

Chapter Five

The war in the store – Soft Drinks

The War in the Store is the constant battle for shelf space and consumer attention. Retail grocery stores are forever making deals with companies to feature their products. There are dozens of ways that retailers have to get “calendar marketing” funds from soft drink companies. Brand loyalty is pretty fickle and the sales tend to swing back and forth with the brand that’s on sale. And since consumers are so used to price promotions, they simply wait it out and stock-up when their preferred product is on sale. If they are indifferent they simply purchase the cheaper product.

Pepsi and Coke are as near as you get to parity products. That’s why the advertising is usually designed to position the product as a badge that says something about the consumer. Pepsi has had a lot of success over the years suggesting that it is a product for those who are part of a generation of younger, active, energetic people.

I joined Tracy-Locke, a division of the giant agency holding company, Omnicom. Omnicom also owns BBDO. Tracy-Locke and BBDO shared the Pepsi account under a pretty clear division of power. BBDO did the high profile stuff like featuring Michael Jackson in Television ads. Tracy-Locke was more likely to do a promotion (sometimes supported by television advertising) where consumers could enter to win tickets to see Michael Jackson in concert.

I learned even more about sales in this job than I did observing buyers at Toy Fair. I was actually invited on sales calls to present the advertising/promotion/marketing support components. I was there to take some of the heat off price. But grocery chain buyers know as well as anyone that advertising is more likely to result in brand loyalty long term. They were interested in promotional pricing and marketing dollars they could get to promote Pepsi products as loss leaders, short term.

How many Michael Jackson tickets did you say we could give away? Will you pay for the newspaper ad we would run to promote this event? How about the cost of some banners in front of all of our stores?



The Prestige Account - “I don’t want that shit on my shoes.”

My responsibility included support of both retail (bottle and can) and fountain sales at Pepsi. Another important part of brand building for soft drink companies is the “prestige account.” If you can be the exclusive beverage poured at a theme park or sports venue, you’ll sell a lot of product and get a lot of exposure on cups and signage. There is, of course, an incalculable advertising value to these placements. The theme parks and the venues know it full well. They use that advertising value as a hammer in negotiating price.

Pepsi and Coke are always locked in these battles for prestige accounts. One of my Pepsi clients was responsible for area marketing in New Jersey. Steve was soon to move up in the organization to a bigger and better spot at Pepsi’s Somers, New York Headquarters. He was on the fast-track. However, just before he was about to leave for his new position, it was time for one of those prestige account to re-negotiate its deal with Pepsi. Vernon Valley ski resort was not Vail. But it was important to Steve. He didn’t want to lose this account on his watch. It was on his turf. His goal was, at the very least, to avoid this prestige account decision to move before he moved. He candidly stated his feelings in a way only Steve could: “I don’t want that shit on my shoes.”

Fortunately for Steve, the ski resort postponed their decision to pour brand X until after he moved to Somers.