Project report on PEPSI MAX

**EXECUTIVE SUMMARY:**

this project aims to find out:

1. The marketing failure of Pepsi max in industry of Pakistan
2. Reasons of its failure
3. The solutions against these failures

Pepsi that has given the world its best-known taste is a world leader in convenient snacks, foods and beverages among beverages it deals in carbonated soft drinks juices and bottled water. Among this portfolio PEPSI MAX is one of the carbonated soft drink that is being sold all over the world including Pakistan it was launched in 2008 in Pakistan and was re-launched in 2009 Pepsi max is a sugar free drink with the slogan of “NO SUGAR MAXIMUM TASTE

We conducted a consumer market research as a part of this project the objective behind this research was to find out the reasons of failure of Pepsi max and what is needed to done to make it a successful product of Pepsi CO portfolio. We gathered many primary data by designing a questionnaire and surveying from the target market the finding from this market research helped us to point out the problems and give recommendations for making this product a success

There is a need for the company to

1. Reinforce its positioning
2. Improve its promotional strategies
3. And above all the product quality in terms of taste

Company description:

Pepsi corporation beverages business was founded in 1898 by Caleb Bradhman a new Bern, North Carolina druggist, who first formulated Pepsi cola. Pepsi is a world leader in convenient snacks food and beverages. Its revenue is more than 39 billion dollars and over 185000 employees worldwide.

Among beverages it deals in carbonated soft drinks juices and bottled water. among this portfolio. Pepsi max is one of the carbonated soft drink that is being sold all over the world including Pakistan it was launched in 2008 in Pakistan and was relaunched in 2009. Pepsi max is a sugar free drink with a slogan of “NO SUGAR MAXIMUM TASTE”

**STRAGEIC FOCUS AND PLAN**

**MISSION**

To be the worlds premier consumer products company focused on convenient foods and beverages. We seek to produce financial rewards to investors as we provide opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate. And in everything we do strive for honesty fairness and integrity

**GOALS**

1. Create awareness about low calories drink
2. Increase Pepsi max market share
3. To generate high level of bonding with consumers of Pepsi max by promotional activities and interacting with them
4. And eventually to get number 1 position in diet soft drinks industry

**CORE COMPETENCY**

“Strong taste despite of being a low calorie carbonated soft drink”

**PRODUCT MARKET EXPANSION GRID**

By introducing new product (Pepsi max) Pepsi corporation followed the product development development strategy

**Current product New product**

|  |  |
| --- | --- |
|  | **Product Development strategy** |
|  |  |

Current

Market

New

Market

**Situational analysis**

**Swot analysis**

|  |  |
| --- | --- |
| Strengths   * Pepsi brand name * Organized distribution system * New product | **Weaknesses**   * Taste * Undeveloped market * Complicated ads |
| **Opportunities**   * social trend towards fast food and beverages leading to market expansion * growth opportunities as market develops * people are becoming health conscious and will prefer a low-calorie drink | **Threats**   * diet drink * non-carbonated drinks * new entrants |

**Strengths**

* Pepsi brand name
* **Pepsi distribution system:** is one of the most organized distribution systems in Pakistan
* **New product:** customers are always curios and ready to try and experience new products.

**Weaknesses:**

* **Taste** consumers find it too strong
* **Undeveloped market:** Pakistan is not a developed market yet for diet carbonated drinks, people are not so familiar about low calorie drink
* Complicated ads unsuccessful in communicating the message

**Opportunities**

* changing social trend as in all over the world people are rushing towards fast food and beverages because of life which has become much faster it provides the company the opportunity to capture this fast-moving market with its take away product
* Lots of opportunities of growth as the local market of consumers gets developed and they get more awareness of diet drinks (Pepsi max) Pepsi max in no1 carbonated diet drink in developed market like UK.
* people are becoming more conscious of health of health and wellness and hence will prefer a low-calorie drink

**THREATS:**

* Diet coke is relatively more popular popular and being more consumed than Pepsi max.
* Non-carbonate substitutes like juices and green tea are increasingly capturing the market.
* Increasingly concerns of consumer about carbonated drinks relating their impact on health
* Threats of new entrants industry

**Market research**

We conducted a consumer market research as a part of this project.

**Research objective**

The objective behind this research was to find out the reasons of failure of Pepsi max and what is needed to be done to make it a successful product of Pepsi CO portfolio

**Data source**

We gathered mainly primary data for this purpose. Besides we also used some data from blogs and other social networking websites.

**Research approach**

Attached on a separate file

**SAMPLING PLAN:**

* **Sampling unit:** We surveyed youth as they are mainly the target market of youth
* **Sample size:** we surveyed around 50 persons
* **Sampling procedures:** respondents were chosen randomly including both male and the females.

**Analyze the information:** After the collections of data, it was tabulated formally using google docs.

**Present the information:** the findings from this market research helped us to point out the problems and give recommendations for making this product a success. These recommendations will be given step wise in the report.

**INDUSTRY ANALYSIS:**

**Competitors**

The competitors of the Pepsi max are mainly are nonalcoholic beverages consisting of soft drinks and juices. The key competitors are as follows

**COCA COLA:**

The biggest competitor of Pepsi is Coca cola offering coke, sprite Fanta in soft drinks line whereas minute maid juices and Kinley water. Coke still outsells Pepsi in almost all area of the world including Pakistan moving specifically to direct competitor of Pepsi max that is diet coke it outsells Pepsi max in Pakistan.



**Nestle**

Nestle offers fruit juices Nescafe coffee milo and bottled water that are all indirect competitors of Pepsi max and they can be its substitutes. Due to increasing awareness of health and wellness among consumers, the usage of these substitutes as drinks is increasing that is resulting in lessening the market share of Pepsi max



**Gourmet cola**

Gourmet bakers and sweets have launched its new products gourmet cola that is indirect competitor of Pepsi max and has now become very popular in the consumers. The main threat Pepsi max has to face is that gourmet is available in the market at a very affordable price much lower that of Pepsi max



Few other small brands are also being sold in the market that includes **RC cola, Cola Next, , Shezan country, nurpur, etc** these small brands are not offering much competition to Pepsi max as they are its indirect competitors and are operating different market segments

**Consumers characteristics:**

Whether we admit it or not like it or not colas like Pepsi and coke have become very much part of our society. Consumer belonging to all income groups and living in urban areas are the purchasers of Pepsi max. these people are mostly those that are health and well-being conscious and they prefer to use CSD which is low calorie like Pepsi max

**Segmentation**

**Pepsi max segmented the market on all four basics**

Geographically it segmented the market into rural and urban areas.

Demographically it segmented the market on age and life cycle basis.

Psychographic ally it segmented the market on the basis of life style.

On behavioral basis, it segmented the market on the basis of attitude towards the product.

**Target market**

Pepsi max targeted urban areas among which first Karachi, Islamabad and Lahore as these markets are measurable and accessible. Afterwards the distribution was extended to other urban areas of Pakistan youth were the main focus that prefer health conscious life style and are adventurous as its ads depicts this. It targeted those consumers were split loyal to.

Pepsi and are experiencers who will show positive response to Pepsi’s new brand extension.

**Differentiation and positioning**

Although before the launching of Pepsi max other diet drinks like diet coke were already in the market so Pepsi max had to put some extra efforts in order to create differentiation of its product with other competitive soft drinks.

Pepsi max introduced black bottle that was a unique color among the color of bottles available in the market.

It added the main attraction in its attribute of being a low-calorie drink to be more liked by the consumers, specially the targeted youth.

Pepsi max tried to position itself in the consumers mind through its ads expressing adventure.

**Differentiation and positioning**

Pepsi max positioning from the beginning was not very effective. They kept upon stressing “A LOW-CALORIE DRINK YET WITH a STRONG TASTE”.

Through our consumer research we came to know that the most important factor of its low consumption was its taste. It should have related this strong taste with something positive or energetic which it has not done. It should have created word of mouth through opinion leaders about its strong taste and should have converted this taste into a positive factor for itself.

Besides this, the black colored bottle of Pepsi max associated negative image if it as if it is bottle of Mobil oil.

**MARKETING**

**MIX**

**Product:** Pepsi Max

**Price**

|  |  |
| --- | --- |
| **Price** | **Quantity(ml)** |
| 30 | 250ml |
| 40 | 220ml |
| 50 | 500ml |
| 90 | 1.5 liter |

**Place**

* It started from KLI (Karachi Lahore Islamabad) then expanded it to nationwide except Multan
* Placed on all shops, grocery stores, khokhas, Pan shops etc.
* Key accounts include Metro, Makro, Hyper star, Pizza hut and K.F.C.

**Place:**

Through a survey in shops availability of Pepsi max in neighborhood of consumers, we came to know that not many stores and retail outlets have Pepsi max placed on their shelves. The reason behind this appears as if the dealers are not interested as they don’t think it is profitable for their business’. This rates the question that should the company do in order to create interest in retailors mind we suggest the following

* Give some special schemes in completion of target of sales.
* Provide the retailors with free billboards featuring the outlet name and Pepsi max logo
* Provide them with glass door refrigerators with Pepsi max printed on it so they may get encouraged to give Pepsi max some sort of shelf space in their outlet**.**

**Promotion**

Pepsi promote its new brand Pepsi max through

* Tv advertisement
* Radio ads
* Print media advertisement
* Magazine advertisement
* Instore advertisement (flexis, brochures)
* Bill boards
* City dressing (flexes on poles)
* Drinkable advertisement

**Promotion**

tv ads was the most unsuccessful promotion for communicating the message to the target market. This ad was exactly the same version of the ad of the Pepsi max in UK and didn’t followed the local marketing. It was not even translated into Urdu which is the most widely used and understood language in Pakistan. This message behind that ad was also unclear. A monkey was shown as a taxi driver. Driving rashly which also created a negative association of monkey with the Pepsi max.

no brand leveraging was created by selecting some brand whose personality aspects go with the personality of Pepsi max or introducing the opinion leader in the advertisement like Pepsi mostly do in the ads of Pepsi regular.

This time Pepsi max should try to advertise itself in different styles. For this purpose, it should start its promotion on social networking websites like my twitter and Facebook. These community networking websites frequently visited by their target market. They can also get the services of some blogs that are related to their product active on these platforms through the word of mouth marketing

As our target market is youth, so we must target those places with preference, where the maximum youth can be accessed. For this reason, Pepsi max must run different campaigns in the universities, colleges and school of Karachi, Lahore and Islamabad in campaign’s it should organize various competitions like Mountain Dew gamers arena among the students in order to gain their interest and attract them towards the product. The winners will be awarded with cash prizes and this will create a word of mouth in different areas of Pakistan.

**BRANDING**

**Branding decisions**

Pepsi combined corporate and individual name for naming its new variant and hence it was named as Pepsi max word “Max” was used to give message that this soft drink contains maximum taste.

**Brand equity**

Pepsi max got negative customer-based equity as the less no of consumers react favorably to it.

**Difference in the consumer response**

They tried to create the difference in carbonate soft drink by introducing the unique features that is black colored bottle and the sweet taste with calorie element. but consumers took it in the negative sense which resulted in the failure of it.

**Brand knowledge**

Consumers were aware of Pepsi brand but not of Pepsi max. Consumers start associating wrong things with the Pepsi max especially after watching the advertisement. The advertisement was not good from the communication point of view.

**Brand action**

The effect of advertisement on the consumer response results in the failure of that brand and the extra sweetening taste does not suit with the diet bottle.

**Brand reinforcement:**

Pepsi max reinforced itself by becoming active on different mediums with a new ad campaign and redesigning its packaging. The ad was simple humorous and hit the target audience on spot. As our team has planned different strategies for Pepsi max like arranging a E-sports tournament, vehicle advertisement, provide proper Pepsi max refrigerators, Introducing drinkable advertisement calibration with Shazam, Introducing new flavors of Pepsi max on new year, create relevant awareness about the product and getting affiliation and contracts with food chains in Pakistan.

**Brand reinforcement:**

The new advertisement of Pepsi max is portrayed in such a manner and the message is clear and understandable by the audience, target market who are emphasizing on health now days can enjoy the refreshness of carbonated drink Pepsi max even if they are involved in activities like sports, gym, fitness etc as this will not create any effect on their health because it is sugar free and low calories, the proposal to organize a E-sports event like Mountain dew gamers arena will capture more attention of target market as these events are youth centered and this will create a positive word of mouth in the market, Vehicle advertisement is necessary because this will catch the attention of customers and will create a brand recall concept, by providing separate refrigerators in shops for Pepsi max will create a separate identity of Pepsi max which will influence the choice and preference of consumers from other products to Pepsi max, moreover we have decided to introduce 2 new flavors of Pepsi max in the market Pepsi max (Cherry) and Pepsi max (Ginger) on the new year as taste of the product was a major issue in customer feedback, we have also planned to start a new drinkable advertisement in calibration with Shazam in which customers can Shazam the advertisement and get a free drink this will create a unique impact on the placement and marketing of Pepsi max and Pepsi Co will be the first company in Pakistan to introduce this concept, we have also focused on the product awareness **“NO SUGAR LOW CALORIES”** as lack of knowledge was one of the major factor Pepsi max failed in past, Pepsi max can also sponsor Pakistan vs South Africa cricket series the upcoming scheduled match to penetrate in the market with huge impact, lastly Pepsi max can provide contracts to local food chains in Pakistan to boost its sale and development its taste in the market.

**Conclusion:**

In short, Pepsi max could not perform well in carbonated soft drink industry as much as the investment was made on the product. We have analyzed each and every aspect that was preventing Pepsi max to nourish in the market and have overcome all the factors, since Pepsi Co is a multinational organization it has a advantage of heavy advertisement budget and resources to pull this graveyard product back to life with a much better position in the market.