

## **Pepsi-Cola Gets a Boost from Healthier Beverages**

*Pepsi recently dropped to third in the U.S, carbonated beverage market, behind Coke and Diet Coke.* With declining sales and a flat share price, PepsiCo wants to engineer a change in its corporate fortunes In the North American beverage market.

In addition to trimming costs, the firm is adding \$500 to \$600 million to its beverage advertising and marketing budget. It has hired new Pepsi spokespeople, including actress Eva Longoria and rapper Nicki Minaj, and it introduced a mid-calorie Pepsi called Pepsi Next. But for several years U.S. consumers have been turning away from carbonated soft drinks and choosing healthier beverages including juices, teas, flavored water, and sports drinks. So PepsiCo wants to leverage that behavioral change by pumping up its Gatorade brand.

Gatorade was associated for years with male-dominated team sports at the youth level. Now PepsiCo will link it to a wider range of consumers, including women, and a broader spectrum of other athletic activities, including skateboarding, surfing, tennis, and dance, each represented by a professional athlete. The company recently introduced the G Series, a product extension that offers Gatorades for three phases of athletic activity, Prime, Perform, and Recover. Relying on marketing research revealing that high school and college athletes spend more on clothing and equipment than they do on nutrition products, PepsiCo is also unveiling a new Gatorade marketing campaign featuring prominent athletes like Usain Bolt and Abby Wambach that stresses the importance of what you put in your body, as opposed to what you put on it.

Some Gatorade ads will carry a hashtag, to help PepsiCo monitor social media buzz in its new Gatorade Mission Control centers in the United States, the United Kingdom, and Latin

America. The company will also send out a special sales and marketing team called G-Force, which includes many former college athletes, to foster marketing relationships with local retailers. “It’s an aggressive, grass-roots effort,” says Gatorade’s president.

### **QUESTIONS FOR CRITICAL THINKING**

1. How can PepsiCo capitalize on what it has learned about the buying behavior of young athletes?
2. Gatorade’s president says, “We probably know more about who on Twitter is the most influential influencer of end user athletes than Twitter does, because we’ve made it our business to know that.” What can social media tell PepsiCo about the market for Gatorade?