

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



When Brands Go Political: A PepsiCo Case

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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WRITTEN CASE

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MANAGEMENT DECISION CASE

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PepsiCo Going Political

In 2012, PepsiCo launched a new global campaign “Live for Now” to inspire people to live their life to the fullest. The different commercials and advertisements featured well-known celebrities, such as Nicki Minaj and Beyoncé. The commercial “Live For Now Moments Anthem” featuring Kendall Jenner launched in April 2017, was the following commercial of the global campaign. PepsiCo’s aim was to become the global leader of pop-culture around the world. However, the commercial with Jenner became a viral failure and received a lot of criticism on social media. Yet, PepsiCo’s marketing strategy through history goes hand-in-hand with the purpose of capturing the young and hip culture worldwide.

PepsiCo

In 1898, the pharmacist, Caleb Bradham, created a new beverage by combining different spices, juices, and syrups. The result was a huge success and became known worldwide as Pepsi-Cola. In 1965, the company merged with snacks company Frito-Lay, and together became PepsiCo.

PepsiCo is a global leader in the food and beverage industry with over \$63 billion in net revenue in 2016 and a global portfolio of 22 diverse brands. Some of the top brands, besides Pepsi, are Lipton, Tropicana, Lays and Aquafina - **exhibit 1**.

Exhibit 1 - PepsiCo Brand Portfolio 2015.



Throughout PepsiCo's history, the main strengths identified are advertising and marketing efforts. As the business started growing, PepsiCo recognized the essential role of promoting the brand through daring commercials with relevant, popular celebrities in order to increase sales. This strategy is still deeply rooted in their advertising strategy today; in 2016, PepsiCo spent \$2.5 billion on advertising and marketing activities.

Leading PepsiCo's marketing activities is their mission: *"to be the world's premier consumer products company focused on convenient foods and beverages. We seek to produce financial rewards to investors as we provide opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate. And in everything we do, we strive for honesty, fairness and integrity."*

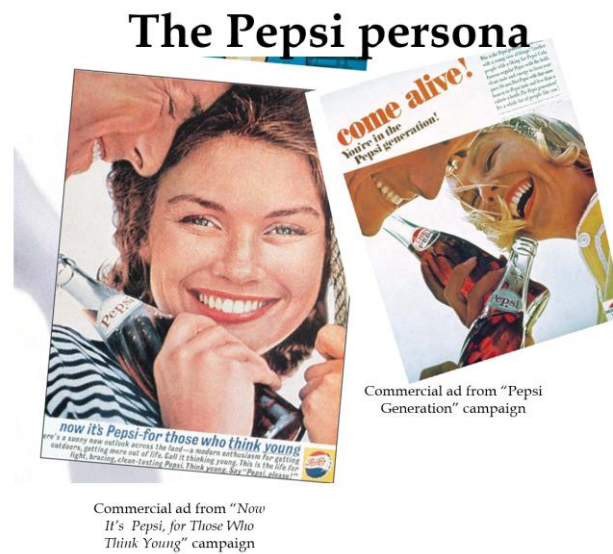
Another corporate element guiding their communications is its vision, which is described as: *"PepsiCo's responsibility is to continually improve all aspects of the world in which we operate - environment, social, economic - creating a better tomorrow than today. Our vision is put into action through programs and a focus on environmental stewardship, activities to benefit society, and a commitment to build shareholder value by making PepsiCo a truly sustainable company."*

History

During the Great Depression, the consumer spending slowed and PepsiCo adapted their offer to suit the market. Thus, PepsiCo offered two beverages for the same price as one and the deal attracted a lot of consumers. The unique price advantage changed the rules of the beverage market, pushing other cola companies to adapt their prices. To remain top-of-mind, PepsiCo launched the comic commercial ad "Pepsi & Pete", to promote the new price advantage: "Twice as Much for a Nickel." Furthermore, the brand was the first to introduce an advertising jingle on the radio for the commercial.

PepsiCo continued focusing on marketing - during World War II, the brand introduced a commercial that was patriotic and warming during the hard time, which is still recognized as a part of PepsiCo's advertising heritage today (Pepsi, 2005). In the 50s, the brand moved from positioning itself based on price to a product embracing a new lifestyle in terms of hip and sociable. The new advertising strategy was focused on the younger generation (**exhibit 2**), which was becoming the PepsiCo persona and brands biggest target group. The brand introduced a variety of successful campaigns that emphasized the youth and people living the life to the fullest, such as "Now It's Pepsi, for Those Who Think Young" and "Pepsi Generation".

Exhibit 2 - The PepsiCo Persona



PepsiCo was highly associated with pop culture, and the approach continued on and in the beginning of the 80s with the campaign "Pepsi. The choice of a new generation", which featured the "King of Pop" Michael Jackson and created extensive marketing success. PepsiCo's alignment with pop cultures has grown to be a part of the brand identity. Over the years, the company made several with well-known celebrities the face of their campaign, including Cindy Crawford, Shakira, Britney Spears and Beyoncé in the 90ths and 00ths.

In 2012, PepsiCo launched its global campaign "Live for now", which is in line with the brand strategy and corresponds with previous campaigns, such as "Pepsi Generation". The campaign aims to inspire people around the globe to live life to the fullest. Throughout the years, the commercials featured well-known celebrities: among others, Nicki Minaj and Beyoncé - **exhibit 3**.

Exhibit 3 - PepsiCo collaboration with celebrities



The next chapter of the global campaign “Live for Now” was the new commercial featuring the celebrity model, Kendall Jenner that launched in April 2017. With the background music, "Lions", the commercial starts off with depicting that the celebrity model, Kendall Jenner, witnesses a rainbow protest while she is participating in photo shoot. She stops the photo shoot to join the march, as a reflection of the invitation from an artist in the crowd. At the same time, she removes her blonde wig and erases the black lipstick from her mouth.

Jenner approaches a line of uniformed police officers, passing through a variety of protesters and artists with flashing peace signs. She drops by an ice bucket, which is full of PepsiCo and grabs a can. Jenner continues moving forward and hands the can of PepsiCo to one of the police officers. Jenner’s actions are recorded by a photographer who wears a hijab. The scene pauses for one or two seconds. With a pop sound, the policeman opens the can and drinks it. Cheers and applause from protesters follows as a reflection of the policeman's choice. At the end of the commercial, the slogan, “Live Bolder, Live for Now” appears on the screen.

Black Lives Matter & Women’s March

In 2013, the Black-centered political movement project, #BlackLivesMatter, was created after the shooting of African-American Trayvon Martin. The movement’s focus is to build local power to intervene in violence against black communities by American officials. Black Lives Matter states to be “*a political intervention in a world where Black lives are systematically and intentionally targeted for demise*”. The project created communities in 18 different cities in the United States, where community members protested to stand up for the unjustified deaths of several African-Americans, racial inequality, racial profiling, police brutality and violence against African-Americans.

At a demonstration in Baton Rouge, Louisiana, Jonathan Bachman took a photograph that he later named “Taking a Stand in Baton Rouge” - **exhibit 4**.¹

Exhibit 4 - Ieshia Evans at Baton Rouge



The photo illustrates a black woman – Ieshia Evans – taking part in the demonstration, being arrested by police officers. On the picture, Ieshia looks calm and harmless. Yet, she was put in a van and taken to jail – wasn’t until much later

that Ieshia Evans heard she was arrested for *“obstructing a highway”* (Evans, 2016). Eventually, the photo went viral on social media, was awarded for Contemporary Issues in the 2017 World Press Photo Contest, and appeared in the New York Times *“The Year in Pictures 2016”*.²

Another current event related to political injustice is the Women’s March. On January 21st, 2017, the first march was right after Donald Trump was elected president of the United States – it was held in Washington to *“send a bold message to our new administration on their first day in office, and to the world that women's rights are human rights”*. However, organizers claimed that they weren’t targeting Donald Trump specifically, and that the event was about standing up for women's rights: *“a stand on social justice and human rights issues ranging from race, ethnicity, gender, religion, immigration and healthcare”*.

Finally, both organizations continued to proactively engage in social events and incidents related to their movement. The Black Lives Matter movement protested for the death of several African-Americans in 2017, and organized a month-long "Black Lives Matter" art exhibition during Black History Month. Additionally, the Women’s March community organized several events, such as the ‘Hear Our Voice’-event, and planned marches for 2018. By doing this, the social issues that the movements highlight have remained on the public agenda.

Crisis: Live for Now Moments Anthem

Due to tension around Black Lives Matter demonstrations and Women’s Marches, PepsiCo stakeholders criticized the *“Live for Now Moments Anthem”*-commercial. The internet and social media was overloaded with negative comments regarding the commercial. The criticism was aimed at the way PepsiCo was trying to simplify the social injustices that had broken out across the United States over the few years; not recognizing the cruelty and impact of police brutality by proposing that protesters and police could get along better *“by sharing a soda”*.

According Teen Vogue (2017), this commercial is the first wherein a company publicly comments on political protests.³ It is undeniable that prior to this commercial, PepsiCo did not have a long history associated with a racially-diverse topic. However, PepsiCo's tone-deaf commercial is interpreted as a mirror of the Black Lives Matter movement, specifically the similarities between the campaign and the Baton Rouge photo of Ieshia Evans (**exhibit 5**). Stakeholders criticize that, Kendall Jenner - a white celebrity - consumes the Black Lives Matter protest. Even the daughter of Martin Luther King stated that she felt insulted by this commercial by Tweeting *“If only Daddy would have known about the power of #Pepsi”*. Social media exploded; Stephen Colbert (2017) on the Late show commented on the commercial saying *“the PepsiCo's marketing section lives for now”*, a pun towards the slogan used in the commercial.⁴

Exhibit 5 - Baton Rouge & PepsiCo similar images



Furthermore, as a response to the commercial, many parody videos have been uploaded to YouTube and gone viral on social media. For example, SBS Viceland (2017) made a PepsiCo commercial parody on YouTube, which became popular. In the parody, with the same background music, "Lion", a white young man, Mark Humphries, steps in different scenes such as the world climate conference or Israeli-Palestinian peace talk and offers a can of PepsiCo in order to resolve issues.⁴ In the last scene, the white male enters a conference room where an advertising agency is discussing the appropriateness of associating a commercial with a political issue - they address nothing but offering cans of PepsiCo. At the end of the video, the slogan "Black Sodas Matter" appears. The satiric parody tries to imply that PepsiCo's commercial mitigates the gravity of the sensitive, political topic.

Comedian Vito Gesualdi took matters into his own hands and went to test the PepsiCo and Jenner strategy. He attempted to calm an actual demonstration in Berkeley in the same way that Kendall Jenner did in the PepsiCo's commercial. It is ironic that most of the cans he distributed were considered a weapon, and no single police offer accepted the can of PepsiCo from Gesualdi. The newspaper, Daily Mail, comments: *"It was not much of a true social experiment, but it drives the point home in a sardonic and satirical manner that civil disobedience is nothing to make light of"*.

Managerial Questions

With the situation as it is, PepsiCo Management has to respond to the state of affairs in order to mitigate the risk and the impact of the situation of the brand and potentially the brand portfolio. It is important to note that not responding to a situation is also a response. The set of questions to be answered by the management:

1. What should the management's first response be?
2. What should the management consider as a perspective when developing the next commercial?
3. How can the company prevent a similar event from occurring in the future from a communication perspective?

The questions can be approached from both a crisis and corporate communication perspective. One should consider the short term and long term alternatives based on the key issues, alternatives and actions. The short term focus would apply a more crisis management perspective, whereas the long term focus would translate to a more corporate communication perspective.

Endnotes

¹ Bachman, J. (2018). *Taking a stand in Baton Rouge*. [online] The Wider Image. Available at: <https://widerimage.reuters.com/story/taking-a-stand-in-baton-rouge> [Accessed 29 Jan. 2018].

² British Journal of Photography. (2017). *The 2017 World Press Photo Contest winners are announced*. [online] Available at: <http://www.bjp-online.com/2017/02/2017worldpress/#closeContactFormCust00> [Accessed 29 Jan. 2018].

³ Teen Vogue. (2017). *People Are NOT Happy About Pepsi's New Commercial Starring Kendall Jenner - by Elizabeth, D.* [online] Teen Vogue. Available at: <https://www.teenvogue.com/story/pepsi-commercial-kendall-jenner-reaction> [Accessed 5 Feb. 2018].

⁴ The Late Show with Stephen Colbert. (2017). *Stephen Takes On Kendall Jenner's 'Attractive Lives Matter' Pepsi Ad* [video] Available at: https://www.youtube.com/watch?v=e_J2Fyaz8Jk<https://www.youtube.com/watch?v=qDWIMi14quY&t=4s>. [Accessed 06 Feb. 2018].