which in turn helped them improve their brand image and retain as well as attract new customers. In a nutshell, Frito-Lay has not only adapted to the new age tech savvy world but has also started using it as a platform for development, research, and growth.

## **PEPSICO MARKETING STRATEGIES AND EFFECT PRIOR TO DIGITAL MARKETING**

PepsiCo used various marketing strategies to promote their brand and the wide range of products. They used various strategies to advertise their product in the market. PepsiCo is one of the companies which had a very creative advertising strategy in which they targeted the youth and used hip promos to target their audience by enrolling famous celebrities like Beyoncé, Michael Jackson, and sportsman like Dhoni and Virat Kohli. PepsiCo had earlier focused on 3 forms of advertising - print advertising, outdoor advertising and broadcast advertising. One of the most important marketing strategies of PepsiCo had focused on "Performance with a purpose". PepsiCo introduced the "Power of one" in which PepsiCo purchased two large bottling groups. This helped PepsiCo gain direct control over 80% of the bottling network. PepsiCo continues to invest in developing and emerging markets internationally to sell their products. As the economic changes make it difficult for the consumers and puts pressure on the company, such expansions and investments help the company to sell their products globally. It now sells its products in over 200 countries. PepsiCo continues to expand their "good – for – you" portfolio which focuses on providing nutritious food and beverages to the consumers along with great taste. This helped to adapt with the changing consumer trends and also provides them with what they are looking for. Such strategies help build customer relationships as a company's success depends on how they react to the dynamic consumer trends. PepsiCo also had a unique promotion strategy; promoting to tribes. PepsiCo aims to be multicultural all over the world and at all times. It had targeted specialist local media to carry out the targeted campaigns. PepsiCo had

combined the promotion of drinks with dorritos, promoted the same products in different ways for Latin's who love fiesta, Afro – Americans who generally are mellow. It had promoted the same products in different ways and languages for their customers for better understanding. The products were also developed with respect to various ethnic groups. PepsiCo also promotes itself through sponsors, package deal discounts and offers. These marketing strategies helped PepsiCo to expand, grow and build good customer relationships. These strategies would help ensure loyalty of customers as the company aimed at fulfilling what the customers wanted in the dynamic consumer trends. They also aimed at promoting unity in various cultures by providing products for various ethnic groups. The provision of healthy drinks along with their food products helped them capture a huge market for themselves which in turn increased their sales.

## **PEPSICO MARKETING STRATEGIES AND AFFECT POST DIGITAL MARKETING**

PepsiCo uses various social platforms such as Facebook, Twitter to update latest news, campaigns and to stay in constant touch with their customers. PepsiCo has an official Facebook page with over 35 million followers or fans. It also has an official twitter account with over 16 million followers and tweets regularly about the latest events and updates to attract customers. The company uses a lot of hash tags to promote their product and also stay updated with the latest technologies and updates for the customers to be able to relate more to the product. PepsiCo had launched a “live for now” campaign which aimed at promoting Pepsi as a youthful, young, fun and exciting brand that people would associate with having a good time. PepsiCo had also created a digital dashboard on their website to support the “live for now” campaign. “Pepsi pulse” was launched to support the “live for now” campaign. “Pepsi pulse” in an interactive dashboard created for promotion of pop culture among the youngsters where they could speak their minds in the form of reviews, comments etc. The company focused on understanding customer wants and needs in order to build customer loyalty and a good reputation among other potential customers on social media. Pepsi Refresh was another campaign launched by Pepsi in which the company decided to spend their money for social causes instead of advertising on the super bowl. They created a website where anyone could propose a social project and the number of votes a social project got would decide the winning submissions. Pepsi max campaign was launched to promote their new drink; Pepsi max which had the highest taste and no sugar. This product was created keeping customer needs in mind and providing them exactly what they wanted. The

company had launched a YouTube channel to promote the campaign and product. Pepsi perfect is a product similar to Pepsi mix; consists 50% less sugar than regular Pepsi and lower calories. This product too was launched in order to satisfy customers needs and ensure customer loyalty. The campaign to launch Pepsi next was called “NEXT’s unbelievable campaign” in which collections of pictures were uploaded with like “unbelievable places” and unbelievable events”. One of the most creative and innovative digital marketing strategy of PepsiCo is the “PepsiMojis”. The company is designing emojis cans and bottles in more than 100 global markets. The global emoji and bottle campaign aims at targeting the youth as emojis are their language of today and a lot of communication takes place through emojis. They are also launching PepsiMoji sunglasses and women’s wear. They have also designed emojis targeted for each different market. Such strategies reduce the company’s dependency on one form of communication with their customers and also help to better understand needs of customers.

PepsiCo has a wide range of products which have innovated and created marketing strategies. PepsiCo had launched a campaign named “Do us a flavor” for one of its products; Lay’s chips. The company had asked people to come up with a new flavor of chips. Lay’s then turns up the best four ideas into actual products. This helps to identify the crucial role customers play in product building. PepsiCo had launched the biggest global integrated marketing campaign which featured international footballer Lionel Messi on millions of Lay’s packets as one of the parts of the multi-dimensional effort that includes television advertising, point of sale executions etc. This campaign aimed at improving impact of local advertising to convey the message of equity building brand stories on a global scale. Lay’s had recently launched a promotional campaign called “happiness exhibit”. This campaign encourages people to share photos of their happy and memorable moments which later become a part of a growing photo montage. The aim of the campaign was to elevate and capture these simple happy moments of one life. This campaign helped to develop a digital – customer relationship in order to promote Lay’s chips. PepsiCo had also launched a campaign in which customers could design their own chips bags; customized bags by their own consumers. The consumers need to upload a picture and a phrase talking about their “favorite summer moment”. Lay’s then uses these digital designs to make real bags and deliver it to their customers directly. The campaign was launched with the aim of increasing their presence on social media and to make it easier to reach well among customers. The most successful campaign launched in India was “#yeh dil maange more” which was a mix of



emotional and functional appeal of the product. The mountain dew campaign in India was launched with the aim of promoting the idea of “no fear image” which became a huge success and directly competed with coca-cola and thumbs up. PepsiCo also advertises its product on a number of television channels such as MTV and TSN. The official website of Lays holds the nutritional information and the range of products. The versatility in PepsiCo’s products also plays a major role in their success. Through these digital marketing strategies PepsiCo didn’t change their core products but changed the way people look at it. Implementation of digital marketing strategies has helped Pepsi to add more products to core, increase awareness among consumers and become more close to their consumers by staying in contact. It helped the company to build a good relationship with their customers which increases their brand value and loyalty of customers towards the brand. Adopting digital marketing strategies has largely transformed the way Pepsi used to market its products earlier and the use of digital marketing has helped them increase their sales and cater to consumer needs by understanding the needs and fulfilling them through unique platforms.

## **CONCLUSION**

PepsiCo earlier used traditional marketing methods to promote their product. With technological advancements, creation and innovation, Pepsi has been able to come up with unique and successful digital marketing strategies to promote their products on a global scale. Earlier, the company had very limited means of communication with the customers and a vague figure of how many consumers were actually influenced by their advertisements and promotion strategies. Digital marketing helped Pepsi to come in close contact with their consumers on large social platforms and are also quite aware of the number of customers that have been impacted by their promotional strategies. Digital marketing has helped Pepsi to get to know their consumers better, understand their wants and needs and delivered their products and services in accordance with consumer needs. Pepsi had very unique marketing strategies which involved continuous contact with their customers and also involved a lot of interaction regarding the products, brand and inputs. It also helped Pepsi to build a positive relationship with their worldwide customers. The digital marketing strategies helped Pepsi to promote their products in different ways and also reduced their dependency on any one particular source of media to market their products. They were able to increase awareness regarding their sponsorships, events, products and the celebrities involved with the brand. This also helped them get more loyal customers. Although, the marketing costs increases the cost per unique user decreases. The marketing strategies adopted by Pepsi ensured that the

word of mouth of customers is positive and as news and updates would spread, consumers would become more curious to know about them. The various social platforms help everyone connect together, communicate and let others know more about the brand and the wide variety of products offered by PepsiCo. Digital marketing has mainly helped PepsiCo. To target the right customer for the right product. It helps provide clarity about who seems to be willing to buy their products. Though, digital marketing solves a lot of problems, it does have some disadvantages. It becomes difficult to keep a track of all the social media platforms, the channel contents etc. Also, it increases the marketing costs for the company. Therefore, digital marketing strategies have proven to be successful in the case of Pepsi as it has largely impacted its sales in a positive manner and created a very huge customer base for the company making it one of the largest and most loved companies in the world.

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