



**Diploma in Business Studies**

**Operation Management (MGT 345)**

**Title: Pepsi's Product Life Cycle**

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# INTRODUCTION

## Stages of product life cycle

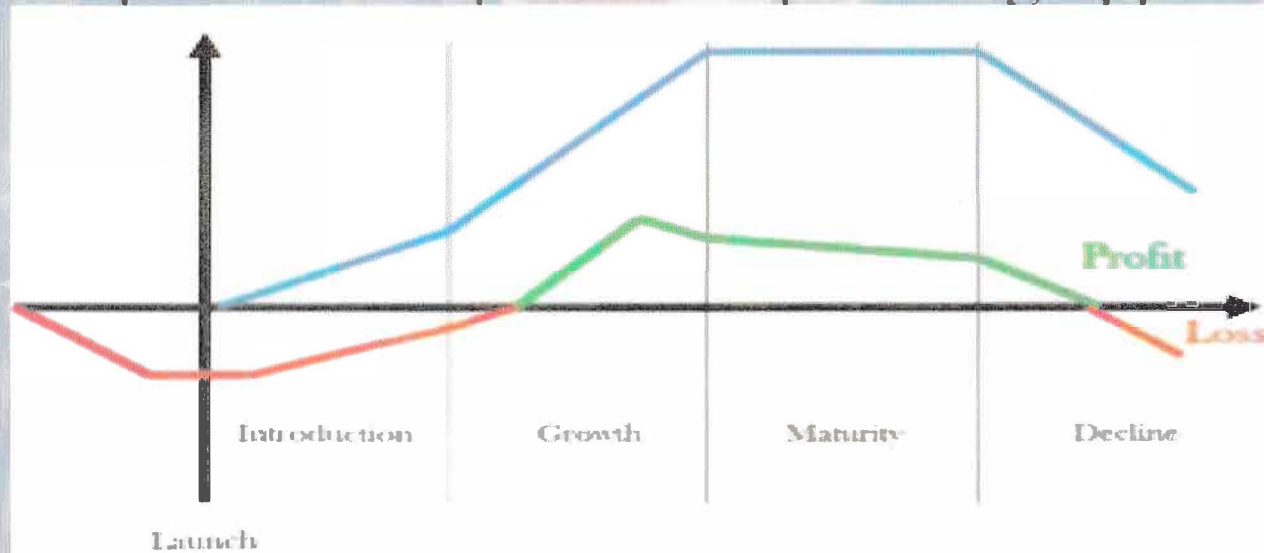
- i. Sales are made to innovators, consumer who enjoy trying new products
- ii. Growth stages where sales being to increase rapidly as the product gains popularity
- iii. Maturity stages where this is the longest stages and generate the majority of products sales and profits from the late majority
- iv. Decline stages where the eventually all product stocks stop selling

# HISTORY

- ❖ 1993 - First introduced as “Brad's Drink” in New Bern, North Carolina, United States by Caleb Bradham.
- ❖ 1898 - Renamed as Pepsi Cola after the digestive enzyme pepsin and kola nuts used in the recipe.
- ❖ 1903 - Bradham moved the bottling of Pepsi Cola from his drug store to a rented warehouse.
- ❖ 1909 - Automobile racer Pioneer Barney Oldfield was the first celebrity to endorse Pepsi Cola as describing it “A BULLY DRINK, REFRESHING, INVIGORATING, A FINE BRACER BEFORE A RACE”
- ❖ 1926 - Pepsi received its first logo redesign.
- ❖ 1931 - Depth of the Great Depression the Pepsi Cola Company entered bankruptcy in large part due to financial losses.
- ❖ Between 1922 and 1933 - The Coca-Cola Company was offered the opportunity to purchase the Pepsi Cola company, and it declined on each occasion.
- ❖ 2012 - The company was ranked 41 on the Fortune 500 list.
- ❖ 2013 - Pepsi was ranked 1 on CoreBrand's list of Most Respected Companies.

# Product life cycle of Pepsi

This post is a business case study on Pepsi's product life cycle. This is a valuable tool for marketers to manage the product as it progresses through its life cycle. Managers are encouraged to anticipate industry changes and have strategies in place for each stage it promotes a proactive planning approach.



# PRODUCT STAGES

## INTRODUCTION

- ❖ In 1902, Brad began selling Pepsi-Cola and achieved sales of 7,968 gallons of syrup in the first year.
- ❖ Brad aimed to generate initial awareness and trial of his product, and far exceeded his targets
- ❖ A highly selective distribution is initially recommended, and this is evident with Pepsi-Cola only launching in Brad's pharmacies.
- ❖ To generate awareness, a celebrity endorsement with race car driver Barney Oldfield was utilized.
- ❖ Initially a simple cost-plus pricing strategy was used.
- ❖ Pepsi-Cola was not launched with any promotions.