Analysis on the Management Model of PepsiCo

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Abstract: In the world of food and beverage, PepsiCo is one of the leading companies. This study examines PepsiCo's management model, including leadership development, operational efficiency, supply chain management, product innovation, and corporate social responsibility. Based on the results of this study, PepsiCo maintained a steady supply of leadership through internal promotion and continuous training. Furthermore, the company consistently innovated its products in order to meet the market's demand for healthy food. With regards to marketing and brand management, multi-channel marketing and the development of brand IP greatly enhanced PepsiCo's market influence, especially among young consumers. In terms of corporate social responsibility and sustainable development, PepsiCo's PEP+ demonstrates its commitment to social responsibility and has a positive impact on society and the environment. This study provides an in-depth understanding of PepsiCo's management model as well as a blueprint for researchers seeking to study it.

Keywords: Management, leadership, product management, marketing, CSR.

1. Introduction

Market competition has become more intense in the 21st century, and products are becoming increasingly homogeneous [1]. Creating a correct brand concept and developing a loud slogan will not suffice to meet the needs of market competition and corporate marketing management [2]. Managing a brand efficiently and comprehensively has become crucial to current corporate marketing management as brands have become more and more recognized and valued by managers and have become more and more of a competitive advantage [3]. Due to the above background, Pepsi Cola Group's brands are essential to its future development. The management of Pepsi has been faced with the urgent challenge of strengthening the brand management of the company. If Pepsi is to remain undefeated in an increasingly competitive market, it must strengthen its brand management and improve its competitiveness in the era of precision and professional brand management [4].

As one of the world's leading food and beverage companies, PepsiCo operates in more than 200 countries and regions worldwide and has a strong brand presence [5]. A number of brands are owned by the company, such as PepsiCo, Frito-Lay, Quaker, Tropicana, and Gatorade, and a wide range of products are offered, including beverages, snacks, and nutritious foods [6]. This study aims to analyze the management model of PepsiCo, including its leadership development, operational efficiency, supply chain management, product innovation, and corporate social responsibility. Using case study, this paper aims to explore how to conduct brand management in order to enhance the comprehensive competitiveness of enterprises by deepening their understanding of brand value.

In terms of consumer goods, beverages are fast-moving consumer goods, with characteristics such as huge consumption, a short consumption cycle, homogeneous products, and high repeat purchases [6]. Companies' investments in brands, whether through planning, advertising investment, or on-the-ground activities, are undoubtedly relatively high when compared to their investments in other types of products. Furthermore, it forces beverage manufacturers to continuously update their brand management techniques due to the high degree of homogeneity of their products. Brand management research and practical work levels among beverage companies are significantly higher than those among other industries [7]. Thus, taking the beverage industry, especially PepsiCo, a top 500 company with a history of more than 100 years, as a research object has a substantial impact on the development of brand management theory.

2. Analysis of the PepsiCo Management Model

2.1. Corporate Culture and Leadership Development

There are seven core principles that guide PepsiCo's corporate culture, including customer centricity, accountability, and voice over. All of these factors contribute to the growth of the company. In order for PepsiCo to achieve long-term growth, it is committed to strengthening employee accountability and promoting trust among its employees [8]. The following statement of values is reflected in PepsiCo's mission statement: PepsiCo is committed to sustainable growth by enhancing employee accountability and fostering a culture of trust [9]. In PepsiCo's view, the success of its employees is fundamental to the success of the company. This is why the company strives to create an inclusive and supportive work environment where employees can pursue their passions. Therefore, PepsiCo is committed to providing employees with a safe and rewarding work environment in which they feel respected and valued.

The PepsiCo leadership development program is designed not only to develop strong leaders for the future, but also to serve the company's current business needs. Every aspect of PepsiCo's evaluation and development of future leaders reflects the company's core values. GREAT5 is a competency framework that combines these elements. This model summarizes the top five competencies needed to progress from being a good leader to being a great leader. There are five competencies that must be developed in order to grow from a great leader to a great leader, as outlined in the model [10]. The results of employee evaluations are used to identify and develop talent at the foundational, growth, and career development levels. PepsiCo's GREAT5 model includes the following competencies, shown in Table 1.

Table 1: PepsiCo's GREAT5 model.

PepsiCo's GREAT5	Description
Growth	Make it a habit to step outside your comfort zone and help others learn and grow by cultivating curiosity and the ability to learn in new environments.
Relationships	Establish and maintain trusting relationships across organizational boundaries by setting an example of honesty, transparency, and trust.
Execution	Promote and deliver quality results by inspiring others with energy, enthusiasm, and inspiration.
Agility	The ability to adapt to changing business environments; responding to pressure; accepting and supporting change; and driving change.
Thinking	Taking sound decisions by integrating and utilizing external information (about the business, customers, industry, and the world), creative thinking, and a long-term, comprehensive perspective.

PepsiCo has been using its Competency Framework to provide opportunities for developing competencies in all three dimensions of leadership since the introduction of the GREAT5 Leadership Framework. With comprehensive coaching, the PepsiCo Campus is designed to develop core managerial and functional competencies. High potential employees are focused on career development, and the Human Resources Center of Excellence (TM COE) works closely with management and HR managers to develop individual development plans.

2.2. Product Innovation and R&D Management

The mission of PepsiCo is to delight the world with unique and interesting products. PepsiCo is committed to putting a smile on people's faces every day by serving more than 1 billion people in over 200 countries around the globe. PepsiCo's mission is to provide customers in Europe, North America, Africa, and Asia Pacific with products that taste great, are convenient, fast, and are a good value for money. As well as meeting the daily needs of its customers, the company is dedicated to promoting health and nutrition through extensive research and continuous product development. As part of its effort to change in a better direction, the company is providing healthier beverages, such as Tropicana juice, to its customers. Since PepsiCo has always provided responsible, high-quality products while paying attention to the health of people and the environment, it is not difficult to see why so many customers enjoy shopping at PepsiCo.

For the development of product flavors at PepsiCo, multiple teams make use of artificial intelligence and data analytics technologies, each in their own way. It begins by using artificial intelligence to gather intelligence on potential flavors and product categories, then has the R&D team gather types of insights consumers don't report in focus groups, and finally uses artificial intelligence to analyze how those data-driven decisions are made [11]. To uncover more meaningful insights, PepsiCo uses a tool called Tastewise, which utilizes algorithms to determine what people eat and why [12]. The PepsiCo team can better understand what people are increasingly interested in by collecting data from all of these different sources.

Through customer insight and market-driven product development, PepsiCo is committed to innovation in multiple areas, particularly in the area of new products and varieties. Through its R&D program, PepsiCo seeks to shape the future by providing innovative food and beverage products (such as Lays, Gatorade, Quaker) that meet consumer demands while enhancing sustainability. This goal has been achieved by offering a variety of products designed to meet the changing needs and preferences of consumers. Products include baked goods, light and moderately salted products, as well as small packages designed to meet consumers' calorie control needs. As a result of the company's commitment to health awareness, Lay's potato chips and Quaker's "Five Nutrition Series" contain 50% less saturated fat than previous versions.

2.3. Marketing and Brand Management

In a competitive market, products and brands must be positioned and differentiated in order to attract customers. Businesses can overcome the challenges posed by the constant flow of advertisements and messages by positioning their products in the minds of consumers [13]. The key to standing out in the minds of consumers is for companies to find ways to differentiate their products. To compete with Coca-Cola, Pepsi positioned itself as a follower and repositioned itself in the marketplace. Pepsi, as a follower, attempted to attract a different audience than Coca-Cola. Pepsi is seeking to connect its brand with a younger, more dynamic, and more interested audience [14]. As a result, PepsiCo's target audience is as diverse as its product portfolio, including individuals of different ages, lifestyles, and geographic regions. PepsiCo's primary objective is to appeal to a young, dynamic demographic and position itself as a brand for young thinkers, regardless of their actual age.

Figure 1: PepsiCo's brand portfolio.

The success of PepsiCo can be attributed in part to its diverse and strong portfolio of brands. As shown in Figure 1, in addition to Pepsi, Lay's, Tropical Fruit, Mountain Dew, Gatorade, Tropical Fruit, and Quaker Oats, the company is known for a number of world-renowned brands. As well as snack brands such as crisps, crackers, nuts, and popcorn, PepsiCo is a significant player in the food industry. Lay's and Chidos are two of the most popular snack brands produced by PepsiCo. PepsiCo offers delicious food that makes customers linger in the store by offering a diverse portfolio to suit a variety of lifestyles and target markets. PepsiCo offers a wide range of products, from popular snacks such as Lay's to low-calorie energy drinks such as Mountain Dew.

As a result of the digital revolution, the way in which marketing is conducted is undergoing a revolution [15]. PepsiCo actively uses social media platforms and digital marketing technologies to communicate with consumers and interact with them. With the launch of the "Play Pepsi Concept Store" Mini Program on WeChat, PepsiCo has established the company's first immersive digital meta-universe space. Through a high level of immersion and innovation, PepsiCo created with users, recognizing the social freedom of the younger generation, and exploring the expression of personality without fear of boundaries and pressure. In the first meta-universe Live House "Pepsi Cypher", PepsiCo set a new industry precedent by uniquely combining the virtual music carnival TMELAND to create an immersive virtual 3D concert for young people, breaking through physical limitations. The PepsiCo virtual idol highlights the brand's characteristics and enhances the emotional connection between the brand and Generation Z, as well as giving greater connotation and value to the brand's intellectual property.

2.4. Corporate Social Responsibility and Sustainable Development

The global food system provides many benefits and conveniences, but it is also responsible for negative impacts. A direct relationship exists between these impacts and climate change, water scarcity, and soil erosion [16]. In light of these challenges, companies in the food industry need to address them and change the negative impact on the market. PepsiCo began committing to sustainability in 2006 and in 2021, launched the PEP+ program, a comprehensive shift in business strategy focused on sustainability. Through alignment with the planet's ecosystem, the program is designed to create long-term value for the company, consumers, investors, and industry chain partners [17]. The new business essence embodied in the PEP+ program has been integrated into every aspect of PepsiCo's operations, linking the future of PepsiCo to the future of the planet, from sourcing raw materials to manufacturing and selling products more sustainably to encouraging consumers to contribute to environmental sustainability through iconic brands.

Figure 2: Three pillars of PepsiCo CSR [18].

Presented in the Figure 2, PepsiCo's efforts are divided into three pillars: positive agriculture, positive value chain, and positive products. With its outstanding brand, employees, and market competitiveness, PepsiCo is leading the food and beverage industry in the direction of a sustainable future.

PepsiCo is integrating sustainable and inclusive solutions across its value chain under the leadership of PEP+. As the company works to mitigate the effects of climate change, address social inequalities, and improve access to nutritious food, these changes are beneficial not only to the company, but also to its business partners, employees, and communities in the value chain as a whole. Specifically, PepsiCo is taking steps to mitigate climate change and adapt its operations, restore endangered watersheds and reduce water consumption, develop more sustainable packaging and reduce waste, and improve employee and community welfare. According to Figure 3, Pepsi's corporate social responsibility has a positive impact on society. By 2040, PepsiCo plans to achieve net zero emissions, 10 years earlier than the Paris Agreement deadline. PepsiCo has also set a medium-term goal to reduce absolute greenhouse gas emissions across its entire value chain by more than 40% by 2030, including a 75% reduction in emissions from its direct operations. Shown in Figure 3, in 2021, PepsiCo is on target to reduce its Scope 1 and Scope 2 emissions by 25% from the 2015 baseline, while its global direct operations are already utilizing renewable energy to meet over 70% of its electricity needs [19].

Figure 3: Outcomes of PepsiCo CSR [19].

In addition to its involvement on a corporate level, PepsiCo is committed to doing the same in the communities in which it operates and where its employees are based. Through its community programs, PepsiCo provides education and skills training, mentors local entrepreneurs and strengthens agricultural communities. Since 2014, PepsiCo employees have volunteered more than 23,000 hours as part of the Million Women Mentors (MWM) program at 10 offices around the world. In this program, STEM (science, technology, engineering, and mathematics) professionals and women interested in STEM careers will establish mentor-mentee relationships [20]. More than 700 mentors have developed positive relationships with their female mentors, with more than 160 of those mentors coming from outside PepsiCo [20]. PepsiCo launched the Women With Purpose program in 2017 with a $1.50 million investment. Through the program, PepsiCo provides education, entrepreneurship, and employment opportunities to more than 12,000 women in Latin America. PepsiCo offers virtual training, expert mentoring, and networking opportunities in partnership with FUNDES Latin America.

3. Conclusion

Briefly, the article takes Pepsi's overall development as its general background, and focuses on Pepsi's brand management by utilizing the case method. The following are the main conclusions of the study. To begin with, Pepsi's "Pepsi Way" culture and systematic leadership training mechanisms have played a significant role in its success. By promoting employees internally and providing continuous training, the company is able to maintain a stable supply of leadership. Second, Pepsi has met the market demand for healthy food through continuous product development, such as the development of healthy Lay's potato chips and Quaker cereals. Thirdly, Pepsi has been able to enhance its market influence, especially among young consumers, through multi-channel marketing and corporate branding. Lastly, PepsiCo's PEP+ program demonstrates its commitment to social responsibility and has a positive impact on society and the environment by promoting environmental protection and cultural heritage.

The process of brand management is dynamic, and the content it manages (brand core value) has a strong interaction with the external environment and resources, which represents the accumulation of the entire organization. As a result of the current situation of Pepsi Cola's management model, this paper suggests that brand management should be personally taken care of, initiated, and implemented by senior executives of enterprises in order to maximize the benefits and enhance the overall competitiveness of enterprises.

However, this paper mainly analyzes PepsiCo's current brand management model and does not propose any optimization strategies. In light of this, it is proposed that future research provides brands with a systematic and optimized brand management operation model in accordance with PepsiCo's current brand management status and development direction. The effectiveness of PepsiCo's brand management strategy in the operation of the brand can also be explored through further research.

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