



## THE MARKET

PepsiCo products are enjoyed by consumers one billion times a day in more than 200 countries and territories around the world.<sup>1</sup> Pepsi is one of PepsiCo's 22 brands that each generate more than \$1 billion in estimated annual retail sales.<sup>2</sup>

Pepsi MAX - delivering maximum cola taste with no sugar - was introduced to the Australian market in the early 1990s and has grown to be the largest brand in the PepsiCo Australia beverage portfolio<sup>3</sup>, ...becoming one of PepsiCo's 22 billion dollar brands.<sup>4</sup> Instrumental in establishing and driving the growing preference for no sugar cola consumption, Pepsi MAX constitutes over 30% of all no sugar cola drinks consumed in Australia today and is the leading no sugar cola brand in Australia.<sup>5</sup>



## ACHIEVEMENTS

Pepsi boasts an impressive 99% brand awareness amongst Australians.<sup>6</sup>

The Pepsi portfolio in Australia includes three products - Pepsi, Pepsi Light (known in other regions as Diet Pepsi) and Pepsi MAX - each generating more than \$1 billion in annual retail sales globally.<sup>7</sup>

In 2016, PepsiCo announced their Performance With Purpose 2025 agenda. Performance With Purpose is PepsiCo's fundamental belief that the success of the company is inextricably linked to

the sustainability of the world. And the belief that continuously improving the products sold, operating responsibly to protect the planet and empowering people around the world is what enables PepsiCo to run a successful global company that creates long-term value for society and shareholders. Among many points, the strategy includes a target that by 2025, at least two-thirds of PepsiCo's global beverage portfolio will contain 100 calories or fewer from added sugars per 12-oz serving, with increased focus on no- and lower-calorie products by 2025.

## HISTORY

First developed by Caleb Bradham in 1886 as a digestive aid made from carbonated water, sugar, vanilla and rare oils, Pepsi was first sold in North Carolina, U.S.A. as Brad's Drink. An instant hit with his local customers, Bradham changed the name for his refreshing, energizing beverage in 1898 to Pepsi-Cola with the aim of introducing his drink to a larger audience.

The brand fared well over the next two decades, but shortages of sugar and transportation during WWI forced the company into bankruptcy. Pepsi-Cola was saved by Charles Guth, the president of soda fountain chain Loft Industries, who purchased a majority stake in the company and put Pepsi-Cola into his stores.

To economise, Guth used 12oz beer bottles to serve Pepsi-Cola and initially sold each bottle for 10 cents when the standard soft drink was a six-ounce and sold for five cents, or a nickel. Ingeniously, to boost sales, Guth cut his price to a nickel but kept Pepsi-Cola in the 12oz bottles.

In 1938, Walter Mack became president of Pepsi-Cola and introduced new advertising backing the 12oz bottle with the jingle, *Nickel Nickel*. The song became so popular it was recorded in 55 languages. Renamed Pepsi-Cola *Hits The Spot*, the tune was named immortal by *Life* magazine in 1940.

After WWII and into the 1950s, there was an extended period of growth at Pepsi. The company adopted standard pricing and a strategy to achieve a world-class, sophisticated image. As a result, the distinctive swirl bottle and a new ad campaign, *Be Sociable, Have a Pepsi*, was developed. This was the first Pepsi campaign to focus on young people.



Pepsi captured the spirit of baby-boomer optimism with a marketing theme that stood the test of time - *The Pepsi Generation*. For more than 30 years, *The Pepsi Generation* was the common thread running through some of the most popular advertising of the time. *The Pepsi Generation* also introduced Diet Pepsi in 1964 with its own catchy jingle *Girlwatchers* which hit the Top40.

In the 70s, innovations under CEO Don Kendall, including the development of the first two litre bottle, along with plastic bottles which were lighter and stronger than glass, helped Pepsi close the gap on its largest competitor.

And, in the mid-70s, *The Pepsi Taste Challenge* was born with consumer tests revealing more people preferred the taste of Pepsi over the largest brand of cola. Soon *The Pepsi Taste Challenge* made its way into advertising.

In 2003, the Pepsi-Cola trademark celebrated its 100th anniversary with a new logo for the new millennium - a 3D globe against an ice blue background. 2014 saw the launch of the Pepsi globe, seen on today's pack, along with the return to the iconic Pepsi blue colour on cans, bottles and cartons.

## THE PRODUCT

The exact recipe for Pepsi is a closely guarded industry secret. Suffice to say, the Pepsi manufacturing process begins with a skilled team using great care and the best technology to blend the beverages to perfection.

During the 100+ years Pepsi has been making refreshing beverages, the company has created its own exacting production and quality standards, monitored constantly to guarantee quality and consistency.

PepsiCo brands have been available in Australia for over four decades, where the Pepsi cola range, including Pepsi, Pepsi MAX and Pepsi Light - along with other PepsiCo favourites Mountain Dew, 7-Up and Gatorade - are manufactured and distributed under license by Schweppes Australia.

## RECENT DEVELOPMENTS

PepsiCo continues to transform its portfolio to offer options that are better for you as consumer demand continues to rise. PepsiCo efforts include specific Performance With Purpose 2025 goals to continue transforming the company's food and

beverage product portfolio, contribute to a more sustainable global food system and help make local communities more prosperous.

In 2014, Pepsi MAX relaunched the *Live Life to the MAX* tagline in Australia, with the *Exchange to the MAX* ad campaign depicting the lengths consumers will go to, while on a camping trip, to get hold of the refreshing maximum taste of no-sugar Pepsi MAX. This was followed in 2016 and 2017 by The MAX Your Summer campaign, which harnessed the Pepsi MAX spirit by encouraging Aussie's to let nothing get in the way of legendary summers of fun and good times.

In 2016, Pepsi MAX continued offering consumers alternatives to full-sugar cola varieties through the launch of Pepsi MAX Lime, resulting in the MAX brand continuing to be both the leading no sugar CSD brand by volume in the category and also the fastest growing no sugar cola in the category. The success of Pepsi MAX Lime has been followed with the February 2017 launch of Pepsi MAX Vanilla, a world first for the brand. <sup>8</sup> ...and the September 2018 launch of Pepsi MAX Raspberry.



## PROMOTION

Staying on the leading edge of advertising and consumer promotions is a hallmark of Pepsi. The brand is recognised worldwide as a leader in advertising, marketing, sales and promotional initiatives, through activities like sponsorship of the Halftime Show at the NFL's Super Bowl and UEFA Champions League.

A long list of superstars have lent their magic to Pepsi over the years including international and Australian legends from the world of music, supermodels, film stars, and international soccer and rugby players.

A major sponsor of sporting events, Pepsi backed the ICC Cricket World Cup in Australia and New Zealand in 2015 and, in recent years, Pepsi MAX also expanded its footprint into V8 Supercars via high profile driver sponsorships.

In 2016, Pepsi sponsored the 30th annual ARIA Awards, building on the brand's long global association with music. Pepsi also released its own brand of emojis with the campaign, *Say It With Pepsi*.

## BRAND VALUES

Pepsi is for those who stay open to possibilities, love trying new things and make the most of every moment.

Pepsi MAX, offers maximum taste, with no sugar and is designed to be bold, fun and clever.



## THINGS YOU DIDN'T KNOW ABOUT PEPSI

- In 1908, Pepsi-Cola became one of the first companies in the world to switch its delivery fleet from horse-drawn carts to motor vehicles.
- Filming of the world's first commercial in space took place in 1996, as Cosmonauts shoot a large blue Pepsi can in orbit outside the MIR space station. <sup>9</sup>
- In 2002, the Pepsi-Cola trade mark turned 100 years old. <sup>10</sup>

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