

TITLE:- ANALYSING COMPETITIVE ADVANTAGE BETWEEN TWO COMPANIES.

1. **INTRODUCTION:-** Here, we take 2 companies , 1 is from consumer goods sector and another is technology sector.

CONSUMER GOODS SECTOR :- PEPSICO.

TECHNOLOGY SECTOR:- MICROSOFT COMPANY.

2. OVERVIEW OF COMPANIES:-

- PepsiCo, Inc. is an American multinational food, snack, and beverage corporation headquartered in Harrison, New York, in the hamlet of Purchase. PepsiCo's business encompasses all aspects of the food and beverage market. It oversees the manufacturing, distribution, and marketing of its products.
- Microsoft Corporation is an American multinational corporation and technology company headquartered in Redmond, Washington. Microsoft's best-known software products are the Windows line of operating systems, the Microsoft 365 suite of productivity applications, and the Edge web browser.

3. RESEARCH COMPETITIVE ADVANTAGES:-

STRENGTHS OF THE PEPSI co.

- Diverse product portfolio.
- Distribution system.
- Valuable Brand.
- Global brand recognition.

STRENGTHS OF MICROSOFT co.

- High profit margin.
- Marketing.
- Innovative Technology.
- Premium pricing.
- Distribution.

REVIEWS BY CONSUMERS :-

- Piyali Das ★★★★★ Verified Purchase (AMAZON)
MICROSOFT COMPANY

Reviewed in India on 2 January 2024

I've been using Microsoft Office for years, and it's been an essential tool for my work. The features are powerful and intuitive, and the cloud integration makes collaboration a breeze". "Windows 10 has been a mixed bag for me. While I appreciate the improved performance and security features, I've encountered frustrating issues with updates and compatibility with certain software."

- www.atlantis-press.com PEPSI

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. I've been a Pepsi drinker for years and years but recently the plastic bottle soda pop taste a tad bit flat! Finding out that a ice cold can is the same old good stuff it's always been! Stick to what tastes the best for my money, thankyou PepsiCo company

4. FINANCIAL PERFORMANCE EVALUATION:-

The Pepsi company:-

Gross margin TTM	57.42%
Operating margin TTM	30.1%
Net Profit margin TTM	21.42%
Return on Investment TTM	15.39%

The Microsoft company:-

Gross margin TTM	46.03%
Operating margin TTM	31.76%
Net Profit margin TTM	23.16%
Return on Investment TTM	57.64%

5. COMPARATIVE ANALYSIS:-

The PEPSI co.

- Market share :- 42.8%
- Growth prospects :- 6-7%
- Competitive Threats:- Water usage controversy.
 > Packaging controversy.
 > Direct and indirect competition.
- Barriers to entry:- brand loyalty.
 > vertical integration.
 > economy of scale.

THE MICROSOFT co.

- Market share :- 20.1%
- Growth prospects:- revenue growth of just 3.5% & earningsper-share growth of 7.4%

- Competitive Threats :- Battle Against Counterfeit Products.
 - >Increasing competition in their various industries.
 - >Threat of reduction in demand Due to economic downturns.
 - >Backdoor Mechanism.
- Barriers to entry:- High capital requirement.

6. ASSESS SUSTAINABILITY:-

LONG-TERM VIABILITY OF MICROSOFT COMPANY :

<https://www.microsoft.com/in/environment/>

The energy that goes into manufacturing our products makes up the majority of our carbon footprint. That's why our suppliers are transitioning to electricity generated from solar, wind and other renewable sources. So that **by 2030, we can make every microsoft product with 100% clean energy.**

- All Microsoft offices, stores, and data centers operate on 100% clean electricity and are carbon-neutral is the most long term goal of Microsoft company.
- Microsoft Inc.'s sustained competitive advantage can be attributed to its focus on user experience, continuous innovation, hardware, software, and services integration, branding excellence, ecosystem lock-in, effective supply chain management, strategic partnerships, and long-term vision.
- **Yes, the long term viability of Microsoft company will surely succeed and wont be vulnerable to industry changes, technology**

disruptions or competitive pressures as it is Strong Brand and Loyal Customer Base. Apple's brand is one of its most significant assets. The company's reputation for quality, innovation, and design has helped it build a loyal customer base

LONG TERM VIABILITY OF PEPSI COMPANY :

<https://www.pepsi company.com>

Our long-term targets consist of solid revenue growth of 4% to 6%, strong operating leverage driving 6% to 8% operating income growth, delivering meaningful EPS growth and improving on our free cash flow conversion.

- Focusing on a world without waste is the most long term goal of pepsi company.
- pepsi competitive advantage lies in its ability to satisfy customers more than its competitors and continuously serve their customers' wishes. pepsi competitive advantage is attributed to its new product development, customer orientation, and ability to outperform competitors.
- The pespi Company's strengths, such as its global brand recognition, extensive distribution network, and diverse product portfolio, are likely to endure over the long term. However, it may face challenges from industry changes, technological disruptions (like shifts towards healthier beverages), and competitive pressures (from both traditional rivals and emerging players). Adapting to these changes and innovating will be crucial for its continued success.

CONCLUSION :-

I hereby conclude that by considering both MICROSOFT company and THE PEPSI company considering risk tolerance.

I believe microsoft and pepsi are both still reliable long-term investments. But if I had to pick one over the other right now, I'd stick with pepsi because it's better diversified, it holds up better during deep economic downturns, its stock is cheaper, and it pays a much higher dividend.

pepsi adjusted EPS increased 7% in 2022, even as inflation boosted its commodity costs, and it expects another 7% to 8% growth in 2023. Those rock-solid growth rates enabled pepsi to end its latest quarter with over \$14 billion in cash, cash equivalents, and short-term investments.

The company continues to buy back its shares, but its share count still grew about 1% over the past five years as its stock-based compensation slightly offset buybacks.

Meanwhile, pepsi has raised its dividend annually for 61 consecutive years and currently pays an attractive forward yield of 3.3%. Its sustainable payout ratio of 74% suggests it can continue to boost its dividend annually for the foreseeable future.

