



## A CASE STUDY ON LATEST BRAND EXTENSION OF PEPSI CO. PEPSI FOOTWEAR



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### ABSTRACT:

Corporates are working day and night to think on diversification towards products and markets. Gone are the days when companies were limited to one product and fighting over the market shares.

Corporates are always going through Environment, Opportunity and threat profile. We have no. of examples in this respects IFFCO fertilizer cooperatives diversified into general insurance business, Wipro from consumer products to software industry, Nirma from FMCG to Education industry.

Pepsi Co, World's largest producers of snacks and beverages is now introducing its new product Pepsi Footwear. This case study will present a thorough analysis of Pepsi Co worldwide business and an enhanced outlook of footwear industry.

**KEYWORDS:** products and markets , producers of snacks and beverages.

### INTRODUCTION

#### About the company:

Pepsi Co is manufacturing and marketing a broad range of carbonated and non-carbonated beverages, as well as salty sweet grain based snacks and other food products. Pepsi cola, the main product, sells over 100 billion can a year. The company own a number of brands such as Quaker oats, Gatorade, Frito-lays, Tropicana, Copella, Mountain dew, Miranda and Seven up, in addition to main brand Pepsi Cola.

Pepsi Co has 18 different product lines which offer a quality product providing refreshment and nutrition. It has market in nearly 200 countries and territory. It is the 2<sup>nd</sup> largest manufacturer of soft drinks in the world.

#### Pepsi Co India:

PepsiCo started operation in 1989 in our country. It is become one of the largest food and beverage businesses in India. PepsiCo India has been continuously expanding in country and has built network of beverage and snack food business supported by 38 beverage bottling plants and 3 food plants.

#### Brand Portfolio:



(Source: www.pepsico.co.in)

**Geographical Presence:**

**PepsiCo brand is present in most of the area of world. These are mentioned below:**

1. North America Beverages.
2. Frito-Lay North America.
3. Quaker Foods North America.
4. Latin America.
5. Europe Sub-Saharan Africa.
6. Asia, Middle East & North Africa.

**In India, Company having 38 bottling plants and 3 food plants.**

**Size of Organization:**

2,64,000 employees are the strength worldwide while in India employee strength is 6400 and 2,00,000 people are indirectly employed.

**The Case Scenario:**

Pepsi Co is introducing an entire new category to its bucket, Apparels and footwear in the Indian market in order to increase touch points to its prime target which is the youth.

**Is this diversification going to get thumbs up from the target group or is it yet another mistake from the big fish like Pepsi Co?**

**Pepsi Co: Merger & Expansion**

**Sift Drink major has successfully acquired in past years.**

1. Kentucky Fried Chicken 25<sup>th</sup> July 1986
2. Tropicana beverage group 20<sup>th</sup> July 1998
3. South Beach Beverage company 31<sup>st</sup> October 2000
4. The Quaker Oats Company 4<sup>th</sup> December 2000
5. Star Foods 2<sup>nd</sup> January 2006
6. Stacy's Pita Chip Company 12<sup>th</sup> January 2006
7. IZZE Beverage 26<sup>th</sup> September 2006
8. V Water 30<sup>th</sup> April 2008

PepsiCo began to extend its operations beyond soft drinks and snack foods into other lines of foods and beverages. In 1998, PepsiCo acquired the orange juice company Tropicana Products and merged with Quaker Oats Company in 2001.

**The New Product: Pepsi Shoes**

Recently PepsiCo has inked a licensing deal with local licensing firm DVB Brands as part of launching lifestyle-based sports footwear in the country. This moved has surprised everyone in the industry. Can it work? Let be examine by understanding Global Footwear business and Indian Footwear Business.

**Global Footwear Market:**

The global footwear market is value of US\$215709 Million in 2016 and is expected to be worth US\$278860.7 Million by 2025.

**Market Classification**

Basis	Brief Description
Material	Rubber vertical is leader among other verticals.
Distribution Channel	Divided among online channels, supermarkets and hypermarkets, independent retail stores, shoe stores, independent retail stores, textile

	retailers, and departmental stores.
<b>End Users</b>	<b>Divided among</b> men’s footwear, women’s footwear, and kid’s footwear. Women foot wear is leader.

**Global Footwear Market: Competitive Overview**

Key player in the non-athletic category are Kraasa, Puma, Sparx, Leewon, Weldone, Leather Kraft, United Colors of Benetton, Lee Cooper, Nike, Adidas neo, Fila, Reebok Classics, Rosso Italiano, Converse.

**Analysis**

**SWOT Analysis of Pepsi Co. advantages and disadvantages towards Footwear expansion**

Particulars	Strength	Weakness	Opportunity	Threat
Image	Yes	-----	House Hold name	-----
Loyal Customer Base	Yes	-----	Can accept PepsiCo Shoes	-----
Large Distribution network	Yes	-----	Can reach to global market immediately after launch	-----
Dilution as Unhealthy Perception	-----	Yes	-----	Can eat the market of new brand from company.
Huge Market Potential	Can get the advantage of emerging shoes market.	-----	Yes	-----

**SWOT Analysis of Asia Pacific footwear Industry:**

<p><b>Strength :</b>                  Tanning Capacity is enough.                  Cheap Labor Cost.                  Inputs and raw materials are available.                  Institutional support are enough.</p>	<p><b>Opportunity:</b>                  Increasing fashion consciousness globally.                  Product diversification - There is lot of scope for diversification into other products, namely, leather garments, goods etc.                  Emerging Global and domestic markets.                  Exporter-friendly government policies.</p>
<p><b>Weakness:</b>                  Low labor productivity.                  More number of unorganized product manufacturers.                  Modern finishing facilities for leather are not sufficient.                  Highly unhygienic environment.</p>	<p><b>Threat:</b>                  Lots of companies in entering into domestic market.                  Non- tariff barriers –more and more                  Tough to meet international standards.                  Increasing fashion trends are difficult to adapt for the Indian leather industries.</p>

**Is this diversification going to get thumbs up from the target group or is it yet another mistake from the big fish like Pepsi Co?**

1. As per size of company and financial position, PepsiCo has command and expertise to enter into market and encash the opportunities.
2. It is expected that PepsiCo brands have large customer segment may accept footwear brand.
3. Strange diversification and strange product stretching has received expected success in the market very rare. So the chances may be for rejection. But customer accepting Dettol as utensil care brand has a big boost up to launch the product with hope.
4. Image, Loyal Customer base and large distribution network can be advantage.
5. There is chances of consumer rejection also when the brand move core.
6. Footwear market is globally growing so there is huge market and business potential, huge market potential (ref. SWOT Analysis of Asia Pacific Market).

**IN 2015** ALMOST **£1 BILLION** A WEEK WAS SPENT ON CLOTHING AND FOOTWEAR IN THE UK

**BIGGEST WINNER** THE RUNNING SHOE

In the last 5 years, consumer spend on running shoes increased by more than **£100 million!**

**SOME OF THE BEST-SELLING FOOTWEAR BRANDS OF 2015:**  
 Heavenly Feet  
 CONVERSE  
 adesso  
 Lelli Kelly  
 fitflop  
 FLY

**DID YOU KNOW?**  
 Fashion and trends have been around for years - and it's an English designer that is considered the **'father of haute couture!'**  
 (CHARLES FREDERICK WORTH)  
 Charles Frederick Worth designed for royalty in the 19th century and was the first to sew his name on labels in his clothes!

**DID YOU KNOW?**  
 Scientists have estimated that humans began wearing shoes about **40,000 years ago!**

**THE MOST EXPENSIVE PAIR OF SHOES IN THE WORLD!**

Over **4600 rubies** and **50 carats** of diamonds!  
 Crafted in honour of the **50th Anniversary of The Wizard of Oz**  
 Worth a whopping **£3 million!**

**DESIGNER STYLE TRENDS FOR 2016**

**Chelsea boots à la Céline**  
 While Chelsea boots are no style revolution (we barely took ours off in 2015) Céline has decided to do things a little differently - think bold block colours, mostly red and white. These flat boots are great for when you're on the go, so boy are we glad they're back!

**Menorcan Sandals from Solillas**  
 This summer, the main must-have will be the Menorcan Sandal. Balearic brand Solillas have created a luxurious, modern take on this traditional style, made from buttery-soft leathers and in loads of cool, crazy colours.

**Lovely Loafers, just like Louis Vuitton**  
 All the big-name designers love their loafers. They're classic and comfy - a timeless trend that has served fashion-forward feet for years. And yes, you betcha, it'll be for years to come too... and definitely in 2016.

**Trainers inspired by Calvin Klein**  
 2016 is going to be the year of the rubber sole - the whiter, the brighter, the better. Fortunately, it's not only Calvin Klein that has nailed this trend. Original names such as Converse and Vans have got this one down - and at a fraction of the CK cost.

**Bright and bold, rocked by Balenciaga**  
 Pretty much every brand is going bold and bright in 2016. If you've not got the budget for Balenciaga, then labels like Yokono, Laura Vita and Ruby Shoo are the ones for you - with gorgeous sunshine shoes designed to make any outfit pop.

**JUST SAY NO!**  
 Every year it seems one trend must rear its ugly head - socks and sandals! No matter how many of the fabulous fashion houses try to make it happen (we're looking at you, YSL and Versace!) for us, it still doesn't work.  
 It's called 'open toe' for a reason!

(Source: Jakeshoes.co.uk)

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