



**Making Pepsi Max the choice of a new generation once again
2013- present**

Marketing Society Awards 2016: Long Term Marketing Excellence

SUMMARY

After years of heavy discounting and adapting big American TVCs, in 2012 Pepsi Max had lost relevance to the primary consumer (18 – 34s)¹ and become the “Poor man’s Coke.”

Coke on the other hand was a behemoth. Sales of single serve formats of regular Coca-Cola alone were 1.5 times bigger than *the entire* Pepsi Max cola business,² and it had all of the benefits of being the market leader; bigger distribution³, four times the media spend⁴, nearly three times as many loyal buyers⁵ – and the virtuous circle of success being so big creates.

This is a story about Pepsi’s transformational journey over the past three years to better engage with Millennials to surpass growth targets in a static cola market.

This journey began with the brand boldly redirecting marketing spend away from the traditional TV advertising model to a content led approach to better engage with Millennials via the sugar free Pepsi Max brand.

We’ll tell the story of our creative marketing and investment decisions that encouraged Millennials to choose Pepsi Max as its cola for a new generation in the UK, creating the most subscribed to FMCG brand on Youtube and over the last three years, help defy a flat and mature category by creating an additional £76m in additional sales in the off-trade⁶ and Pepsi Max, our hero content brand, contributing £54m.

BACKGROUND

Cast your mind back to the 80s and 90s. A time when cola ruled the UK carbonated soft drinks market, and if someone asked you whether you wanted a drink, your biggest decision was Coke or Pepsi.

It was into this context in 1993 that Pepsi Max was launched; a no sugar cola that tasted like a regular cola. Unlike other sugarless or ‘diet’ drinks, Max was aimed at a younger, male audience.

Campaigns for Max were created in the US and adapted by the UK market. In fact, the UK only ran Pepsi

They tended to be big American numbers often featuring big names.

Fig 1: Example of globally created ads using celebrities⁷

¹ TGI Most Frequent Cola Drinkers (Jul 2013) – June 2014. 18 – 34s are the biggest and most frequent consumers of cola and present the biggest volume opportunity

² Nielson data 2013 and 2014 Coca-Cola vs. Pepsi – total of all Coke regular single serve formats vs. total of Pepsi Max all formats

³ Nielson

⁴ OMD media analysis

⁵ Millward Brown tracking data – loyalist and switcher perceptions Jan-Apr 2013

⁶ Source: Nielsen MAT 52 w/e 20th Dec 2014, value & volume

⁷ E.g. Black eyed peas, Drogba, Henry, Messi, Beyonce



And over the years there were a lot of different campaigns.

Fig 2: Example of tag lines used from launch to 2012⁸



But in 2011 things started to change.

The category started to decline⁹ as people switched from cola to soft drinks with more tailored propositions and exciting brand stories.

Fig 3: Example of range of soft drinks available in the UK

⁸ E.g. Live to the Max, Kick in the mix, Don't worry there's no sugar, Max it, Live for now.

⁹ Canadean Cola UK volumes



What's more, a decade of Pepsi Max global advertising had failed to engage our target audience, and with only 5% of them understanding that Pepsi Max offered something different to Coke, it had also failed to communicate Max's point of difference; all the taste of a regular cola, but none of the sugar¹⁰.

Those still drinking cola were therefore drinking Coke, the market leader, as the default choice.

A triple whammy of a declining market, a weakened brand, and a strong key competitor meant that drastic action was needed.

OBJECTIVES AND KPIS

Our primary objective was to drive sales, particularly at the expense of Coke.

In order to do so, we believed that meeting the following KPIs was critical:

- Closing the equity gap with Coke
- Increasing brand equity scores amongst 18-34s
- Communicating in an efficient manner (driving ROI)
- Driving engagement amongst our key audience

“INSANITY: DOING THE SAME THING OVER AND OVER AGAIN AND EXPECTING DIFFERENT RESULTS” ALBERT EINSTEIN

Traditionally, brands looking to create fame and affinity have turned to broadcast channels such as TV.

However, doing this effectively relies on a significant budget and in most cases an excessive share of voice vs. the competition¹¹.

We knew that going head to head with Coke, as we had done in previous years, would keep us trapped in a vicious (and insane) circle in which nothing would change.

¹⁰ Millward Brown tracking data – loyalist and switcher perceptions Jan-Apr 2013

¹¹ IPA and Nielsen Analytic Consulting (29th July 2009) 'How share of voice wins market share'. Research has shown that ESOV above 10% can drive on average 0.5% growth.

But those familiar with the media behaviour of 18 – 34s in the UK would point out that it is also not necessarily a fight that needed to be won.

This audience were spending 50% more time watching online video than TV¹², with YouTube the most popular site¹³.

Whilst lots of brands had successfully used YouTube pages to promote individual videos, very few had successfully operated as channels (according to Unruly, brands represent less than 2% of the Top 5,000 channels on YouTube¹⁴).

In fact, there were no documented examples of a brand putting YouTube at the heart of their strategy, using it to improve brand measures and ultimately track through to sales performance. This was where we saw the opportunity.

Furthermore, OMD calculated that with clever digital targeting we could be 55% more efficient at targeting the 18-34 year old demographic (in terms of reach and frequency) compared to TV¹⁵.

It meant that for the first time, a local Pepsi market would break the convention of using globally adapted TV campaigns. If successful, it would reap all the rewards of taking this bold step. If a failure, all the risk.

THE 'C' WORD

The heat was on.

We just had to create YouTube content that 18 – 34 year old blokes loved and that ultimately sold some product.

Content? The word that describes everything and nothing?

That sold? Not just delivered views or got a few likes?

To 18 – 34s? The most notoriously difficult audience to market to, where the rules of engagement had changed so much and continued to change on what seemed like a daily basis?!?

LOL.

We needed a bit of help.

We organised a 'speed dating' research session where friendship pairs could have a relaxed conversation and share content with pairs from both agency and client organisations.

Fig 4: Photographs from our speed dating research session

¹² Google: <http://www.themediabriefing.com/article/know-your-audience-how-digital-native-millennial-generation-consume-media>)

¹³ 2012 Ofcom report

¹⁴ Unruly: <http://www.marketingcharts.com/online/brands-said-to-represent-less-than-2-of-the-top-5000-channels-on-youtube-37690/>

¹⁵ Media Efficiency calculation OMD Analysis - a general calculation using industry benchmarks and costs. The differential (55%) was based on 16-34 market as of the time



We learnt that as a generation hit hard by austerity, they were rebelling against it. They craved excitement, novelty and fun; experiences made their lives more interesting, and brought their tight knit friendship groups even closer together.

The same insight applied to content. They sought out mind blowing or really funny content; content that delivered personal enjoyment, and, when shared, both made them look cool, and acted as social currency.

THE BREAKTHROUGH

What was the insight that led to the big idea? How did you get to that insight?

Pepsi Max's product truth is an apparent paradox. It contains no sugar, but tastes every bit as good as a full throttle cola.

Until now, we had never overtly acknowledged the paradoxical nature of the product story. And so, ironically, consumers didn't believe our story. If something sounds too good to be true, it generally is too good to be true. The strength of our product story was our undoing.

Realising this fact whilst talking to our cynical Millennials led to a breakthrough moment.

Our insight:

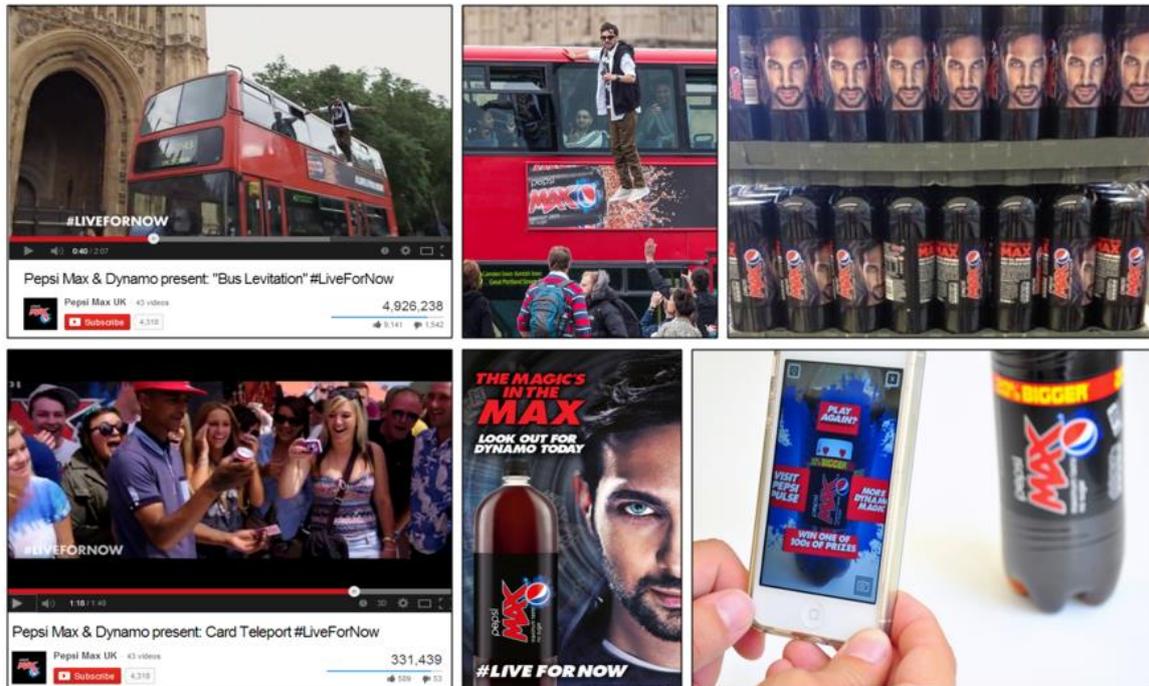
In order to drive credibility, we needed to create content that would acknowledge and confront perceptions that our product story seems somewhat far-fetched.

ACT ONE: MAGICIAN IMPOSSIBLE

Our first foray into creating mind blowing content was in June 2013. We enlisted the help of leading TV personality and Magician 'Dynamo' to show how Pepsi Max, an amazing cola taste without any sugar, was a brand that made the impossible possible. The films revealed Dynamo performing

extraordinary, seemingly impossible magic tricks. Our hero piece saw him seemingly levitate up to the side of a London double decker bus and float alongside the bus around the streets of London much to the astonishment of the onlooking crowd.

Fig 5: 2013 Dynamo campaign



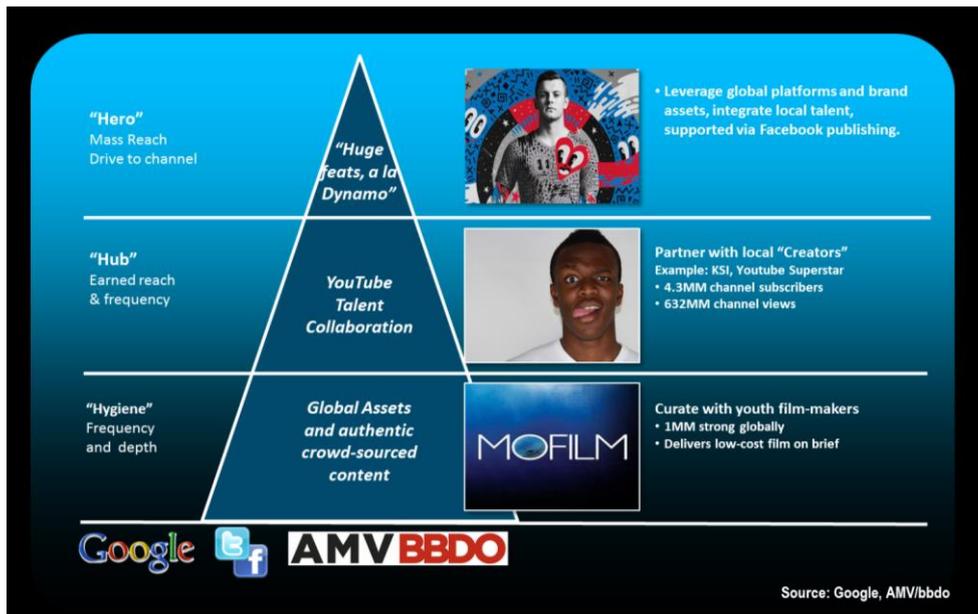
The campaign was a success and paved the way for an even more committed content model. Whilst we borrowed off an established personalities equity and media reach, the ambition to build our own content platform. A presence that would encourage to seek out, not just Dynamo content but Pepsi content.

ACT TWO: UNBELIEVABLE

So in 2014, the 'Unbelievable' Pepsi Max Youtube channel was born. A commitment from our own marketing team and agency partners to re-engineer how we would deliver content and build our own audience base, not simply borrow from elsewhere.

We organised and commissioned our content via the Youtube 'Hub, Hero, Hygiene' model.

Fig 6.1: Hero, hub, hygiene content model



Our first **hero**¹⁶ film saw stuntman Damien Walters pushing his gymnastic skills to a new level by attempting the world’s first human loop the loop.

Fig 6: Stills from ‘Loop the Loop’ hero film



The reaction we got was just what we were hoping for.

Fig 7: Examples of YouTube comments on the ‘Loop the Loop’ film

¹⁶ We used Google’s hero, hub and hygiene model. Hero content was designed to generate buzz and PR around the brand to extend the reach and engagement with the brand and channel beyond paid advertising. The nature of the content was therefore paramount.



Throughout the year, we released more hero films including the following:

Fig 10: Summary of hero films



Unbelievable Game:
An unbelievable game of 5-a-side using an air mat and football freestylers



Monster Mirror:
We installed mirrors in cinema toilets screening scary movies at Halloween that transformed peoples' faces into a Halloween themed character and gave them the shock of their lives



Time tunnel:
We created a wormhole through space and time to surprise people walking through Waterloo tunnels with a T-Rex or futuristic robots



Chain reaction:
We set up thousands of mousetraps and ping pong balls create a spectacular chain reaction to make sure 2014 goes out with a bang

Alongside our hero content we created regularly scheduled **hub content**¹⁷ (using YouTube vloggers) to ensure ongoing engagement with our audience.

Fig 11: Summary of hub films

¹⁷ Hub content was employed to create ongoing engagement with our audience. Again, we used YouTube vloggers to increase our reach.



For the 'Unbelievable Uncovered' series our two vlogger presenters travelled the country to unearth great talent and inspire them to try something unbelievably good.



For the 'Unbelievable Challenges' series we collaborated with YouTube talent (performers and directors) to find out what unbelievable talents they had and help them to push them to the next level.

We used digital outdoor (integrating the public's unbelievable Vines in a media first), POS, and 6-sheet posters and bus sides.

Fig 12: Examples of digital outdoor, 6 sheet poster, bus side and banner ad



ACT THREE: GENIUS

In 2015, the most recent iteration of our content strategy has seen us create a series of 'Genius' films focusing on leveraging culturally significant moments in our consumer's lives.

For example to celebrate the anniversary of the film classic Back To The Future, we partnered with the franchise to create a genius experience for Uber passengers creating 3.6 million+ views and 80,000 shares. Our NFL Oomph-o-meter Wembley stunt generated over 4 million views whilst our summer festival Friend Finder drone film created 12 million views.

Fig 12.1: A sample of our 2015 Genius content



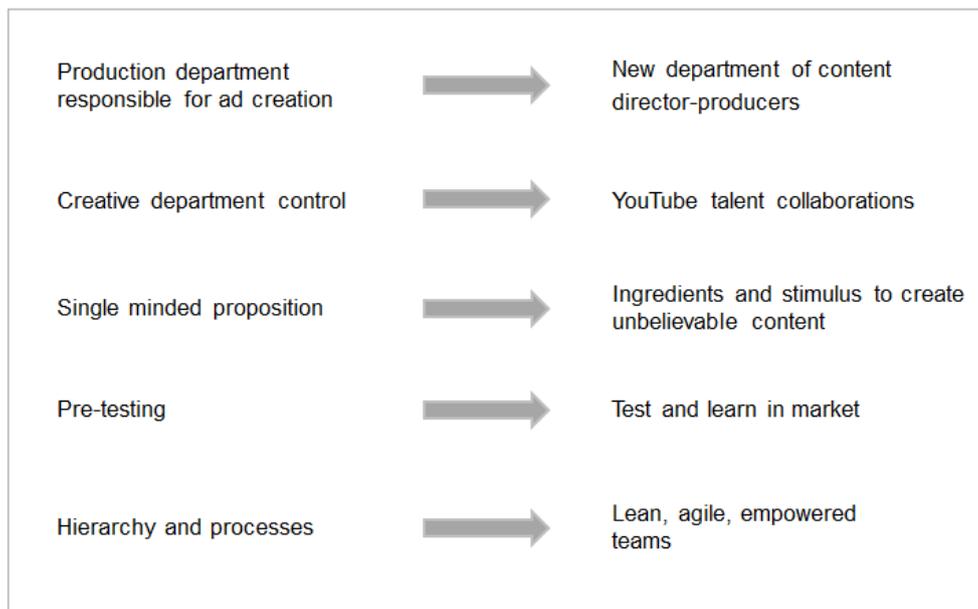
RE-ENGINEERING THE TEAM

Many brands have used YouTube as part of their communications plan, however the vast majority just use it as another channel in their armoury, with many (including Coke) simply using it as a repository for their TV advertising.

We went from adapting 1 TVC a year to creating 30 films – 60% of which cost under £25k to make.

So to deliver the strategy, and keep beating our best, we had to completely re-engineer the way we worked:

Fig 13: A new process



In short, we became altogether more flexible, entrepreneurial and willing to take risks. Easy if you are a small, innovative brand or tech agency – harder if you are Pepsi.

RESULTS

1/ Share of market

In the last three years we have made big gains in market share at the expense of Coke.

- In 2013, Pepsi maintained its value share of Cola aided by Pepsi Max brand growing by 0.4%¹⁸.
- In 2014, Pepsi TM increased its share of the cola market by +2.1% with Pepsi Max increasing its share +1.2%. Coke TM on the other hand declined by -1.7% with Coke regular -1.7% and Diet Coke -1.2% and Zero only growing 0.3%
- In 2015, Pepsi TM increased share of the cola market by +3.8%, 2.4% of which was driven by Pepsi Max. Coke again has been in decline down 3.5% with Coke Regular down 1.5%, diet 1% and Zero 0.2%

2/ Sales

In the past three years we have seen the largest value sales and volume growth of all the cola brands.

- In 2013, driving an increase of £9m of additional sales value into a flat growth cola category across all pack formats. In 2014, £32m NSV and in 2015 £24m with volume up across the same period in a similarly flat market demonstrating that success was not reliant on promotions in-store but rather, was down to engagement with Millennials

Fig 1: YOY % Change Pepsi Max by demographic¹⁹

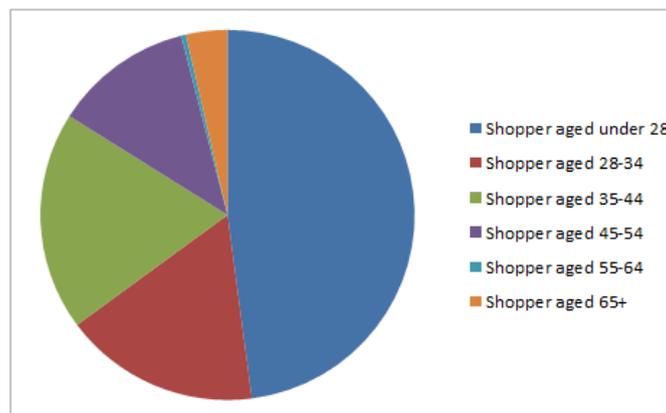
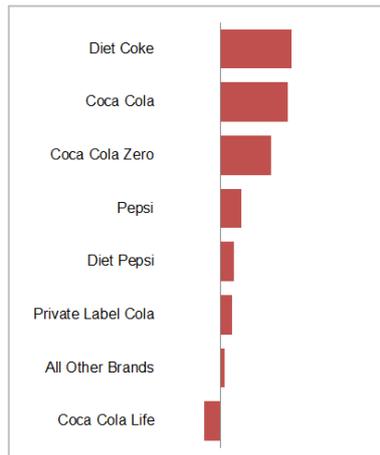


Fig 2: Max switchers by brand²⁰

¹⁸ Source: Nielsen MAT 52 w/e 20th Dec 2013, value

¹⁹ Kantar world panel

²⁰ Ibid



The % of the brand sold on promotion has remained the same YOY (as has Coke's) which would suggest that the growth is incremental.²¹

- The most encouraging part of our sales growth story is the contribution to this growth by Pepsi Max – from £10m NSV in 2013, £19m in 2014 to £25m in 2015.
- This is against a backdrop of a cola category that has stayed relatively stable in value and Coke's last three years NSV performance (2013 +£38m, 2014, -£30m and 2015 -£37m in NSV)

3/ Equity

Max saw improvements across nearly all of its equity measures YOY with increases even more pronounced amongst Millennials

Fig 3: Increasing brand equity scores amongst Millennials²²

	Total Sample	18 – 34s
BRAND POWER SCORE	+2	+4
SALIENCE	+1	-1
PREFERENCE	+4	+8
RELEVANCE	+1	+5
Do you love	-	+4
Tastes better than other brands	+3	+6
Offers ultimate refreshment	-2	+3
Are good for everyday	-	+4
AVERAGE Do you love/ Taste better than other brands	+1	+5
DISTINCTION	-1	+4
Are brands that are setting the trends	-1	+2
Offer something different to other brands	-2	-

And we are even closing the brand equity gap to Coke.

Fig 4: Closing the equity gap to Coke²³

	Max vs. Coke
Emotional benefits	

²¹ Ibid

²² Millward Brown tracking data 2013 vs. 2014 (data ending 26/10/14)

²³ UK Brand Driver Attributes 2014

Brand I love	+3pp
Is setting the trends	+4pp
Understands me & what I am into	+5pp
Functional benefits	
Cola taste	+1pp
Ultimate refreshment	+5pp
Healthier than other brands	+1pp

5/Engagement

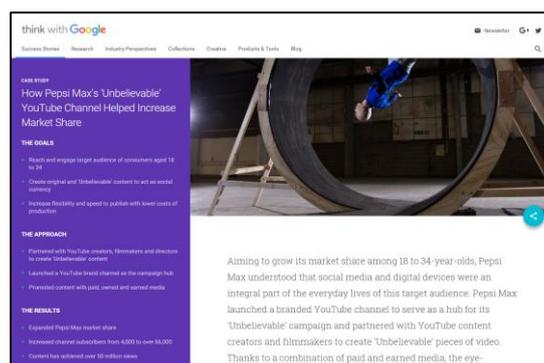
a) YouTube

We delivered extremely strong engagement across our digital activity

Pepsi the social publisher:

- The Pepsi MAX YouTube channel is now the most watched in FMCG in the UK (up from 100th at the start of the year) and the 2nd most watched branded channel overall reaching up to 5 million views per video
- The Pepsi MAX YouTube channel has over 110,000 subscribers and accrued over 50 million UK views (7x more than Coke)
- Our films have an average retention rate of 70% vs. Google norms of 60% (with hero films achieving an even higher rate e.g. 81% for 'Unbelievable bus shelter' and 78% for 'Unbelievable football')²⁴
- Our content has been hugely engaging, for example our hero films – Loop the loop and Bus Shelter – achieved Facebook engagement scores of 15% and 7.8% respectively (vs. the category's average rate of 1-2%)²⁵
- The Pepsi Max channel is has gone from pioneer to pantheon as an exemplar to other brands looking to build their content offering

Fig 5 Pepsi Max an exemplar content publisher



b) PR

The content drove PR

²⁴ Youtube analytics – 1st Feb 2014 – 28th Jan 2015

²⁵ Facebook engagement rate analysis

Unbelievable activity delivered over 239 pieces of coverage across traditional, online and social media. Editorial news and feature articles contributed to a combined reach of 66,418,484²⁶.

²⁶ Freud's data

CONCLUSION

When business is going well, the temptation is to sit back and take the glory. Brave is the marketer who raises the spectre of a deep rooted problem. Braver still is the marketer who sticks their neck out and says, "Let's completely rethink what we are doing".

Pepsi Max UK did just that. Marketing re-engineered itself to deliver an idea that could truly resonate with its audience. It went from a traditional marketing model using globally created assets and ATL media, to adopting a digital first marketing model and becoming a YouTube publisher brand.

In doing so Pepsi Max UK has re-engaged Millennials and started on a journey to make it the choice of a new generation once again.

Total word count: 2,305