

# *The Impact of Advertising Marketing on Pepsi Sales*

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**Abstract:** PesiCo has long been considered as one of the world's leading beverage company. It has constantly changed its marketing strategy to maintain its competitiveness in the market. Their product Pepsi can be demonstrated as a suitable example. This study aims to determine how advertising marketing can influence Pepsi's sales. Based on a review of the literature on advertising marketing theory and the relationship between advertising marketing and sales, secondary data was used to indicate the results. Analysis of the data demonstrated that these marketing strategies have significantly increased Pepsi's sales and strengthened its competitiveness in the market. The results indicate that proper use of advertising marketing does have a positive impact on sales. On this basis, it is recommended that other businesses can use advertising marketing in their selling process. Further research is needed to use more primary data to support the results.

**Keywords:** Advertising marketing, Pepsi Sales, Business Analysis, Market Management.

## 1. Introduction

Since PepsiCo's establishment, it has maintained strong competitiveness, its business covers all aspects of the food and beverage market. Coke is known as PepsiCo's most famous product. Over the years, in order to compete with Coca-Cola, Pepsi has used a large number of slogans, ideas, celebrities, campaigns, and ways to promote itself to the public, endlessly pursuing growth and market share[1]. Moreover, Pepsi's sales exceeded those of Coca-Cola in 2019, and advertising marketing played an important role during this process[2]. Nowadays, advertising marketing is not only a tool to spread product information, but also a way to affect consumers' purchasing decisions. By utilizing advertising, companies can enhance brand awareness, build brand image and improve its word of mouth, ultimately resulting in increased sales. In recent years, the way in which Pepsi has approached its advertising campaigns has changed from relying on TV to using digital and social media forms of advertising; such changes have also occurred in businesses' investment and strategic patterns with respect to advertisement marketing. In order to promote their Coke, PepsiCo uses a number of methods including celebrity endorsement, multimedia adverts, sports sponsorship, and product placement. This paper investigates the advertising and marketing strategies of PepsiCo through a literature review and qualitative analysis. It aims to understand how advertising marketing can affect Pepsi sales, and the effectiveness of different advertising strategies. By analyzing the impact of advertising marketing, businesses can allocate advertising budgets more effectively, improve the return on advertising investment, and then drive sales growth.

## **2. Analysis of advertising marketing**

### **2.1. Advertising marketing theory**

Advertising marketing is a term that relates to the business activities that are meant to provide information about products or services to target markets through various media channels in a bid to influence consumer buying behavior and expand brand recognition and sales[3]. The role and purpose of advertising can be divided into three parts: delivering a message, brand building, and market competition[3]. Advertising provides consumers with detailed information about what they may want to buy hence influencing their product choices. Furthermore, advertising helps firms build and maintain their brand image by increasing awareness as well as loyalty. It is also an important tool for competing with other competitors in the market.

### **2.2. Relationship between advertising marketing and sales**

Advertising marketing can affect sales through direct or indirect ways. The direct effects of advertising include increasing brand awareness and stimulating consumer's desire to buy. In order to compete with businesses with strong brand loyalty, it is necessary for companies to build up brand awareness that integrates with the overall business strategy[4]. Brand awareness refers to "the capability of potential buyers to recognize and remember that a specific brand is associated with a specific type of product"[5]. Consumers are more likely to purchase a brand they know well. According to the research by Clark, Doraszelski and Draganska[6], advertising has a positive impact on enhancing brand awareness by delivering the product message. For example, Li Ning uses Weibo, WeChat, Douyin and other platforms to spread widely its new product "Wu Dao". After the advertisement was released, Li Ning's brand awareness increased significantly. According to market research data, Li Ning's brand awareness among young consumers has increased by 30%, and the degree of discussion and attention on social media has also increased significantly. The indirect effects of advertising marketing include build brand image and enhance customer loyalty to increase sales. The brand image conveys the brand's functional abilities to consumers and adds symbolic values and meanings that resonate with them[7]. By conveying a brand's core values and personality, advertising can enhance consumers' goodwill and trust in the brand, thereby indirectly boosting sales. Customer loyalty involves a strong dedication to repeatedly purchasing or using a favored product or service in the upcoming times[8]. Moreover, continuous advertising can enhance customer loyalty to the brand and then build word of mouth. Customer loyalty can also help a business to expand its marketing share to be competitive in the market. Li Ning use advertising to show the design concept and innovative spirit of the "Wu Dao" series, which directly stimulated the desire of consumers to buy. After the advertisement was released, the sales of Li Ning's "Wu Dao" series products increased significantly. According to the company's financial data, Li Ning's sales in the advertising quarter increased by 1.4 times year-on-year, with the "Wu Dao" series of products contributing the main increase. However, bad advertising can also lead to a decrease in sales. In 2018, Italian luxury brand Dolce & Gabbana (D&G) released a series of advertising videos with racist overtones[9]. After the advertisement was released, D&G removed all of its products from major Chinese e-commerce platforms such as Tmall and JD.com[9]. According to Forbes, after the incident, D&G's sales in the Chinese market showed a significant decline.

### 3. Pepsi's advertising marketing strategy

#### 3.1. Slogan

A slogan is a catchy phrase created to be easily remembered, linking to a product or service in a specific marketing campaign[10]. Oktovian also mentioned that most Pepsi slogans convey messages and product information to consumers, utilizing general implicature to increase consumer awareness. For example, "The Choice of a New Generation" (1984), "Refresh Everything" (2009), "Summertime is Pepsi Time" (2011), all these Pepsi slogans are in line with the trend of their times. The slogan "The Choice of a New Generation" was launched as Pepsi sought to differentiate itself from Coca-Cola by focusing on attracting a younger consumer. This means that Pepsi is totally a drink for people who live in this very time as a new generation[10]. The slogan assisted Pepsi in attracting the younger demographic, positioning itself as the drink of choice for the more forward-thinking generation. After introducing this slogan, Pepsi experienced a significant rise in market share among a younger demographic. Meanwhile, had sales of \$7.7 billion in 1984 and an increase in market share while Coca-Cola's dropped, according to financial reports at the time[11]. By comprehending and utilizing the effectiveness of slogans, Pepsi has managed to stay ahead of the competition and achieve continuous growth in a changing market.

#### 3.2. Celebrity Endorsements

In line with the 4Ps concept, promotion plays a vital role in influencing a company's business operations. Celebrity endorsement advertisement is considered one of the most successful strategies in the market, blending with social culture[12]. Pepsi has relied on celebrity endorsements as a key element of its marketing approach for many years. Through linking its brand with well-known individuals, Pepsi has successfully caught the interest of buyers, enhanced its brand image, and greatly increased sales[13]. Michael Jackson, a prominent pop icon in the 1980s, was included in Pepsi's "New Generation" advertising. The marketing effort resulted in a notable boost in revenue. Vincent[14] suggests that Pepsi's market share increased from 17% to 20% within the two years after the campaign was launched. The aim was to create a youthful image for Pepsi and an older one for Coke, which was accomplished by selecting Michael Jackson as Pepsi's spokesperson - the preferred choice of youth[14]. Moreover, Beyoncé joined forces with Pepsi in a \$50 million agreement that covered standard advertisements, social media initiatives, and sponsorship of a Super Bowl halftime show[15]. Her widespread fan following around the world assisted Pepsi in broadening its global presence especially in regions where she was very popular[15]. The campaign's widespread exposure, particularly during the Super Bowl, a globally popular event, resulted in higher brand recognition. Pepsi stated that there was a noticeable link between the start of the campaign and a boost in sales, especially in important regions such as North America and Europe.

Celebrity endorsements have proven to be an effective strategy for Pepsi, driving significant sales increases by leveraging the fame and influence of popular figures. By carefully selecting celebrities who align with its brand image and resonate with its target audience, celebrity endorsement has a positive effect on purchasing behavior[12]. These partnerships not only attract new consumers but also deepen the loyalty of existing ones, contributing to Pepsi's sustained success in the competitive beverage market.

#### 3.3. Event Sponsorship and Promotions

Event sponsorships and promotions at events are crucial elements of Pepsi's marketing plan. Sneath, Finney and Close[16] indicated that interacting with the sponsor's products at the event could improve the sales of the product. Through partnering with well-known events and utilizing major marketing

campaigns, Pepsi has effectively raised its brand awareness, interacted with customers, and improved sales. Since 2013, Pepsi has been the main sponsor of the Super Bowl halftime show, which is one of the most popular events on television. The Super Bowl 2000 was watched by over 134 million viewers[17]. Pepsi obtains massive visibility by sponsoring the halftime show. Pepsi has seen increases in sales during the Super Bowl season due to greater brand exposure and customer interaction at the event. Moreover, Pepsi also supports multiple music festivals and concerts worldwide, such as Coachella, the Pepsi Gulf Coast Jam, and various others[18]. Pepsi frequently sees a rise in sales during these gatherings, with participants buying drinks to keep themselves refreshed and alert. Providing exclusive perks, promotions, and interactive experiences at these events helps music enthusiasts become more loyal to the brand[16]. Sponsorships and promotions at events are effective components of Pepsi's marketing strategy. Pepsi elevates its brand awareness, engages with target markets, and boosts sales growth through strategic partnerships and impactful promotions at top events. These efforts not only increase current sales, but also establish lasting brand value and customer allegiance, guaranteeing ongoing success in the competitive drinks industry[19].

### 3.4. Product Placement and Cross-Promotions

Product placement involves intentionally integrating advertisements into noncommercial environments, creating a product endorsement through the combination of advertising and entertainment[20]. Pepsi also used product placement as their marketing strategy. For example, Pepsi was featured in a movie called "Back to the Future Part II" in 1989, with the introduction of "Pepsi Perfect"[20]. Fortunately, the movie went viral, which led to widespread exposure for Pepsi. Since then, Pepsi has merged with popular culture and attracted a wider range of consumers. Moreover, to utilize nostalgia, Pepsi released a limited edition of "Pepsi Perfect" in the year 2015 which led to the product being sold out very quickly, showing a direct sales impact. Pepsi's placement emphasized its connection to innovation and forward-thinking, attracting a wide range of viewers. According to the research by Tang, Newton and Wang[21], utilizing cross-promotion and print program promotions resulted in increased audience attention, enhanced message recall, greater perceived message credibility, more favorable attitudes towards the promotion and program, and indirectly increased sales of a product in comparison to repetitive single-source promotions. During big events like the Super Bowl, PepsiCo always likes to cross-promote its product Pepsi with its snack brands like Doritos[22]. This joint packaging strategy encourages consumers to purchase both products, increasing overall sales. Pepsi has also partnered with fashion labels like Puma to launch joint merchandise, including exclusive sneakers. These partnerships catch the eye of beverage buyers and fashion fans, broadening Pepsi's influence. Exclusive product launches create buzz and limited availability, resulting in high demand and boosted sales. Partnering with popular fashion labels helps to elevate Pepsi's reputation as a modern and fashionable brand. Pepsi strategically utilizes product placement and cross-promotions to increase brand recognition, interact with various consumer groups, and boost sales. By incorporating items into mainstream media and partnering with other companies, Pepsi enhances both current sales and brand reputation while also fostering customer allegiance. These methods guarantee Pepsi stays a significant and impactful participant in the competitive beverage industry.

## 4. Discussion

Advertising marketing has a significant impact on Pepsi's sales. From the perspective of advertising marketing theory, it is apparent that successful campaigns go beyond just providing information they involve, convince, and establish enduring connections with customers. Pepsi demonstrates these principles through its advertising approaches, which include catchy slogans, celebrity endorsements,

event sponsorships, and product placements. Through the use of slogans such as “The Choice of a New Generation” they have successfully reached certain markets, building loyalty and driving sales up. For instance, when Michael Jackson or Beyoncé endorsed the Pepsi brand, it increased its reputation and influence among the youth market hence boosting its presence significantly. Pepsi has been highly visible on events including the famous Super Bowl halftime show which enables them to reach out to consumers effectively resulting in real sales growth. Also, by placing its products in popular films, television shows and working with other brands, Pepsi maintains consumer exposure to this brand in everyday life effectively promoting loyalty and repeat purchases. In summary, Pepsi’s sharp advertising use does not only increase short-term revenues but also guarantees a strong lasting brand image. Through this strategy, Pepsi will continue being a leader in the highly competitive beverage industry by remaining adaptable to ever-changing consumer preferences as well as maintaining an active and appealing brand identity. The company has constantly managed to dominate the market through effective advertising marketing strategies thereby registering impressive increases in sales every other time.

## 5. Conclusion

This study has discussed the use of advertising marketing in the sales of Pepsi. Marketing methods like “slogans, celebrity endorsement, event sponsorship & promotions, and product placement & cross-promotions are used to increase its sales. It is obvious that a proper use of marketing strategy can increase sales. Although this study has a comprehensive analysis, it has several limitations. Firstly, it relies heavily on secondary data sources, which may not reflect the current market trends or consumer behavior. Also, the study gives preference to major effective advertising campaigns at the expense of smaller promotional activities that affect overall sales. Though this paper emphasizes on linkage between advertising strategies and sales increase; it is difficult to determine whether such a connection exists in such a way as it does because purchasers are influenced by many outside factors like economic conditions and rivalry among others. Consequently, future research can focus on collecting primary data, extending geographically and exploring in-depth less known ads.

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