



Market

The development of Pepsi brands in Romania follows the company's exceptional results worldwide, the company having recorded continuous growth for 25 consecutive quarters. In 2005, the PepsiCo Company ranked at number three out of the top food and beverages companies in the world.

Through its main businesses, PepsiCo holds Pepsi-Cola beverages, Frito-Lay snacks, Gatorade sport drinks, Tropicana juices and Quaker Oats foods.

The Pepsi brand has been present on the Romanian market since 1966, playing a key role in the carbonated soft drinks segment.

In Romania, the carbonated soft drinks segment represents 45% of the total soft drinks market, being the most important one to enjoy constant growth. The Pepsi brand has recorded continuous and spectacular development over the years.

The current franchise system for the Pepsi brand started in 1991, with the appointment of Quadrant Amroq Beverages (QAB) as bottler, which produces and distributes the soft drinks under the PepsiCo trademark, along with its own products. QAB is one of the largest US investors in Romania, the bottling company of Pepsi, Prigat,

Lipton Ice-Tea and Mountain Dew for Romania and the Republic of Moldova. In 1992, the company opened the first PET bottling line in Romania.

The beverage system includes the Romanian Representative Office of PepsiCo International, which has a leading role in brand and marketing strategies, building relationships with franchised bottlers all over the Balkans region and supporting their operational, sales and marketing capabilities with international expertise.

Achievements

Romania is the most consistent growth engine for the Pepsi trademark in Europe, thanks to Pepsi's continual dynamism and innovation. Its performance in Romania has been consistently built over the years using strong consumer campaigns, special promotions, as well as packaging and brand innovation, all going towards the development of brand equity and increasing

volume and share results for the trademark.

The Pepsi portfolio developed constantly with innovative products such as Pepsi Blue (a limited edition product launched in 2004, with a distinctive blue colour, but maintaining the cola taste), Pepsi Cappuccino in 2005 and Pepsi Gold (a special summer edition for 2006).

In recent years, Pepsi has encountered solid and constant growth in Romania. The research conducted by the American company Canadean confirms the remarkable evolution of all Pepsi products on the Romanian soft-drink market from year to year.

According to the same Canadean report, PepsiCo continues its leadership on the No Sugar Cola segment, thanks to its wide portfolio made up of Pepsi Max, Pepsi Light and Pepsi Twist Light.

History

The Pepsi-Cola story begins with a drugstore in New Bern, North Carolina, and a pharmacist named Caleb Bradham. Bradham's aim was to create a soda fountain drink that was both delicious and healthy, aiding digestion and boosting energy. Like most pharmacies in 1896, Bradham's drugstore contained a soda fountain

where he served his customers with refreshing drinks that he created himself. His most popular beverage was something he called "Brad's drink" made of carbonated water, sugar, vanilla, rare oils, pepsin and cola nuts.

"Brad's drink" was later renamed Pepsi Cola in 1898 after the pepsin and cola nuts used in the recipe. In 1898, Caleb Bradham wisely bought the trade name "Pep Cola" for US\$ 100 from a competitor from Newark, New Jersey. The new name was trademarked on June 16th 1903. Bradham's neighbour, an artist, designed the first Pepsi logo and 97 stock shares in Bradham's new company were issued. The Pepsi-Cola logo was registered in 1906 and has been used ever since in numerous versions.

In 1931, the Loft Candy Company President, Charles G. Guth, who reformulated the popular soft drink, bought Pepsi Cola.

In 1940, the brand made history when the first advertising jingle was broadcast nationally. The jingle was "Nickel, Nickel", an advertisement for Pepsi Cola that referred to the price of Pepsi. The song "Nickel, Nickel" became a hit, and was recorded in 55 languages.

In 1965, Donald M. Kendall, President and Chief Executive Officer of Pepsi-Cola founded PepsiCo, Inc. The major products of the new Pepsi-Cola Company were: Pepsi-Cola (formulated in 1898), Diet Pepsi (1964) and Mountain Dew (introduced by the Tip Corporation in 1948).

In 1985, PepsiCo became the largest company in the beverage industry. Pepsi-Cola products are available in nearly 150 countries and territories around the world. Pepsi's successful Entertainment Marketing strategy was extended with singers such as Lionel Richie and Tina Turner, and actors like Michael J. Fox.

In 1986, PepsiCo purchased 7UP International. In 2002, the Pepsi brand set out to develop a new look. Beyoncé Knowles joined the Pepsi family and collaborated with Pepsi for two new TV commercials, radio, and internet ads.

In 2003, PepsiCo created PepsiCo International, the business that united all international snack, beverage and food units in an effort to drive faster growth and improve profitability around the world. Moreover, the Pepsi-Cola trademark celebrated its 100th birthday.

In Romania, Pepsi was first introduced in 1966, and continues to have extremely strong brand visibility ("When you say Pepsi, everybody understands what you are talking about"), relevance ("No matter what you do, drink Pepsi") and esteem ("Pepsi deserves its top position on the market"). (Source: Daedalus qualitative research).

Product

Pepsi boasts the widest portfolio of Cola drinks on the Romanian carbonated soft drinks market, united under PEPSI-COLA trademark - Pepsi, Pepsi Light, Pepsi Max, Pepsi Twist Lemon, Pepsi Twist Lemon Light, and Pepsi X.

The recipe for Pepsi itself is a closely guarded secret. The Pepsi process begins with the finest ingredients. Pepsi uses great care and cutting-edge technology to blend them to create its distinctive products.

Pepsi has been making soft drinks for more than 100 years. During this time, the company has created its own exacting production and quality standards, monitored constantly to guarantee quality and consistency. It moreover includes an extremely efficient distribution network, which ensures that every drop of Pepsi is as fresh and delicious as in the moment it was produced.

Recent Developments

During the summer of 2006, Pepsi introduced a new product onto the Romanian market, Pepsi Gold. Designed to stand out from the crowd, Pepsi Gold is distinctively packaged using the traditional colour of celebration, Gold, to give the new drink maximum impact during the scorching summer season. The TV commercial featured the supermodel Claudia Schiffer and the footballer Thierry Henry fighting over the product, only to be outdone by a teenager who claims the refreshing cold Pepsi Gold for himself.

Pepsi Max and Pepsi Light hold the leading position on the No Sugar category in Romania.

In 2006, PepsiCo launched the world's number one sports drink, Gatorade, onto the Romanian market.

Romania is always on top regarding packaging innovation, with the 0.33L NRGB (non returnable glass bottle) first being launched in Romania.



Promotion

Since the birth of Pepsi more than a century ago, the company has maintained a consistent reputation for innovative and creative advertising. From the famous "Nickel, Nickel" ads of 1939 to the stunning visual effects of the "Gladiator" series, Pepsi has always been synonymous with cutting-edge creativity.

Few people know that Pepsi has a long history of promoting its brands with the help of celebrities, something the company has been doing successfully ever since 1922. After Pink, Beyoncé and Britney rocked viewers in "Pepsi Gladiator", England soccer captain David Beckham took the arena in an all-star ad. In this version, Beckham heads an all-star line-up of footballing gladiators featuring Roberto Carlos, Ronaldinho, Diego de Cuhna, Torres, Totti, Raul, Ricardo and Van der Vaart. In 2005, Pepsi Football boasted a new commercial, "Surf", featuring David Beckham, Thierry Henry, Roberto Carlos, Raul Gonzales, Ronaldinho, Fernando Torres and Rafael Van Der Vaart.

In 2006, Pepsi came with a new TV commercial, "Pepsifest", with the same football team as in "Gladiators", but with the addition of Crespo, Huth, Lampard and Nesta.



The pop celebrity Christina Aguilera became also Pepsi's image for Pepsi Music in 2006.

The Taste of the Spirit of Youth is communicated through all Pepsi initiatives and activities, introducing ideas of youth, creativity, modernity, discovery and empowerment, all of which are embraced in the "Dare For More" proposition.

Brand Values

Fun, daring, sociable, optimistic, charismatic - that is the Pepsi mantra, which builds upon the core product values of taste, refreshment and youthful enjoyment. Young people have a uniquely optimistic, independent and irreverent way of looking at life. The Pepsi "Cool" outlook is about being comfortable as only young people can be - with who they are, with their own style and with what they want to be. This offers a completely new, edgy and irreverent perspective to all the things that Pepsi stands for. In essence, Pepsi is the soul mate of the young.

THINGS YOU DIDN'T KNOW ABOUT

PEPSI

- ▶ The "Nickel, Nickel" tune was the first advertising jingle to air nationally in the US, making broadcasting and advertising history
- ▶ In 1908, Pepsi became one of the first companies to replace horse-drawn carts with motor vehicles for deliveries
- ▶ In 1985, Pepsi made its first trip on the space shuttle, carried in a specially designed "space can"
- ▶ Pepsi has always led the way in Cola products - including Pepsi Blue (blue colour) and Pepsi Gold (golden colour)
- ▶ Pepsi has enjoyed a long association with some of the world's greatest football and music stars, who well represent the brand's "Dare For More" positioning. These include David Beckham, Thierry Henry, Ronaldinho, Roberto Carlos, Raul Gonzales, Fernando Torres, Rafael Van Der Vaart, Crespo, Lampard, Nesta and Christina Aguilera