

A Study on brand positioning of Pepsi in Hyderabad

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Abstract

With the standardisation of quality products and with little difference among products to differentiate in the market characterised by cut throat competition, companies are forced to find new ways to stand apart to attract customers, positioning is one of them. Positioning has become an important concept in the current times to make the customers view their product as the company wants them.

In marketing, positioning has come to mean the process by which marketers try to create an image or identity in the minds of their target market for their product, brand, or organization. Brand positioning is at the heart of marketing strategy.

It is the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customer's minds. A good brand positioning helps to guide marketing strategy by clarifying what a brand is all about, how it is unique, how it is similar to competitive brands, and why consumers purchase it. Thus, in simple words brand positioning refers to the position or image which a brand enjoys in the minds of present and potential customers. It is to associate a product with an attribute, a product feature, or a consumer feature. Sometimes a product can be positioned in terms of two or more attributes simultaneously. The price/quality attribute dimension is commonly used for positioning the products. A common approach is setting the brand apart from competitors on the basis of the specific characteristics or benefits offered. Sometimes a product may be positioned on more than one product benefit. Marketers attempt to identify salient attributes.

INTRODUCTION

PepsiCo is one of the largest beverage and food companies in the world, started in America, its soft drink Pepsi is considered to be the first branded soft drink in the world. It came into existence in the 19th century, a pharmacist, Caleb Bradham from New Bern, North Carolina

was the man behind it, he started experimenting with different soft drink concoctions; It was named after a digestive enzyme Pepsin and Kola nuts, which were the ingredients in the recipe. His original intention was to counter act dyspepsia, a kind of indigestion with Pepsi Cola, initially it was positioned as a medicine, it became a branded soft drink in 1898 and from then onwards the product and the company have grown to be the one of the most recognized brand in the world.

It has a wide portfolio of brands like Frito-Lay, Quaker, Gatorade, Pepsi-Cola and Tropicana. PepsiCo manufactures, markets, distributes and sells a huge variety of beverages, foods and snacks, through their operations, using authorized bottlers, contract manufacturers and other third parties.

It has thirty-five beverage and bottling plants and three food plants.

PepsiCo used Lehar Pepsi as its brand name to sell Pepsi when it entered India. It was well established by the time Coca - Cola re-entered the Indian market.

PepsiCo has different products to satisfy different customer segments and in short, its positioning is based on multi-segment type and thus focuses and serves individual customer segments.

PepsiCo uses multi-segment type of **positioning** and accordingly, it targets more than one customer segment at the same time with different products or service packages. For example, **Pepsi-Cola** is **positioned** as soft drink that tastes good and has a pleasantly refreshing impact. May 9, 2016

Pepsi's basic positioning has continued to be the same since 1898 the year of its inception as a refreshing drink targeting the youth, ever-present on every social occasion. Pepsi was able to create a point of difference by concentrating on those segments which were over looked by Coca-Cola that is the young generation with its sweet sugary taste which attracted young consumers according to Keller.

Pepsi positions itself as an action-oriented brand which focuses on future. The image it portrays attracts youth the most as they connect with it. Every brand positions itself on points of difference as well as points of parity and so does Pepsi.

Review of Literature

In **Keller's** view Good brand positioning guides the marketing strategy by specifying what a brand is about, how it is distinct and different from the competing brands and answers the question as to why customers have to purchase and use the particular product.

Tudor Edu and **Iliuta Costel Negricea** have stated that a new product or service should be different, whether it is sold under an established brand or not. A product is successful when only when the target market perceives that the product offers something special. A prospect purchases the offer only when he feels that it will give him more value than the competitive offers. When a particular offer is valued more than the other offers in the market than it is said that the offer has, competitive advantage. The competitive advantage helps the product stay ahead of other products in the market, giving it a superior edge.

The place that the brand occupies in the mind of the consumer is brand positioning. Any seller would want the target market to perceive his products in a particular way, to achieve this he will try to portray that his products are better than the competitor, so that his products will be thought of by the consumers in a specific way. Positioning does not mean the way in which the seller wants to be remembered by the target market (here we speak about the positioning approach) but it has to do with what the customer has understood about the brand or the particular seller.

In order to be remembered by the target market, a brand should offer something special, this can be achieved by giving a market benefit or better conditions can be offered in comparison with the competitors.

The positioning approach according to them should start with the segmentation criteria, which are used on the respective market that is geographic, psychographic, demographic and behavioural criteria. The segmentation process includes the demand selection criteria and also the methods for the offer or product to stay compliant to these criteria. The marketing mix

elements: products, price, promotion and distribution play an important role in shaping the positioning outcome.

For positioning to be successful, the element of differentiation must be: unique, important to the target market, easily communicable, easy to understand and remember and sustainable through the company's communication using the marketing mix elements. According to **Tudor Edu** and **IliutaCostelNegricea**, the positioning tool is designed in a way to guide the enterprises in assessing the situation and to build a competitive positioning strategy no matter in whichever market the company is present.

The main author of the book "Differentiate or Die", **Jack Trout**, together with **Al Ries**, who earlier wrote the marketing classic, "Positioning: The battle for your mind" state that, to succeed the first step is to position or place the brand in such a way in the target customers mind that their perception of the brand is distinctive and offers a customer value better than its competitors, in other words, it is called competitive advantage. In this era of intense and killer competition and insane brand proliferation, companies need to differentiate their products or die.

Positioning starts with an understanding or mapping of prospective consumers mental perceptions of a product. The mind is cluttered with many brand names for different categories and seems as if the consumer has made his own mental map of his or her needs and wants and has given different products and brands, different points on that map, to satisfy those needs. The company strategy should therefore be to create a perception in the target customers mind about their brand so that it distinctly stands apart from the competitor's brands and is much closer to what the prospective consumer wants.

According to **Subroto Sengupta** positioning actually is less what we do to the product and more of what we do to the consumers' perception of the product.

A brand thus can only think of at best occupy such a position in the consumers mind as a mere tenant for periods that will depend on the quality and quantity of the marketing efforts that are put in, in support of the brand. Other brands like other renters would keep coming forth with tempting offers and would approach the owner of the site. Hence, we should devise

a strategy and create such a perception in the consumers' mind that it is distinct from the competing brands and is close to what the consumer desires. We should occupy the space in the consumers mind and stay put as if we have taken a long-term lease and not let squatters in.

The position of a brand is the perception it brings about in the target customers mind. This perception reflects the essence of the brand in terms of the benefits it provides both, functional and non- functional, according to the consumer.

Ansari (et al., 1994) is of the opinion that to effectively formulate a positioning strategy firms need to do an analysis of competitor and consumer behaviour simultaneously. In order to position a product/ brand firms need to go for positioning analysis as positioning is all about buyers' perception about existing or potential brands in a market; this analysis will help managers to understand how customers perceive their market and give a realistic view, which may be different from their own views. This is essential as it helps them to comprehend the product market and also differentiate their product (**Perreault & McCarthy**, 2006).

According to **Cravens & Piercy**, (2009) the objective is to match the organization's unique capabilities with the customer value requirements in each target market. (How do we want the target customers to perceive us?). We can get the desired result by gaining a distinct, relevant and enduring position that is considered important by the targeted customers. And then the positioning strategy has to be implemented (marketing program) for the target market.

Research Methodology

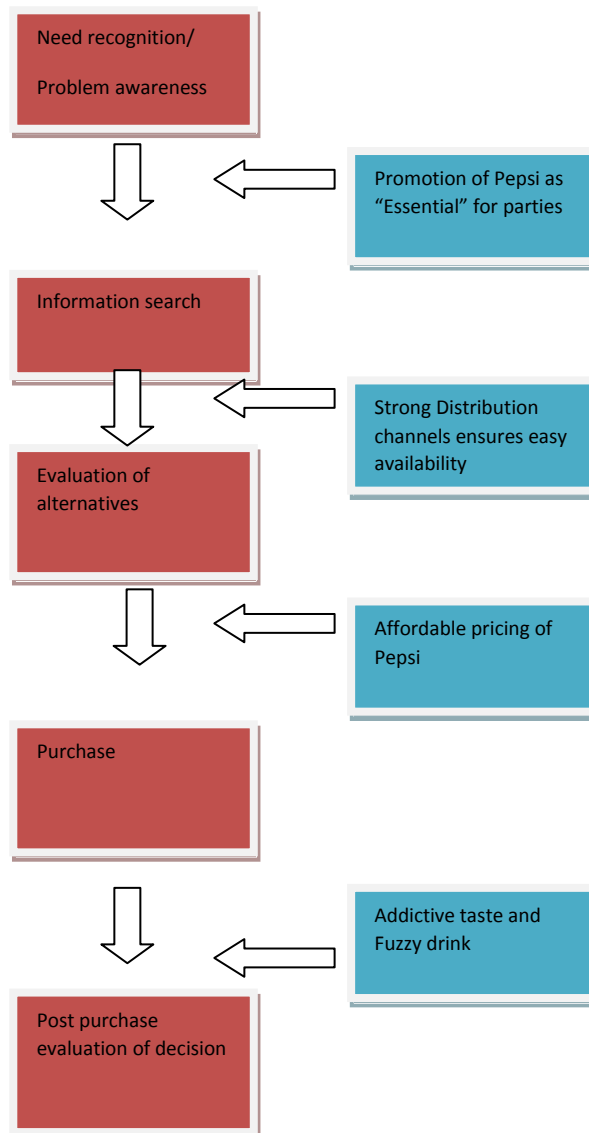
Sources of data

- ▶ The study made use of both primary and secondary sources.
- ▶ The primary data was collected through a structured questionnaire, given to the consumers drawn from different outlets through random method. Interview method was also used.
- ▶ For secondary data, magazines, books, journals of famous authors and govt. records were used.

Techniques of Data Analysis

- ▶ The data was analyzed using Mean, Standard deviation, Variance and other statistical techniques like Multiple Correlation, Multiple Regression, Chi- square Analysis, ANOVA, and Factor Analysis etc.

Decision Process of a Customer Influenced by Pepsi



Data Analysis and Interpretation

Frequency of Purchase: The respondents were asked how frequently they buy beverages; the responses are furnished in the following table.

Description	Frequency	Percent	Valid Percent	Cumulative Percent
Once a day	8	5.8	5.8	5.8
Once a week	37	26.3	26.3	32.1
More than once a week	36	25.5	25.5	57.6
Once a month	59	42.4	42.4	100.00
Total	140	100.0	100.0	

Source: Primary Data

Majority of the total sample respondents have indicated that they purchase beverages once a month, followed by 26.3 respondents who purchase beverages once a week and 25.5 % of respondents buy more than once a week and a least with 5.8% of respondents buy once a day.

Taste of Pepsi is sweet: The respondents were asked if the taste of Pepsi is sweet, their responses are given in the following table.

Description	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	13	9.6	9.6	9.6
Disagree	27	19.0	19.0	28.6
Agree	78	55.4	55.4	84.0
Strongly agree	22	16.0	16.0	100.0
Total	140	100.0	100.0	

Source: Primary Data

55.4% of the total sample respondents have agreed with the statement that Pepsi tastes sweet and 16% strongly agreed but 19% have disagreed and 9.6% strongly disagreed with the statement that Pepsi tastes sweet.

Pepsi, a brand for youth: The respondents were asked if Pepsi is a brand for youth, their responses are given in the following table,

Description	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	18	12.5	12.5	12.5
Disagree	58	41.7	41.7	54.2
Agree	50	35.7	35.7	89.9
Strongly agree	14	10.1	10.1	100.0
Total	140	100.0	100.0	

Source: Primary Data

41.7% of the total sample respondents have disagreed with the statement that Pepsi is a brand for youth and 12.5% strongly disagreed while 35.7% agreed and 10.1% strongly agreed with the statement that Pepsi is a brand for youth.

Advertisement's influence on soft drink purchase: The respondents were asked if after watching an advertisement of the soft drink they purchase it, the responses are given in the following table

Description	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	15	10.4	10.4	10.4
Disagree	62	44.1	44.1	54.5
Agree	56	40.7	40.7	95.2
Strongly agree	7	4.8	4.8	100.0
Total	140	100.0	100.0	

Source: Primary Data

44.1% of the total sample respondents have indicated that they do not purchase a soft drink after seeing its advertisement, 10.4% strongly disagreed with the above statement while 40.7% agreed that they do buy soft drinks after seeing the ads.

Influence of a celebrity in soft drink purchase: The respondents were asked if they get influenced by a celebrity, advertising a soft drink while purchasing, the responses are furnished in the following table.

Description	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	32	22.9	22.9	22.9
Disagree	63	45.1	45.1	68.0
Agree	35	25.0	25.0	93.0
Strongly agree	10	7.0	7.0	100.0
Total	140	100.0	100.0	

Source: Primary Data

45.1% of the total sample respondents have expressed that they disagree and 22.9% strongly disagreed with the statement that a celebrity/celebrity influences their decision to buy a soft drink after seeing him advertise it, while 25% agreed and 7% strongly agreed that they do get influenced by a celebrity while purchasing a soft drink.

Soft drinks, high price versus good quality: The respondents were asked if high priced soft drinks are of good quality, the responses are mentioned in the following table.

Description	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	23	16.6	16.6	16.6
Disagree	66	47.0	47.0	63.6
Agree	41	29.2	29.2	92.8
Strongly agree	10	7.2	7.2	100.0
Total	140	100.0	100.0	

Source: Primary Data

47% of the total sample respondents have reported that they disagree with the statement that high priced soft drinks are of good quality and 16.6% strongly disagreed however 29.2% agreed and 7.2% strongly agreed with the statement that high priced soft drinks are of good quality.

Chi-Square Tests

Pepsi, brand for youth against Frequency of Purchase

In order to understand whether the purchase frequency is independent of the fact that Pepsi is a brand for youth, Chi-square analysis is conducted with the following hypothesis and the results are given in the following table.

H₀: Frequency of purchase is not independent of the fact that Pepsi is a brand for youth

	Value	df	Asymp.Sig (2-sided)
Pearson Chi-Square	46.389 ^a	16	.000
Likelihood ratio	38.807	16	.001
No of valid cases	140		

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .00.

Source: Primary Data

Since the Chi-square value is found to be significant, the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, the Frequency of purchase is independent of the fact that Pepsi is a brand for youth.

Chi-Square Tests

Sweet taste against Motivation for buying beverage brand

In order to comprehend whether the motivation to buy beverage brands is independent of sweet taste of Pepsi, the Chi-square analysis is conducted with the following hypothesis and the results are shown in the following table.

H₀: Motivation to buy beverage brands is not independent of sweet taste of Pepsi

	Value	df	Asymp.Sig (2-sided)
Pearson Chi-Square	35.725 ^a	12	.003
Likelihood ratio	24.877	12	.072
Linear-by-linear Association	5.882	1	.015
No of valid cases	140		

a. 14 cells (56.0%) have expected count less than 5. The minimum expected count is .05.

Source: Primary Data

Since the Chi-square value is found to be significant, the null hypothesis is rejected, and the alternative hypothesis is accepted. Thus, the motivation to purchase beverage brands is independent of the sweet taste of Pepsi.

Findings

Frequency of Purchase: When it came to frequency of purchase, maximum no. of respondents about 42.4% of the total sample respondents have indicated that they purchase beverages once a month, followed by 26.3 respondents who purchase beverages once a week and 25.5 % of respondents buy more than once a week and a least with 5.8% of respondents buy once a day. Therefore, it is suggested that the companies should focus on the segment of buyers who buy more than once a week.

Taste of Pepsi is sweet: Almost three fourth of the sample respondents have stated that they find taste of Pepsi, sweet, hence it is advised that the company should offer less sweet versions and also keep up with the demand for healthy beverages as people are becoming more health conscious.

Pepsi, a brand for youth: More than half of the sample respondents do not believe that Pepsi is a brand for youth, therefore, it is suggested that the company should position itself to attract youth and focus on activities that will reiterate the fact that Pepsi is a brand for youth.

Advertisement's influence on soft drink purchase: The respondents were asked if after watching an advertisement of the soft drink they purchase it. Fifty percent of the total sample respondents have indicated that they do not purchase a soft drink after seeing its advertisement.

Influence of a celebrity in soft drink purchase: Majority of the sample respondents do not get influenced by a celebrity, advertising a soft drink while purchasing it. Hence it is suggested that the companies should explore further as to what influences the consumers the most and employ them to attract people.

High Priced soft drinks are of good quality: Majority of the sample respondents do not believe that High Priced soft drinks are of good quality. Therefore, it is suggested that companies should desist from pricing their beverages on the higher end just to create an

image of high quality and should explain the reason and what additional benefits they are offering if their beverages are priced more than their competitors.

Conclusion

By adapting its positioning to the changing scenario and taking into consideration taste, price and positioning which the consumers are influenced by Pepsi can continue to generate profits in this extremely rivalrous industry. This strategy, in the end, will allow Pepsi to grow and sustain above-average returns and thus succeed in gaining a major hold in the beverage industry.

A strong brand, with a socially responsible outlook, focus on the younger generation with good corporate beliefs, PepsiCo will continue as one of the most powerful company's in the world.

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