Marketing Plan
Assignment for
Introduction to Marketing
Celeste Geralds
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EXECUTIVE SUMMARY

INTRODUCTION
PepsiCo aspires to be the world’s premier consumer products company dedicated to beverages and foods. Through innovation, understanding, and solid ethics, PepsiCo (PepsiCo, 2012) strives to improve the lives of consumers, business partners, and employees. Aquafina FlavorSplash Travel Pack extends company’s core goals. It has new ingredients and formulas to satisfy consumer needs without lessening commitments to quality and health. As such, this new product will drive shareholder value.

ANALYSIS/METHODOLOGY
PepsiCo has a large portfolio of multiple billion-dollar brands, including Aquafina. Through careful market research, prototyping, and pricing, it can successfully extend the FlavorSplash product line. The new Aquafina FlavorSplash Travel Package fits well within PepsiCo’s commitment to innovative, convenient, responsible products. The FlavorSplash travel pack gives busy customers a healthy and easy alternative to drinking traditional beverages. Water is a high-growth space in the beverage industry. The newer sweetener stevia is part of PepsiCo’s innovative efforts to sweeten beverage without adding unnecessary sugars.

Every section of the marketing channel can work successfully together to bring this product to market: PepsiCo, OfferPop, Pepsi Bottling Ventures, and retailers. PepsiCo has solid manufacturing and distribution channels with Pepsi Bottling Ventures to develop and bring the new product directly to stores. Innovative and creative print and web promotions will carry the message of the new product to a wide audience. Excellent pricing strategies of market penetration and everyday low pricing perfectly position the new product.

COMPANY NAME
The name is the Pepsi-Cola Company, also known as PepsiCo.

MISSION AND VISION STATEMENT
The mission and vision of the Pepsi-Cola Company is available on their website and included as a whole. “At PepsiCo, we believe being a responsible corporate citizen is not only the right thing to do, but the right thing to do for our business.

Our mission is to be the world’s 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, we strive for honesty, fairness and integrity.

Our Vision
Our vision is put into action through programs and a focus on environmental stewardship, activities to benefit society, and a commitment to build shareholder value by making PepsiCo a truly sustainable company.

Performance with Purpose
At PepsiCo, we’re committed to achieving business and financial success while leaving a positive imprint on society – delivering what we call Performance with Purpose. Our approach to superior financial performance is straightforward – drive shareholder value. By addressing social and environmental issues, we also deliver on our purpose agenda, which consists of human, environmental, and talent sustainability.

PepsiCo Values & Philosophy
Our Values & Philosophy are a reflection of the socially and environmentally responsible company we aspire to be. They are the foundation for every business decision we make.

Our Commitment
We are committed to delivering sustained growth through empowered people acting responsibly and building trust.

What It Means

Sustained Growth
Sustained growth is fundamental to motivating and measuring our success. Our quest for sustained growth stimulates innovation, places a value on results, and helps us understand whether today’s actions will contribute to our future. It is about the growth of people and company performance. It prioritizes both making a difference and getting things done.

Empowered People
Empowered people means we have the freedom to act and think in ways that we feel will get the job done, while adhering to processes that ensure proper governance and being mindful of company needs beyond our own.

Responsibility and Trust
Responsibility and trust form the foundation for healthy growth. We hold ourselves both personally and corporately accountable for everything we do. We must earn the confidence others place in us as individuals and as a company. By acting as good stewards of the resources entrusted to us, we strengthen that trust by walking the talk and following through on our commitment to succeeding together.

Guiding Principles
We uphold our commitment with six guiding principles. We must always strive to:

Care for our customers, our consumers and the world we live in.
We are driven by the intense, competitive spirit of the marketplace, but we direct this spirit toward solutions that benefit both our company and our constituents. Our success depends on a thorough understanding of our customers, consumers and communities. To foster this spirit of generosity, we go the extra mile to show we care.

**Sell only products we can be proud of.**

The true test of our standards is our own ability to consume and personally endorse the products we sell. Without reservation. Our confidence helps ensure the quality of our products, from the moment we purchase ingredients to the moment it reaches the consumer’s hand.

**Speak with truth and candor.**

We tell the whole story, not just what’s convenient to our individual goals. In addition to being clear, honest and accurate, we are responsible for ensuring our communications are understood.

**Win with diversity and inclusion.**

We embrace people with diverse backgrounds, traits and ways of thinking. Our diversity brings new perspectives into the workplace and encourages innovation, as well as the ability to identify new market opportunities.

**Balance short term and long term.**

In every decision, we weigh both short-term and long-term risks and benefits. Maintaining this balance helps sustain our growth and ensures our ideas and solutions are relevant both now and in the future.

**Respect others and succeed together.**

Our mutual success depends on mutual respect, inside and outside the company. It requires people who are capable of working together as part of a team or informal collaboration. While our company is built on individual excellence, we also recognize the importance and value of teamwork in turning our goals into accomplishments.

### Company Description

**Summary**

PepsiCo is a major food and beverage company that makes, markets, and sells $29 billion drinks and food to over 200 countries around the world. Its products are sold under at least 22 major brands that total $1 billion each in sales annually. The company is split into several strategic business units based on geography: PepsiCo Americas Beverages, PepsiCo Americas Foods, PepsiCo Europe, and PepsiCo Asia, Middle East & Africa. PepsiCo, Inc is located in Purchase, NY and PepsiCo Americas is located in Sommers, NY. Their prominent brands in the United States include Pepsi, Gatorade, and Aquafina. This also includes partnerships with Starbucks in 1991 and Lipton in 1994 to sell ready-to-drink (RTD) beverages in stores. These beverages refresh people at work, school, exercise, and relaxation.

**Product Line Description**

PepsiCo product lines are delineated by Beverage World in its State of the Market 2013 report. It offers energy drinks, RTD coffee, bottled water, RTD tea, sports drinks, value-added water,
carbonated soda drinks, and fruit beverages. For clarification, value-added water has additional flavors and ingredients that bottled water does not include.

**Keys to Success**

The 22 billion-dollar brands are largely the collective sustainable competitive advantage of PepsiCo. These brands are diverse and serve many different markets with many different concerns, such as refreshment and nutrition. As an example, PepsiCo developed a drink to meet these customer concerns in 2012. Pepsi NEXT is a low-calorie alternative to their regular brand. It generated $100 million in retail sales in its first year. This new product didn’t replace regular Pepsi soda, perhaps considering the unsuccessful launch of New Coke by The Coca-Cola Company in 1985. These efforts keep these brands favorably in the public eye.

PepsiCo also benefits by having their concentrate and major bottlers as one business. Many carbonated-beverage companies make concentrate and sell it to bottlers. These bottlers add liquid, bottle, and distribute beverages to stores. While this partnership is often successful with major beverage companies, it is open to disagreements between the businesses and redundancies with multiple bottling locations. PepsiCo merged with Pepsi Bottling Group and PepsiAmericas to consolidate manufacturing, reduce costs, and bring products more quickly to market.

**General History of PepsiCo**

PepsiCo started with Caleb Bradham in 1898. The pharmacist created Pepsi by trying different combinations of waters, syrups, and juices and sold it by soda fountain in his store. He patented his formula and started the Pepsi-Cola Company franchise in 1902. Bradham sold syrup to bottler franchises, and there were franchises in 24 states by 1910. The company also marketed strongly by designing an attention-grabbing company headquarters.

Fluctuating commodity prices hit the company hard during World War 1, and it was forced into bankruptcy in 1923 and sold to a string of companies. Upon its second bankruptcy in 1931, it was bought by Charles G. Guth who revised the business with lessons learned from The Coca-Cola Company. Sales grew by nickel bottles and the company survived the Great Depression. When World War 2 came, Pepsi stabilized its commodities by buying a sugar plantation in Cuba. It also aligned its brand with American patriotism.

Pepsi expanded its business nationally and internationally after World War 2. It used stars like Joan Crawford to tie its products to concerns of baby boomers: social life, refreshment, style and health. 1964 saw the introduction of Diet Pepsi and the purchase of Mountain Dew. 1965 saw full-scale commercial distribution.

Pepsi-Cola and Frito-Lay merged to create PepsiCo, Inc. in 1965. Pepsi spent the 1970s directly challenging The Coca-Cola Company with an advertising campaign. Titled “The Pepsi Challenge,” customers were asked to blindly sample two liquids and choose the best. Pepsi considered Coca-Cola’s unsuccessful introduction of New Coke as a victory. Stars continued to endorse the brand into today with Sofia Vergara.

Pepsi developed its range of products in the last two decades. It partnered with Lipton, Tropicana and Starbucks in the 1990s to bring RTD coffees and teas to stores. It also developed new flavors like Sierra Mist, Mountain Dew LiveWire, and Pepsi ONE. It also merged with SoBe, Gatorade, and Quaker Oats and offered Dole juices.
**COMPANY PRODUCT OFFERING**

PepsiCo product lines are energy drinks, RTD coffee, bottled water, RTD tea, sports drinks, value-added water, carbonated soda drinks, and fruit beverages. Sales and growth figures are given when available from the State of the Market 2013 report from Beverage World. The energy drinks include AMP Energy ($184 million in sales, 3% in 2012), Amp Boost ($64.7 million in 2012), and No Fear Energy Drinks.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Millions of Gallons</th>
<th>Growth 2011-2012</th>
<th>Share of PepsiCo</th>
<th>Share Point Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pepsi Cola</td>
<td>1289.5</td>
<td>-3.4%</td>
<td>33.4%</td>
<td>-0.3</td>
</tr>
<tr>
<td>Mountain Dew</td>
<td>952.4</td>
<td>0.6%</td>
<td>24.7%</td>
<td>0.8</td>
</tr>
<tr>
<td>Diet Pepsi</td>
<td>616.7</td>
<td>-6.2%</td>
<td>16.0%</td>
<td>-0.6</td>
</tr>
<tr>
<td>Diet Mountain Dew</td>
<td>277.9</td>
<td>1.7%</td>
<td>7.2%</td>
<td>0.3</td>
</tr>
<tr>
<td>Sierra Mist</td>
<td>162.3</td>
<td>4.7%</td>
<td>4.2%</td>
<td>-0.1</td>
</tr>
<tr>
<td>Wild Cherry Pepsi</td>
<td>98.8</td>
<td>0.2%</td>
<td>2.5%</td>
<td>0.1</td>
</tr>
<tr>
<td>Mug</td>
<td>82.5</td>
<td>5.3%</td>
<td>2.1%</td>
<td>-0.1</td>
</tr>
<tr>
<td>Caffeine Free Diet Pepsi</td>
<td>66.7</td>
<td>15.8%</td>
<td>1.7%</td>
<td>-0.3</td>
</tr>
<tr>
<td>Pepsi Max</td>
<td>54.7</td>
<td>7.9%</td>
<td>1.5%</td>
<td>-0.1</td>
</tr>
<tr>
<td>Mountain Dew Code Red</td>
<td>34.6</td>
<td>15.0%</td>
<td>0.9%</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**FIGURE 1**

1Carbonated soda drinks include Citrus Blast, Diet Pepsi, Diet Mountain Dew, Diet Sierra Mist, Manzanita Sol, Mirinda, Mountain Dew, Mug Soft Drinks, Pepsi, Pepsi MAX, Pepsi NEXT, and Sierra Mist Natural. The best-selling brands in this category are listed in the table above from Beverage World’s State of the Market 2013 report. Compared with tables below from the same report, Pepsi Cola brand compares favorably with its major brand competition: Coca-Cola Classic, Diet Coke, and Dr Pepper.

RTD coffees include Seattle’s Best Coffee ($4.4 million and -81.5% growth in 2012), Starbucks DoubleShot ($342.3 million and 18.6% growth in 2012), Starbucks Frappuccino ($714.1 million and 9.3% growth in 2012), and Starbucks Iced Coffee. Bottled water includes Aquafina ($896 million and 3.6% growth in 2012). Value-added water includes Aquafina FlavorSplash, Propel Zero, Propel Zero Powder, and SoBe Lifewater. RTD tea includes Brisk ($308 million and -4.6% growth in 2012), Lipton Iced Tea ($370.6 million and -5% growth in 2012), Lipton PureLeaf ($167.9 million and 6.5% growth in 2012), SoBe Tea ($15.1 million and -18.1% growth in 2012), and Tazo Tea ($14.3 million and 201.2% growth in 2012).

Fruit beverages include Dole Plus Fortified Juices & Sensation Juice Drinks ($17.7 million and 48.7% growth in 2012), IZZE Sparkling Juice, Ocean Spray Spray Juice/Juice Drinks, Naked Juice, Naked Juice Coconut Water, SoBe Juice Drinks, SoBe Lean Diet Juice Drink, Tropicana Farmstand, Tropicana Trop50 Beverages, Tropicana Pure Premium Juices ($1035.2 million and -1.2% growth in 2012), and Tropicana Tropics.

PepsiCo also offers yogurt that include Muller Corner by Muller Quaker Dairy, Muller Greek Corner by Muller Quaker Dairy, and Muller FrutUp by Muller Quaker Dairy.

**Secondary Marketing Research**

**Top Five Beverage Competitors**

The top five beverage competitors of PepsiCo are The Coca-Cola Company, Dr Pepper Snapple Group, Cott Corporation, National Beverage including Shasta and Faygo brands, and Big Red. The charts below in this section are taken from Beverage World’s State of the Market 2013 report. Sales and growth figures are also taken from the same report when available.

### Leading U.S. Software Drinking Companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Share, 2011 vs. 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Others</td>
<td>3.5% 3.6%</td>
</tr>
<tr>
<td>Carolina Beverage</td>
<td>0.1% 0.1%</td>
</tr>
<tr>
<td>Big Red</td>
<td>0.4% 0.4%</td>
</tr>
<tr>
<td>National Beverage</td>
<td>3.0% 2.9%</td>
</tr>
<tr>
<td>Cott Corp.</td>
<td>3.1% 3.5%</td>
</tr>
<tr>
<td>Dr. Pepper Snapple Group</td>
<td>17.4% 17.2%</td>
</tr>
<tr>
<td>PepsiCo. Inc.</td>
<td>29.0% 29.2%</td>
</tr>
<tr>
<td>The Coca-Cola Co.</td>
<td>43.5% 43.2%</td>
</tr>
</tbody>
</table>

Coke’s share of the U.S. soft drink market ticked up a bit, by 0.2 percent while PepsiCo’s was slightly down by the same amount. DPSG’s also rose slightly, while Cott suffered a market share loss of 0.4 percent.

*National includes the Shasta and Faygo brands.

SOURCE: Beverage Marketing Corp.

**Figure 2**

The above chart shows the market shares of major beverage companies for years 2011 and 2012. PepsiCo has 29.0%, down 0.2% from last year. The Coca-Cola Company has the leading market share at 43.5%, a 0.2% gain from last year. Dr Pepper has 17.4% market share, a 0.2% gain from last year. Cott Corporation as 3.1% market share, down from 3.5% last year. National Beverage edged up slightly to 3.0% market share from 2.9% last year. Big Red stayed at 0.4% both years. Overall, companies are making marginal gains and losses between 2011 and 2012. These changes are linked to the health of the major brands and product lines. The following lists of major product lines and brands of The Coca-Cola Company, Dr Pepper Snapple Group, Cott Corporation, National Beverage including Shasta and Faygo brands, and Big Red.

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2 Beverage Marketing Corp.
The major product lines of Coca-Cola Company are carbonated beverages, energy drinks, sports drinks, fruit drinks, RTD teas, bottled water, and value-added water.

### Figure 3

The major carbonated beverages are Coca-Cola Classic, Diet Coke, Sprite, Coke Zero, Fanta, Barq’s, Caffeine Free Diet Coke, Cherry Coca-Cola, Mr. Pibb, and Mello Yello. Coca-Cola Classic is by far the strongest brand at 2,333.8 million gallons sold annually, more than any other brand or competitor. Compared with the graphs below, Diet Coke and Pepsi Cola volume sold are similar. The major energy drinks are Monster ($1,884.9 million and 12.6% growth in 2012), Monster Rehab ($409.9 million and 171.8% growth in 2012), NOS ($264.2 million and 6.9% growth in 2012), Java Monster ($251.2 million and 22.4% growth in 2012), Monster Mega ($231.7 million and 17.6% growth in 2012), and Worx Energy ($11.9 million and -10.4% growth in 2012). The major sports drinks are Powerade ($42.9 million and 26.8% growth in 2012) and Powerade Ion4 ($878.1 million and 5.6% growth in 2012). The major fruit drinks are Simply Orange ($693.8 million and -0.3% growth in 2012), Minute Maid Premium ($385.1 million and -1.8% growth in 2012), Hi-C ($90 million and 10.4% growth in 2012), and Minute Maid Coolers ($19.9 million and 18.7% growth in 2012). The major RTD teas are Gold Peak, Nestea, Peace, and Honest. The major bottled water is Dasani ($900.9 million and 7.0% growth in 2012). The major value-added waters are Glacéau vitaminwater ($677.9 million and -7.9% growth in 2012) and Glacéau vitaminwater zero ($255.2 million and 2.1% growth in 2012).

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3 Beverage Marketing Corp.

7/12/2015 Marketing Plan C. Gerals
FIGURE 4

The major product lines of Dr Pepper Snapple Group are carbonated beverages, energy drink, fruit drinks, RTD teas, and bottled waters. Major carbonated beverages are Dr Pepper, Diet Dr Pepper, Canada Dry, Crush, 7Up, Sunkist, A&W Root Beer, Schweppes, Squirt, and Diet 7UP. Compared with the figure above, Dr Pepper sells far less volume of its leading carbonated brand Dr Pepper at 893.5 million gallons as opposed to Coca-Cola Company’s 2,333.8 million gallons of Coca-Cola Classic and PepsiCo’s 1,289.5 million gallons of Pepsi Cola.

The major energy drink Dr Pepper Snapple Group is Venom. The major fruit brands are Clamato, Hawaiian Punch, Mott’s 100% Apple Juice, Snapple, Country Time Lemonade, and ReaLemon. The major RTD teas are Nantucket Nectors, Snapple ($211.5 million and -4.2% growth in 20126), and Diet Snapple ($197.6 million and 14.4% growth in 20126). The major bottled waters are DejaBlue and Penafiel11.

The major product lines of Cott Corporation are carbonated beverages, energy drinks, sports drinks, fruit beverages, RTD teas, bottled waters, and value-added waters. Their major carbonated beverages are Vess in various flavors and Stars and Stripes Cola. Their major energy drink is Red Rain ($2.4 million and -5.4% growth in 20126). Their major sports drink is exact! Their major fruit beverages are Golden Crown Lemon Juice, Golden Crown Prune Juice, Golden Crown Cranberry Cocktail, and Chadwick Bay Smoothies. Their major RTD teas are Golden Crown Green Tea, Orient Emporium Tea, and Chadwick Bay Enhanced Teas. Their major bottled water is Stars and Stripes. Their major value-added waters are So-Clear Sparkling Waters, ClearChoice Plus Formulas, and Chadwick Bay Nutrient Enhanced Water Beverage12.

The major product lines of National Beverage are carbonated beverages, energy drink, fruit beverages, bottled water, and value-added water. The major carbonated beverages are Shasta, Faygo, Ritz, Big Shot, and St. Nick’s. The major energy drink is Rip It. The major fruit beverages are Everfresh, Asante, Mr. Pure, and Ohana. The major bottled water is Mt. Shasta. The major value-added waters are LaCROIX, ClearFruit, Crystal Bay, and Cascadia Sparking Clear13.

The major product line of Big Red is carbonated beverages. They offer Big Red, Big Blue, Big Red Zero, Retro Big Red, Big Peach, and Big Pineapple14.

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4 Beverage Marketing Corp.
7/12/2015 Marketing Plan C. Gerals
FIGURE 5
Unfortunately for the last three major competitors, their major carbonated beverages are not individually listed as leading brands in the United States. Coca-Cola, Pepsi, and Dr Pepper Snapple Group take the largest shares. Coke Zero is growing the fastest over last year at 8.0% to hold 2.5% of the market. It is promising as compared with Diet Coke, which lost 3.4% this year with 9.9% market share. Diet Pepsi is shrinking the fastest at -6.2%. However, the carbonated beverages line is slowly decreasing for all companies.6

FIGURE 6
However, is also interesting to note that the brands Coca-Cola Classic, Diet Coke, and Pepsi Cola sell more volume individually than the whole RTD Tea product line.6 Carbonated beverages continue to be the strongest product line of the beverage industry.

UNITED STATES MARKET DEMOGRAPHICS

5 Beverage Marketing Corp.
6 Beverage Marketing Corp.
7/12/2015 Marketing Plan C. Gerals
The low prices of individual beverages open the beverage market to most of the population of the United States. Income has largely decreased in the past five years, and it has not returned to pre-recession levels. The number of men working full-time increased from last year, whereas women stayed at the same level. People aged 15-24 years have significantly less median income of $31,096 than older generations. People aged 45-54 years have the highest median incomes of $65,195, though people 35-44 years are not too far off with $63,209 median income.

However, average expenditures per consumer unit rose 3.5% in 2012 according to the Bureau of Labor Statistics. Spending also rose higher than inflation of 2.1% during 2012. People spend 2.2% more on food specifically.

Younger consumers are less likely to drink coffee than their middle-aged counterparts. Their careers were most likely negatively affected by the recession, and they did not develop or stopped consuming coffee on a daily basis. Younger markets are looking for energy drinks, such as males in mid-teens to late twenties.

People aged 35-54 years consume roughly 42% of coffee. These people are often pressed for time between families and fulltime jobs. They also are less likely to value creams and other mix-ins in their plain coffee. Older adults may be more likely to order luxury brands, assuming they aren’t on fixed incomes. Baby boomers may be more likely to buy diet colas than younger generations. However, obesity is a concern for all age groups.

Beverages are also sold to businesses, such as restaurants, inns, colleges, hospitals, and others. Colleges are the fast-growing market, followed by hospitals, and restaurants.

**Industry Analysis**

**Industry Background and Overview**

Liquid refreshment beverage industry sold 29,837.3 million gallons in 2012. It provides more than 233,000 jobs and has an economic impact of $141.22 billion in the United States.

Carbonated beverages take the largest share at 44.7%, bottled water at 32.4%, and fruit beverages at 11.1%. The industry has not recovered from the recession in terms of volume and growth. This marketing plan focuses on nonalcoholic brands.

**Market Needs**

Markets like to keep the original formulas of drinks. As discussed previously, The Coca-Cola Company replaced its classic formula with New Coke and it flopped. They publicly apologized and showed their weakness in business strategy.

Markets need the industry to develop nutritional drinks to address obesity and wellness concerns. Gary Hemphill of Beverage Marketing Corporation says it best, “Our gut feeling is that generally speaking if people can choose between no calories and some calories, they’re going to choose no calories.” This concern crosses product lines, and is especially important for parents choosing fruit drinks for their children. People are also interested digestive health and lowering cholesterol. According to Pam Stauffer of Cargill Health and Nutrition, plant sterols and barley fiber are cleared by the FDA and reduce LDL cholesterol.

Markets want energy boosts that do not negatively affect their health. The Food and Drug Administration (FDA) is pushing companies to clearly state the levels of ingredients like caffeine.
in its drinks\(^6\). These drinks can dehydrate the body, which is a potential danger with heavy exercise\(^21\). They can also hide how drunk a person really is by keeping them more awake and stimulated, but not coordinated or fully functioning\(^21\). As an example, college students were hospitalized after drinking Four Loko with alcohol\(^22\). The Federal Trade Commission (FTC) brought a deceptive marketing claim against Four Loko, and now cans must have alcohol facts like nutritional facts. The cans must also be resealable so people do not consume the whole beverage at one time.

More recent concerns come from the Substance Abuse and Mental Health Services Administration\(^42\). Their recent hospital survey found many patients drank energy beverages and then had heart attacks and related conditions. Given the unreliability of self-reporting, they were likely taken with other substances like alcohol. The FDA is researching these effects.

Other substances like brominated vegetable oil are tied to negative health effects. It is linked to short and long-term neurological damage and disorders\(^44\). A young woman brought an online petition against PepsiCo to BVO from Gatorade, and they did in early 2013\(^43\). However they did not remove it from Mountain Dew.

Markets want to drink bottled water without plastics damage themselves or environment. Bisphenol A (BPA) is an industrial chemical used to make plastics and resins. These are often found in water bottles and other food and beverage containers\(^34\). According to Katherine Zeratsky, R.D., L.D., BPA can damage brains and prostates of fetuses, infants, and children at certain levels. The FDA approved BPA at low levels, and they continue to research BPA. The plastics also contain polyethylene terephthalate (PET) that releases toxins as it breaks apart in landfills and oceans\(^5,36\). Many consumers now carry their own BPA-free bottles of water in response to these concerns.

Markets also want a refreshing drink, treat to pamper themselves, or for nostalgia. A wide variety of beverages are usually available at restaurants, amusement parks, and other recreational outlets. Consumers often link beverages positively with their childhood\(^7\).

The colors and flavors of beverages attract different demographics\(^17\). Children like bright colors and flavors of candy, whereas their parents want labels of nature and real fruit. Men like citrus flavors, and women like similar floral flavors\(^17\). The colors and flavors are in a balance with ingredients and their individual health benefits and drawbacks.

**Key Success Factors in Industry**

- Develop and maintain well-known brands.
- Develop and consolidate syrup manufacturers and bottlers\(^7,8\).
- Offer a range of well-maintained brands in different product lines.
- Be health conscious, but also be mindful of backing up health claims\(^19\).
- Be health conscious and consider negative effects on stockholders\(^22\).

**Significant Trends and Market Growth Opportunities**

Growth will come from providing health-conscious snacks to people without much time or money to spare\(^26\). They may also lack time and budget for restaurants, but they could grab a healthy, filling snack on their way. Michael Bellas and Gary Hemphill of Beverage Marketing Group think that future drinks will fit custom needs of smaller markets, rather than beverage
standards. New product categories and combinations of current products could lead to new products. PepsiCo has a strong interest in snackifying beverages, such as Gatorade Chews and Tropolis, a grab-and-go fruit puree for children. It also recently purchased a Russian dairy maker to provide smoothies and yogurts. Beverage World’s State of the Market 2013 report does not list either new product lines of smoothies or liquid flavor enhancers.

Liquid flavor enhancers are another grab-and-go solution for environmentally-conscious people. People carry their own bottles and still have refreshing drinks with and without calories, caffeine, and performance enhancers. Kraft, Nestle's Nestea, Coca-Cola, Great Value, Supervalu, Winn-Dixie, HyVee, and others all offer liquid flavor enhancers.

Kraft was the first to the market with Mio in 2011. The portable zero-calorie syrups gained 12.28% of the fruit-drink mixes market in 2012. A $24.7 million marketing campaign posted information to millennials on Facebook and other social media. After waiting a year after Mio's launch, Coca-Cola launched their new product Dasani Drops and Powerade Zero Drops. Coca-Cola benefits from Kraft's customer education and seeing the viability of their new product. Later they released MIO Energy, Crystal Light Liquids, and recently MiO Fit at the superbowl. Jason Chong of Bev Review opines that Kraft is trying to saturate the overall market with its brands.

There are still signs of growth in this new product line of flavor enhancers. Concentrates can be as diverse as RTD beverages and may aid those sales. For example, Nestle will launch its own Nestea Liquid Water Enhancer soon at Target stores in 2013. It will have Iced Tea with Lemon, Iced Tea with Peach, and Half & Half Iced Tea, and Green Tea Citrus. The enhancers will be sold next to Nestle’s brands of water. PepsiCo’s Lipton now has dry Iced Tea and Honey To Go packets in many different flavors. Pepsi also offers Gatorade in similar To Go packets. Mio could appeal to a general audience while Crystal Light appeals more to women with its floral flavors. Cost could also be a deciding factor for consumers with limited incomes and boost lower-priced brands like Great Value and HyVee.

![U.S. Bottled Water Volume, Growth](image)

**Figure 7**

7 Beverage Marketing Corp.
Value-added and bottled waters are a growing product line. 9,637.1 million gallons were sold in 2012 for $19,544.9 million. The industry responded to health concerns by reducing the amount of plastic in each bottle and increasing recycling programs. It appeals to those people without reliable water sources, such as victims of natural disaster. Sparkling and mineral water outpaced convenience/still water with a growth rate of 35.0% last year. This is much more than RTD tea or fruit juices.

Many brands are turning to coconut water as a healthier alternative to carbonated sodas and energy drinks. It an ingredient in existing brands and also launched by itself. Coca-Cola partnered with Zico in 2012. PepsiCo stepped up their relationship with One Natural Experience in 2012. It offers coconut water in its Naked fruit juice brand. Both PepsiCo and Coca-Cola are competing with Vita Coco who has 60% market share and a partnership with Dr Pepper Snapple. Zola launched Coconut Water with Espresso and Epicurex, LLC launched Cocozia Coconut Water in 2013. However, drinkers who found benefits overstated sued O.N.E. and Vita Coco in 2011, and Vita Coco settled for $8 million.
FIGURE 9

Fruit beverages often have benefits consumers want with calories consumers don’t want. The product line had the least performance of any product line in 2012. However, new technologies of pasteurization and relatively new ingredients like tropical fruits and coconut water could help the category. PepsiCo revised its flagging Tropicana brand in 2011 and 2012. It launched a new line of Trop50 drinks with FDA-approved stevia sweetener that reduces calories and bottles without BPA. The calories and lack of high fructose corn syrups and aspartame compare favorably with the brand Minute Maid in light drinks and kids drinks. The bottles do contain PET, however. It remains to be seen if the revision is successful.

Markets are drinking more coffee according to the 2013 National Coffee Drinking Trends report. There has been steady annual growth of 5.6% over 2008 to 2013 for $27.9 billion dollars in sales. Roughly 83% of the US adult population buys coffee. This means about 3 cups of coffee a day. RTD coffee grew 17% from 2011 to 2012. It may be seen as a safer and healthier energy boost than energy drinks like Monster. Starbucks hopes to bring custom and quality of its mixed coffees to a wide variety of RTD coffees.

9 Beverage Marketing Corp.
The above charts from the Beverage World’s State of the Market 2013 report show decreasing success of product launches in carbonated beverages, RTD tea, and energy drinks in the United States. 2008 is the most promising year, and consumers industry-wide become less responsive to the new offerings and/or less willing to try new offerings. 2012 is the worst year for carbonated beverages and RTD tea, and the second-worst year for energy drinks. PepsiCo revamped the formulas and packaging of AMP energy brand in as a response to slipping market share in 2012. Consumers may respond more favorably to familiar products.

As discussed in the competitor product line section, carbonated beverage product line continues to decrease. According to Gary Hemphill of Beverage Marketing Corp, volume declined for the eighth year in a row. Per capita also declined for the 14th year in a row.

**SWOT Analysis**

**Strengths**
- PepsiCo merged with Pepsi Bottling Group and PepsiAmericas to streamline management, consolidate manufacturing, increase efficiencies, and reduce costs.

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10 Beverage Marketing Corp.
11 Beverage Marketing Corp.
• PepsiCo increases sales in 2012 and provides healthier beverages from acquiring OAO Wimm-Bill-Dann, a Russian dairy company15.
• Net income exceeded expectations by rising to $1.31 per share instead of the expected $1.19 per share18.
• Brands Pepsi Cola, Mountain Dew and Diet Pepsi have a significant share of the carbonated beverage market6.
• Gatorade brand of energy drinks top the list of the Top 20 U.S. Sports Drinks in 2012. Sales of Gatorade increased 33.6% as consumers are more health-conscious6.
• Tropicana Pure Premium brand of fruit drink tops the list of Top 10 Refrigerated Orange Juice with $1,035.2 million in 2012, much more than any other orange juice6.
• Mountain Dew sales increased by 0.6% after falling 1.5% in 20116. Mountain Dew Code Red increased sales by 15.0% in 20126.
• Reduced the weight of packaging by 350 million pounds and decreased the amount of water used in operations by 20% over the past five years 5.

WEAKNESSES
• Profit decreases by 5% in 2012 due to higher costs of commodities, even though efficiencies reduced costs by a goal of $1.5 billion15,18.
• PepsiCo cut 3% of its global work force in an effort to structure its sluggish business15.
• PepsiCo hasn’t pursued a market penetration strategy of its major brands, and those brands have lost market share to competitors like Coca-Cola15.
• Overall volume decreased by 3.5% in North and South America and was flat in Europe18.
• Investors are pressuring PepsiCo to break their beverage and snack businesses apart5,20.

OPPORTUNITIES
• Remind consumers of key brands Pepsi Cola, Mountain Dew, Gatorade, Tropicana, and Lipton by advertising during the Super Bowl15.
• Develop a Global Nutrition Group and a portfolio of nutritional drinks to address obesity and wellness concerns5,15,17.
• PepsiNEXT successfully launched in 2012 for $100 million in sales in the first year5.
• Discount and dollar stores are replacing more traditional local stores5, and PepsiCo partnered with Family Dollar in 2012 to sell brands Pepsi, Aquafina, Lipton, and others45.
• Social media allows PepsiCo to directly market itself and respond to critics and unhappy customers.
• Open research and development centers in China, Germany, and Mexico to reduce packaging and develop sweeteners and formulas that give a lot of taste without at lot of calories6.

THREATS
• Diet Coke displaced Pepsi Cola in 201115 and it continues to fall by 3.4% in 20126.
• Caffeine Free Diet Pepsi last 15.8% in sales from 20126.
• Consumers are shying away from the empty calories of sugar-heavy drinks, like carbonated beverage and fruit product lines,17.
• Commodity prices are inherently unstable due to weather, government and regulatory concerns5.
• Public opinion pressures companies to use less energy and resources in the manufacture, distribution, and disposal of their products5.
• People are concerned about the physiological effects of energy drinks, dampening sales.
• Governments want and require foods and beverages to be traced during the entire manufacture, distribution, and sales of a product.
• A lawsuit stopped PepsiCo from labeling Naked juices as “all natural” and hurt the healthy image of the brand.

NEW PRODUCT DESCRIPTION

PRODUCT DESCRIPTION
The new product is Aquafina FlavorSplash Travel Package of value-added waters with four tropical flavors: Orange Tangerine, Pineapple Mango, Strawberry Kiwi, and Blue Raspberry. It extends the Aquafina FlavorSplash line of PepsiCo. Each package contains eight or twelve BPA-free, 12-fluid-ounce bottles bounded in plastic wrap. There are two or four bottles of each flavor, depending on the total number of bottles.

The bottles are clear, compact and taper in the middle to grip easily. The top and bottom of the bottles clearly show the liquid inside. White caps top each bottle. Both the bounding plastic wrap and the middle wrap of each bottle display the product name and information. The wraps show bright, saturated, colors, cartoons, and hand-drawn typefaces. Each flavor has a distinct cartoon that fits within the overall style.

PRODUCT FEATURES AND BENEFITS
The Aquafina FlavorSplash Travel Package combines the best of juice and waters in a single product. It has flavors and vitamins of juice and energy drinks without the calories, sugars, and caffeine. It is filtered water, citric acid, sodium hexametaphosphate (to keep flavor), potassium citrate, potassium sorbate (to keep fresh taste), stevia (sweetener), acesulfame potassium (sweetener), calcium disodium EDTA (to keep flavor), phosphoric acid, natural flavors, and colors. It also contains the following daily values of vitamins: 3% sodium, 1% potassium, 100% vitamin C, 20% pantothenic acid, 20% niacin, and 20% vitamin B6.

The ingredient list has many positive effects. It helps people stay hydrated and healthy without the calories, fat, carbohydrates, brominated vegetable oil, alcohol, or caffeine of other drinks. The amount of sodium is much lower than juice or carbonated beverages. Stevia sweetens the fruit flavors instead of sugar and troublesome sweeteners. Each component is relatively inexpensive as opposed to ingredients like coconut water. It also looks more appealing than cloudy coconut water or concentrate separating juice.

PRODUCT UNIQUENESS
PepsiCo and many competitors do not have variety packs of exotic flavored water. Variety packs are usually seen in dry goods and some juices, but not in bottled waters and most other beverages. Aquafina has many separate flavors in the FlavorSplash product line, but the flavors are not packaged together. The bottles also tend to be large and more difficult for kids to carry on their activities. The newest flavors are fruit blends, as in the recent release of sparkling FlavorSplash water. The other water brands are focused on adult consumption and include caffeine. HyVee does carry a similar package of plain water with added fluoride for kids, but the water isn’t flavored and doesn’t have vitamins.
**Production Process Description**

Bottles and packaging are produced by Pepsi Bottling Ventures, a privately-held bottler with 22 bottling and distribution locations in the south eastern United States. Graphic design and product information are provided by PepsiCo Americas.

Water from public systems is processed in Aquafina’s HydRO-7™ purification system. The water is mixed, filtered twice for large and small particles, exposed to UV light to kill organisms, processed in reverse osmosis to take out more solids, run through an activated carbon filter and related polishing water, and exposed to ozone to clean up the last of the particles.


**Warranties and Guarantees**

Aquafina FlavorSplash Travel Package gives customers a healthy and easy alternative to drinking unhealthy beverages on long trips and during long activities. This healthy beverage will hydrate you and your family without the added costs and calories of traditional beverages.

**Target Markets**

**Segmentation Basis**

Target markets are segmented based on demographics, psychographics, benefit, and behavior. Demographics are characteristics of a population, like age, gender, ethnicity, household status, generations, income, and other aspects. Psychographic segmentation includes how customers view themselves, their values, and their lifestyle. Benefit segmentation includes the needs and wants of consumers. Behavioral segmentation includes occasion and loyalty.

**Target Customers and Characteristics**

Demographically, the target customers are children and caregivers of children, such as parents, grandparents, family members, and legal custodians. This often refers to families of two to three people, with at least one child and one parent. Children are most likely Generation Z, ages 0-17, and possibly Generation Y, ages 18-36. Both generations have much in common, such as a
fondness for nostalgia and retro products and heavy use of social media. Parents are more likely to be in Generation Y or Generation X, ages 37-48. Generation Y is more comfortable with new technology like social media. Generation Y loves to shop, but Generation X is more likely to be skeptical of marketing claims.

Their incomes are low to middle and they do not have a great deal of funds to spend on beverages. Many healthy items are also more costly, and these markets also balance health with the limits of their budgets. Premium products and ingredients, like coconut water, often have a lower value than lower-cost items that solve the basic problems of consumers. These consumers do not often see water as a luxury item.

Psychographically parents are more likely to be health-conscious. The growing focus on nutrition and health steers them away from high-calorie carbonated beverages and juices and ingredients with poor effects. Children are more likely to want bright and sweet drinks without much thought to health. They are more likely to use social media than their parents. Social media and internet access provides a wealth of information on products, ingredients, and the latest news on health concerns. Health concerns are likely to be more interesting to children as they age, and they will have much better access to product reviews.

Behaviorally, both segments are likely to be very busy. People often have road trips, long activities, and busy days. Focus on nutrition often takes a back seat to convenience during these times. Lastly, the markets benefit from satisfying their thirst.

**Positioning Strategy**

Consumers should view Aquafina FlavorSplash travel packs as the healthy way to hydrate you and your family in the midst of your busy life. The basic value proposition is that they don’t have to choose between health, convenience, and money. The marketing mix should be concentrated on this target market.

**Competitive Strategy**

The new product launch is part of an overall product development strategy by PepsiCo. It is in line with the current Aquafina FlavorSplash product line. For example, it fits in with the most recent release of sparkling waters for teens.

The new product formula and marketing differentiates it from competitor waters. Only PepsiCo markets water to teens, and very few market value-added water to families. Coca-Cola has Glaceau vitaminwater, but it has many more calories and sugar. Dr Pepper Snapple Group has unflavored Deja Blue brand. Their Penafiel brand has plain water and high-calorie sodas. Cott Corporation has So-Clear sparkling and Chadwick Bay waters that are flavored and carbonated. National Beverage has LaCroix, ClearFruit, Crystal Bay, and Cascadia Sparkling Clear has similarly flavored and carbonated water. It also competes indirectly with juices. Overall, juices have stumbled with their image as sugary and pseudo-healthy.

**Marketing Objectives**

- PepsiCo will acquire 25 million customers during the first year of the product launch.
PepsiCo will retain 6.25 million customers during the first and second years of the product launch.

- PepsiCo will maintain and develop its relationship with Pepsi Bottling Ventures and key suppliers.
- PepsiCo will maintain an 80% customer satisfaction rate during the first year of the product launch according to PepsiCo’s customer surveys.
- PepsiCo will gain new 10,000 followers on FaceBook, 300 new followers on Twitter, and 1200 new followers on Instagram within the first year of the product launch. The FlavorSplash line currently has 18,668 followers on FaceBook, 329 followers on Twitter, and 1353 followers on Instagram.

**Financial Objectives**

- PepsiCo will sell $90 million in sales during the first year of the product launch. PepsiMax, a recent related new product, sold $100 million in its first year.
- PepsiCo will sell 40 million gallons in volume during the first year of the product launch. PepsiMax, a recent related new product, sold 50 million gallons in volume in its first year.
- PepsiCo will acquire 5% of the market during the first year of the product launch and the new product will acquire 4% of PepsiCo’s water portfolio. PepsiMax, a recent related new product, maintained 1.5% of PepsiCo’s larger carbonated soft drink portfolio.
- PepsiCo will maintain a margin of 10% for every product sold.
- PepsiCo will a 70% return on investment to balance sales revenue against the cost of advertising.

**Keys to Success**

**Core Competencies**

PepsiCo has a solid reputation as a leading beverage provider of multiple billion-dollar brands, including Aquafina. It can successfully extent the FlavorSplash product line without diluting the brand. It has a solid relationship with Pepsi Bottling Ventures to develop and bring the new product directly to stores. The company’s commitment to wellness beverages and willingness to develop new ideas and research will help the new product succeed.

Aquafina FlavorSplash Travel Package fits well within PepsiCo’s commitment to innovative, convenient, responsible products. The travel pack gives busy customers a healthy and easy alternative to drinking traditional beverages. Water is a high-growth space in the beverage industry. The newer sweetener stevia is part of PepsiCo’s innovative efforts to sweeten beverage without adding unnecessary sugars.

**Strategies**

**Product**

The FlavorSplash Travel Package falls under the individual brand of Aquafina within the larger umbrella of PepsiCo products. Also, it extends the FlavorSplash product line as a four tropical flavors: Orange Tangerine, Pineapple Mango, Strawberry Kiwi, and Blue Raspberry. New products benefit by using existing brands, rather than new individual brands or product lines. PepsiCo generates $896 million and 3.6% growth in sales in 2012 with the Aquafina brand. The company can use fewer resources on increasing consumer brand awareness due to the strength of this brand. It fits well without diluting the FlavorSplash line or stealing sales from other Aquafina products.

7/12/2015  Marketing Plan  C. Gerals
The following steps develop the new product: test the new concept with a potential set of customers, develop product prototypes, test the product in representative markets, launch the product, and evaluate the results. Focus groups and in-depth interviews test the new concept is tested with focus groups and, and then internet and mall surveys follow up. Manufacturers and designers develop and test prototypes in two stages at their research and development centers: alpha and beta. Manufacturers, designers, engineers, and marketers develop the whole product: bottle form, water composition, wrapping, etc. PepsiCo conducts alpha testing with employees. Beta testing uses target consumers in virtual reality settings, such as a convenience store with printed products on shelves. Researchers track consumer behavior, such as eye movement, and weighed it against the perceptions of consumers collected in surveys.

Next, Nielsen BASES tests the product with samples and limited launches in four representative test markets. In Nielsen BASES testing, each consumer receives the new product, uses it for two weeks, and then returns a survey on the function and desirability product. Then products launch in Austin, TX, Grand Junction, CO, Cedar Rapids, IA, and Escondido, CA a period of one month. PepsiCo evaluates and changes the marketing mix and product before the full product launch.

The FlavorSplash Travel Package has primary and secondary packaging. Unlike other waters, children and parents are the target markets. Packaging has bright and fun colors and cartoons not typically used on current water packaging. The transparent wrap shows the flavored waters as much as possible. Each flavor will have its own design within the same style. The Food and Drug Administration (FDA) reviews and approves nutritional information and formulas.

**Promotion**

Traditional media, web-based media, sales promotions, personal selling, and public relations - compose the marketing mix. Public relations announce the product launch with a press release on PepsiCo’s main website. It also monitors and maintains the perception of the new product outside of the company.

Traditional media advertises primarily on television, then radio and print in consumer and trade publications. Television advertisements play most during Saturday mornings and primetime evening hours, less during the day, and rarely at night. Radio advertisements play most during the hours 6-9am and 4-7pm, less during 9am-4pm, and even less at night. Print advertisements feature more in trade publications (Beverage Business Insights, BevNET Magazine) than in consumer publications (People, Seventeen).

Web-based media includes Aquafina’s website, YouTube, game applications, and unique Facebook, Twitter, and Instagram pages. Both in-house designers and advertising agencies create the advertisements. Also, they hire actors through unions for television, YouTube, and radio commercials. PepsiCo continues and establishes advertising contracts with major broadcast and cable stations, such as ABC, CBS, NBC, Comedy Central, Discovery, and MTV, radio station owners, such as Cumulus and Clear Channel, and major websites like CNN and MSNBC. Promotions collect key customer data, and advertising agencies modify them as needed.

Sales promotions include contests, point-of-purchase displays, and coupons. Advertising agency OfferPop runs contests through Facebook and Twitter to win vacations with a complete supply of the new product. Other contests include signing up and answering small surveys each week to win small prizes and free samples. Point-of-purchase displays sit in stacks close to the cash registers and at the front entrances of retailers. Retailer web and print advertisements include
coupons and check-ins on social media. These also collect key customer data, and advertising agencies modify them as needed.

Personal selling builds business-to-business relationships. Personal calls, in-person meetings, and teleconferenced meetings strengthen relationships and keeps all business partners informed of progress. Beverage industry trade shows provide excellent opportunities. At exhibit booths, retailers view and sample the new product in hopes of carrying the new item. PepsiCo also gives special displays to retailers to highlight the launch.

**Placement**
PepsiCo has and develops strong relationships and supply chains between suppliers, Pepsi Bottling Ventures, and stores. Pepsi Bottling Ventures uniquely provides a corporate vertical chain to manufactures, sells, and distributes products to stores. It allows PepsiCo to focus on key ingredient suppliers and retailers. The company has contracts with major department stores, such as Walmart and Target, convenience stores, grocery chains, and restaurants, such as Culvers, Arbys, and Long John Silvers. Fast-food chains provide both bottled and fountain beverages. Also, self-serve fountains at restaurants collect customer data.

**Price**
Pricing communicates affordability and quality of Aquafina FlavorSplash Travel Package. PepsiCo initially uses a market penetration price strategy and then an everyday low price strategy. The company offers introductory price promotions of $3.10 per package of eight and $3.75 per package of twelve to retailers. The introductory retail price is $3.50 per package of eight and $4.25 per package of twelve, and the regular MSRP is $3.99 per package of eight and $4.50 for packages of twelve. The lower price may boost sales of the new product.

PepsiCo offers slotting allowances, advertising allowances, and quantity discounts to retailers. Slotting allowances ensure placement in store aisles and point-of-sale locations complete with store displays to increase awareness of the product during the launch. Quantity discounts to retailers may lead to greater sales volume. If the volume sold steadily increases, marginal cost in production decreases. Economics of scale make production cheaper, bringing the price low enough to maintain profit and undercut competitors. After six months, the pricing strategy switches to an everyday low price. Seasonal discounts and coupons can also help generate sales and keep customers looking for new products.

**Implementation Schedule**

**January**
- Establish contracts and pricing with key suppliers.
- Create schedule to design product packaging and marketing campaign materials.
- Test the concept of the new product among potential customers with focus groups, surveys, and in-depth interviews.

**February**
- Develop prototypes of the new product with manufacturers.
- Develop relationships with key campaign channels, such as radio stations, television, etc.
- Hire advertising agencies if required by the schedule.

**March**

• Create advertisements for all channels.
• Develop and coordinate production schedules and supply chains with key suppliers.

APRIL
• Choose actors and create contracts with actor unions.
• Finalize and distribute product packaging designs to manufacturers.

MAY
• Establish contracts and pricing with stores, restaurants, and other retailers.
• Begin manufacturing and shipping product to distribution centers.

JUNE
• Verify advertisements with regulatory agencies.
• Finalize marketing campaign and produce materials.

JULY
• Test the new product in select markets.
• Monitor initial feedback on social media.

AUGUST
• Review test market information and make appropriate corrections.
• Begin manufacturing and shipping product to distribution centers.
• Preview new product in print and web media.

SEPTEMBER
• Fully release the new product to the public.
• Roll out full marketing campaign: web pages on social media, advertisements in traditional media, contests, and others.

OCTOBER
• Evaluate production and supply chains with suppliers and manufacturers.
• Conduct media events to highlight the message.

NOVEMBER
• Review sales figures from the first two months to adjust production schedule.
• Review social media indicators to adjust message and presentation in various channels.

DECEMBER
• Evaluate the progress of the first half-year based on performance, customer acceptance, and sales and profits.
• Make changes based on the evaluation.

SALES AND EXPENSE FORECAST
PepsiCo will sell $90 million in sales and 40 million gallons in volume during the first year of the product launch. PepsiMax, a recent new product, sold $100 million in sales and 50 million gallons in volume in its first year. It is anticipated that $5 million in expenses are needed to develop and produce the new product in its first year.
EVALUATION

PepsiCo measures success by internally and externally evaluating traditional and web-based media within the first year of the launch. Gross rating points (GRP) measures radio, television, and print by multiplying frequency of views and reach of a particular media. Each radio station, television program, and others can be evaluated for efficacy. Target markets receive surveys and the larger public can fill out online surveys for immediate feedback.

Internal marketing department and advertising agency OfferPop measure web-based media. Both use the web service of Google Analytics to track unique and repeat views of websites, frequency of visits, impressions, and click-through rates. Other services analyze Facebook, Twitter, and Instagram to check the number of people signing up for contests, liking content on Facebook, posting pictures, video, and text to all promotional channels. OfferPop provides progress reports on campaigns as they unfold.

Internal finance departments, retailers, manufacturers, and trade and organizations gather and verify sales information. Retailers and manufacturers report on sales, volume, margin, and return-on-investment of the new product. Trade publications and organizations, such as Beverage World, provide the market share of PepsiCo and competitors in articles and their annual State of the Market report.

CONCLUSION

In conclusion, Aquafina FlavorSplash Travel Package fits well within the Aquafina brand of PepsiCo. PepsiCo, OfferPop, Pepsi Bottling Ventures, and retailers will successfully implement the strong marketing mix of product, promotion, place, and pricing. Consumers increasingly ask for innovative, convenient, and healthy alternatives to traditional carbonated beverages, and Aquafina FlavorSplash Travel Package is the perfect solution for families and children.
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