PepsiCo: International Marketing Report

Cherina Coopwood

Daniel Cota

Stephanie D'Amico

Benjamin Popovich

Patricia Smallwood

Jason Stevens

Benedictine University

Table of Contents

Abstract

PepsiCo Inc. is an international organization that has shown resilience with branding their products. As PepsiCo began its joint venture in various countries the ultimate results were both success and challenges. A SWOT analysis will further analyze the dynamics of how PepsiCo can continue to remain innovative and competitive. In recent years, cultural analyses of various countries have been sought out by marketing experts to explore options of where to expand and market goods and/or services internationally. One of those analyses is the known Hofstede cultural dimensions. Thus, evaluating cultural dimensions by Hofstede, many options for initiating a marketing campaign at PepsiCo can be implemented knowing the actual possibilities of success. Marketing experts have to explore options of where to expand and market goods and/or services internationally, but there has to be a set of parameters that help give the justification of which country to expand to and those parameters utilized are the foreign market indicators. By further evaluating foreign market indicators, Central Players can give PepsiCo an analysis of which 3 countries will give the organization better ROI with less risks involved and most importantly better foreign reception of the Pepsi brand. This literature is Central Player's international marketing report to include: SWOT analysis, Geert Hofstede™ Cultural Dimensions analysis, foreign market indicators, foreign market matrix analysis (including an attached document), country analysis, and recommendations for PepsiCo to successfully expand globally.

Keywords: PepsiCo, culture, country, Hofstede, indicators, matrix, marketing, risks, score, SWOT

PepsiCo: International Marketing Report

PepsiCo is the second largest food and beverage company in the world ("Consumers love pepsico," 2011). Caleb Bradham founded PepsiCo in 1898, a pharmacist and drugstore owner, who formulated the ingredients for the syrup, originally called Brad's drink, of what is known today as Pepsi-Cola ("The pepsico family," n.d.). In 1902, Mr. Bradham launched PepsiCo and applied for a patent to trademark his now eminent syrup ("A brief Pepsi," n.d.). PepsiCo has the largest portfolio of brands in their industry (2011). Today, PepsiCo is home to hundreds of global brands that include some of the most recognized brands around the world such as: Pepsi, Mountain Dew, Tropicana, Ocean Spray, Aquafina, Gatorade, Frito Lay, Quaker Oats and a partnership with the most recognized brand of coffee, Starbucks (2011).

PepsiCo's mission is "to be the world's most premier consumer products company focused on convenient foods and beverages" ("The pepsico family," n.d. p. 1). PepsiCo emphasizes sustainability in its initiative to accomplish their mission statement. Specifically, sustainability means to empower people, act responsibly and build trust to stimulate growth and innovation (n.d.). To uphold the commitment to sustainability initiatives, PepsiCo has six guiding principles that include, "Care for customers/world we live in, sell only products we are proud of, speak with truth, balance short term and long term, win with diversity/inclusion and respect others" (n.d. p. 4).

Central Players has analyzed several foreign markets for PepsiCo's next foreign expansion. We feel that given PepsiCo's success and brand strength both domestically and abroad, PepsiCo can obtain the most success in the Japanese market while remaining true to their mission; values and further driving share holder value.

SWOT Analysis

Strengths

There are several strengths to PepsiCo expanding business internationally, with primary strengths being diversification and branding, distribution, youthful marketing efforts, and sustainability efforts. The first of which is its diversity of product. "PepsiCo owns some of the world's most popular brands, including Pepsi-Cola, Mountain Dew, Diet Pepsi, Lay's, Doritos, Tropicana, Gatorade, and Quaker" (PepsiCo Inc.A, 2011, para. 3). The popularity of these products makes it known where it may not be already available. This diversity may also allow PepsiCo to break into international markets with select brands before expanding all of its brands. Its several brands are present in over 200 countries, on 6 continents (2011).

PepsiCo is also flexible regarding distribution. According to its official website, it currently offers direct store delivery, broker-warehouse, and food service and vending (PepsiCo Inc.A, 2011). Interbrand has it ranked number 23 in its Best Global Brands Rankings for 2010 for youthful messaging, digital campaigns, and social media efforts (AnonymousA, 2011). Its long history of youthful marketing efforts may allow it to break into a new market to a younger, more receptive audience. Finally, in a world that is becoming more mindful of the environment, PepsiCo has several sustainable initiatives "not as means to cut costs but as the means to innovation" (Clancy, 2010).

Weaknesses

PepsiCo will face challenges when seeking further international expansion. The weaknesses that will hinder PepsiCo will be heavily dependent upon the market that is chosen. Cultural differences, costs, and favorable image will all be weaknesses that PepsiCo will have to overcome to be successful internationally.

Carbonated drinks are embedded in the culture in the United States where PepsiCo sees its most revenue. PepsiCo enjoys over 50% of revenues domestically compared to internationally (PepsiCo Annual, 2010). The international market is vast yet not all cultures are going to be accepting of PepsiCo as the American culture is. Emerging markets such as India have an appealing population density; however these particular markets have low consumption of packaged goods like those of PepsiCo (Radjou & Prabhu, 2010). Thus, PepsiCo will have to alter consumption behaviors and taste preferences in order to succeed in such markets.

Price increases or instable prices for raw materials such as corn, which saw an increase of 27% in the 4th quarter of 2010 alone, could prove to be a weakness, as ingredients will need to be purchased and or shipped to finish the products abroad (Stanford, 2011). Inflation could hinder PepsiCo plans for foreign expansion unless costs are kept under control.

PepsiCo's flagship brand, Pepsi although world renowned, is a weakness in itself as it has trailed rival Coca Cola in the international market place. Coca Cola's 41.9% market share dominates Pepsi's 29.9% albeit soda sales diminishing since 2004 (Bhasin, 2011). Creating a favorable image in the international market that is dominated by Coca Cola will be a challenge that PepsiCo will have to overcome.

Opportunities

PepsiCo, incorporated has many opportunities for entry into foreign markets as some already exist. Consumer taste and population growth drive demand in the consumer sector, while economic growth of businesses, like restaurants and hotels, drives demand in the commercial sector (AnonymousB, 2011). The company is able to grow and expand in foreign markets by utilizing digital media outlets including the updated information on Facebook, Twitter, and YouTube (PepsiCo, Inc.B, 2010). These websites can be viewed and connect consumers to the organization from any location, provided the consumer has Internet connection availability.

Currently in North America, Latin America, Europe, Middle East, Africa, and Asia Pacific entry into any foreign market may be easier due to the existing entry into those countries (PepsiCo Inc.B, 2007). PepsiCo is already involved with fundraising and giving back to the communities globally (PepsiCo, Inc.B, 2011). PepsiCo has the opportunity to help the less fortunate of countries, if they so choose, to build a relationship with that market, increasing business potential and customers for life.

PepsiCo has already started the "going green" initiative that can give the opportunity to market to consumers who view the organization as one who cares for the environment (PepsiCo, Inc.B, 2010). When you click on their website, www.pepsi.com, you do not just view information about the company. It is an informative website that provides interactive material allowing the opportunity for consumers to get involved and interact with the company. Having this tool allows for foreign entry markets to become familiar with all that PepsiCo Inc. offers to build brand loyalty.

Threats

Central Players have identified four major threats to PepsiCo International competition, substitution, foreign acceptance and reputation, and health consciousness.

It is well known that PepsiCo's beverage division has been in fierce competition with Coca Cola to win the loyalty of consumers since the beginning of the century. Due to the declining North American economy in recent years, both Coca-Cola and Pepsi have come to rely on international volume growth, which has been increasing in recent years. According to NASDAQ data (Trefis TeamA, 2010), Pepsi generated 48% of its revenues from international sources, versus 74% for Coca Cola, leaving Pepsi as the world's second largest carbonated soft drink manufacturer.

The ever-changing consumer preference also represents a key threat in the industry. Pepsi has to evolve with the changing wants and demands of consumers or risk losing market share. Cheaper, private label products pose a large threat to Pepsi. These substitute brands do not bear the operating expenses of larger corporations, since they do not have research and development costs, massive marketing campaigns or large administrative salaries. Additionally, retailers are often attracted to private label manufacturers because the profit margin is higher and consumers may prefer to purchase less expensive alternative products.

PepsiCo's Gatorade sports drink has long had strong competition from both Kool-Aid and Powerade. PepsiCo market share has recently declined as it also faces competition from a growing number of substitutes that have grown in popularity due to the economic downturn. Many of these substitutes are easily reproduced due to easily available ingredients. Additionally, consumers worldwide may turn to other beverages such as tea, coffee, juices, and milk as well as a variety of less expensive snack and food products at any time.

In 2006, the government of India banned PepsiCo products from sale and production after it was accused of using an excess percentage of pesticide in their products (Bremmer & Lakshman, 2006). PepsiCo has also been accused of water exploitation and overuse in India. Bloomberg Newsweek reports, "Pepsi's ongoing battle over water in India also illustrates an escalating global backlash against the ways multinationals consume natural resources. Foreign companies have long transformed oil, diamonds, and countless other raw materials into profits that flow from developing nations to wealthy ones" (Brady, 2008, p. 6).

PepsiCo relies upon 44.7 % of its profit from the production of snack products and foods through Frito Lay, the producers of Lay's Potato Chips and Cheetos (Trefis TeamB, 2010). Because these snacks outperform beverages during economic downturns, they have helped maintain PepsiCo in tough economic times, but have not helped PepsiCo's reputation with the health conscious consumer. In both beverages and snacks, there has been a movement to promote healthier products worldwide. This has caused a change in beverage preference that has hurt PepsiCo. Because PepsiCo products have the reputation of being unhealthy, they have had to counter this trend through the production of healthier products in attempts to attract more health conscious consumers.

Geert Hofstede™ Cultural Dimensions

Power Distance Index

Countries will have either a low or a high power distance indicator. According to Johansson (2009), "Higher power distance societies tend to be less egalitarian, while democratic countries exhibit low power distance" (p. 66). Central Players feels PepsiCo would fit better in a somewhat lower power distance area since organizations in these areas are generally flatter. This will allow employees and supervisors to have better communication, which will result in a greater deal of teamwork with many people involved in decision-making.

Countries with a lower power distance indicator will also have a more equal distribution of power between the brand and the consumers. This means that PepsiCo will be on an equal playing field with customers, not above or below them in hierarchy. Advertising in areas with lower power distance indicators should be easier as well, since they could be targeted to all members of society instead of differentiating advertisements by levels within the society.

According to Hofstede's power distance scores (1980), Austria, Israel, Finland, Norway, Germany, Switzerland, Sweden, Ireland, New Zealand, Netherlands, Great Britain, Australia and the United States are all countries with lower power distance indicators, with a world average of 56.5. Our team has narrowed down the decision in this category to Great Britain (score 35), Germany (score 35) and Australia (score 36), since they are on the higher end of the low power distance scale. In these three countries, there is a strong belief in equality, yet the employees will understand they have the ability to work their way up through the ranks of the company through hard work.

Individualism

On the individualist side of Hofstede's Cultural Dimensions, society's ties between individuals are loose and everyone is for themselves (Hofstede, 2009). This is in society and in the family (Hofstede, 2009). There is no question of loyalty or protection because individuals fend for themselves and protect themselves (Hofstede, 2009). The issue addressed by this dimension is fundamental (Hofstede, 2009).

We feel that PepsiCo is a very individualist company. Individualism relates to the identity and worth of the individual that is rooted in the social system **Invalid source specified.**. Slogan can provide a clue to a company's direction (AnonymousC, 2011). As PepsiCo's one slogan represented high individualism stating "Something for Everyone," which perfectly aligns with the high individualism that PepsiCo correlates with (AnonymousC, 2011).

In Great Britain, this score is highest, where everyone lives in society as an individual (Hofstede, 2009). PepsiCo would work well in Great Britain with their individual style. The Pepsi slogan of "Something for Everyone" would be a perfect marketing fit in Great Britain (AnonymousC, 2011). Marketing can be very broad and be marketed to the whole country not just a specific targeted market.

Masculinity

Masculinity refers to gender roles and how dominant either the feminine or masculine roles are within a culture. A country culture that ranks high in masculinity favors the traditional male worker role emphasizing power, competition and achievement (AnonymousD, 2011). A country culture that ranks low in masculinity has less gender differentiation and favors equality between genders. PepsiCo's domestic culture in the U.S. favors masculinity with a score of 62 (Hofstede, 2009). When comparing cultures it is paramount PepsiCo tries to align expansion with the culture it is accustom to ensure the most success.

A country that favors masculinity is more appealing to PepsiCo. In a masculine culture emphasis is put on money, possessions, competition among colleagues and performance ("Hofstede Cultural," 2009). PepsiCo will need to operate in a country whose culture strives for performance with money being important. In doing so, PepsiCo will be confident in hiring workers who are willing to compete unemotionally to aid in taking market share from the competition. If PepsiCo was to expand to a country where masculinity is low the importance of brand names may not have the same merit and customers could opt for a less expensive substitute.

There are three countries that score favorable in masculinity in comparison to PepsiCo's domestic market. Ecuador (score 63), South Africa (score 63) and Australia (score 61) (Hofstede, 2009). Ecuador can be eliminated based on the national language being Spanish thus making a transition more challenging. South Africans speak English however there are a range of other languages/dialects and diverse cultures that contrasts from the domestic market. Australia, although a vast distance from PepsiCo's headquarters has the most favorable masculinity score of 61 with the United States, Australia's masculinity score will allow PepsiCo to operate in a culture environment it is accustom to.

Uncertainty Avoidance Index

Uncertainty avoidance "rates nations according to the level of risk tolerance or risk aversion among the people" (Johansson, 2009, p.67). The ideal culture for PepsiCo will be one that has low uncertainty avoidance. "Uncertainty accepting cultures are more tolerant of opinions from what they are used to" (Hofstede, 2009). Singapore, which scores an 8 on Hofstede's scale, is one of the lowest scoring countries for uncertainty avoidance. Expanding into a country like Singapore will allow PepsiCo's operation to be a center for innovation. Business plans can be slightly looser. Singapore and other less risk-averse countries are faster moving than a country more risk averse. The faster pace will give PepsiCo the ability to make changes on the fly and design new promotional campaigns at a fast pace. PepsiCo can also expect new ideas, which will be helpful when entering a new culture. These conditions will allow PepsiCo to operate in an environment tolerate of a new company, while Singapore teaches PepsiCo about their culture by providing new ideas and adaptations to business and marketing techniques.

Foreign Market Indicators

The following foreign market indicators are important for PepsiCo to consider when seeking foreign expansion. By ranking foreign markets based on the following indicators allows PepsiCo to align their expansion strategy with the most accepting markets. The attached matrix details the weights and rankings of each indicator. The weights are on a scale of 0 to 10 with 10 being the most favorable and 0 being the least favorable. Furthermore, the indicators are weighted on a scale of 1 to 3 with a weight of 3 being the most influential and 1 being the least. Please see attached matrix excel file for detailed findings.

Population Including Growth and Density

By looking at the population, growth, and density of a country Central Players can examine the distribution of wealth and determine the best area of that country to begin distribution. In order to determine if PepsiCo should enter a country, we must find out if the population is growing or declining and if the population is spread across a vast area or centrally located in one specific region. By determining the number of households in each region and using the income levels along with the population, growth, and density factors, we will be able to determine how many people in a specific area will be able to spend money on our product.

According to Johansson (2009), Central Players should conduct an “in-depth analysis within each of the regions to identify where to place their sales headquarters and which countries to enter first” (p.107). This will give us a better understanding of the frequency in which consumers would likely purchase PepsiCo products and will help us narrow down our recommendation on where to introduce PepsiCo products first.

Per Capita Income and Distribution

The average amount of money each person in a nation makes during the course of a year is the per capita income. It is obtained by dividing the national income, which includes all the individual and corporate income arising from a nation's production of goods and services, by the total population of the nation (Hillstrom, 2011). The per capita income gives Central Players an idea of the standard of living in the community and helps determine the health of that community from year to year.

Unfortunately, the per capita income only shows the health of the entire country as one national figure. In some countries the economy levels vary drastically from one area to the next that may not give an accurate assessment of the economic health throughout the entire country. Therefore, when expanding into a foreign country, Central Players must also conduct additional research about the distribution of income that exists inside of the country.

Gross Domestic Product (GDP)

Central Players chose this tool because it gauges the health of a country's economy in relation to goods and services measured over a period of time (Investopedia ULC, 2011). GDP growth impacts everyone in the job market, which is an important factor to be considered (Investopedia ULC, 2011). The wealth of a country is an important factor to understand.

Inflation Rate

The inflation rate was chosen to understand the cost increase or decrease of living in a particular country (The New York Times Company, 2011). Central Players would want to know if the country printed off too much money or did transportation costs increase (The New York Times Company, 2011).

Import Tariffs

Import tariffs are important for PepsiCo to consider when importing goods to foreign markets. Taxes that are levied upon PepsiCo's products will raise the price of the products making PepsiCo less competitive in the foreign market ("Tariffs," 2011). Central Players chose this indicator because if direct investment were not plausible, importing products would be a viable option to consider. The taxes that are levied upon the products not only make PepsiCo's product less competitive it also hinders profits.

Intellectual Property Rights and Protection

Another foreign market indicator that will be further evaluated is Intellectual property rights protection. This indicator will encompass protection rights such as, copyright, trademark, patents, and recipes of PepsiCo products in the country of chose. WTO's trip agreement is an attempt to narrow the gaps in the way these rights are protected around the world. We will further evaluate the TRIPS Agreement that has parameters to add importance for protection of PepsiCo products.

Political Risks

As PepsiCo continues its expansion globally, there are specific risks involved that need to be evaluated prior to location selection. Political risks was chosen because not knowing the political structure in any country could cause the expansion project to fail prior to even starting. It is found that managing political risks help to protect investments and eliminate the dangers or implications of bribery, instabilities, and uncertainties.

Infrastructure

The infrastructure of the market PepsiCo is seeking penetration into is crucial to allow the flow of goods from distribution to customers. Roads, rails, air and even logistics infrastructure will need to be in place for PepsiCo to deliver products to the market. Central Players chose this indicator because without proper infrastructure the movement of PepsiCo's products will not be feasible.

Level of Foreign Competitors

This indicator was selected to better understand the level of local or foreign competition to the country in which we choose to expand. PepsiCo can quantify the level of competition, with markets with less competition being a more ideal market. This assessment will also allow

Central Players to assess PepsiCo's competitive advantage and what potential competitive advantages these foreign competitors may have over PepsiCo.

Tax Rates

This indicator was selected to better understand the level of taxes required when operating within each of our selected countries. PepsiCo would ideally choose to operate in a country with lower taxes, which would increase profit margins. This indicator was weighted as a two. With all things equal, a lower tax rate would result in greater profits, but other factors could result in higher quantity sold which could outweigh the rates associated with the additional taxes.

Foreign Market Matrix Analysis

Country Selection

Central Player's primary selection criterion limited selection to countries that fell in the top 50 in national GDP. Twelve of the fifteen countries considered fell within the top 20. The three countries that were not in the top 20 were used as a control group to ensure that countries with the highest GDP do not result in a bias across our remaining indicators. There was also a desire to select countries that were geographically diverse in order to avoid regional bias. For this reason, countries considered were from Asia, the European Union, Europe, South America, Central America, North America, and Oceania. The final fifteen countries selected were China, Japan, India, Germany, Brazil, France, Italy, Mexico, Spain, Canada, Australia, Poland, Sweden, Switzerland, and Norway.

Per Capita Income and Distribution

The average amount of money each person in a nation makes during the course of a year is the per capita income. This is obtained by dividing the national income, which includes all the individual and corporate income arising from a nation's production of goods and services, by the total population of the nation (Hillstrom, 2011). Obtaining the per capita income will give Central Players an idea of the standard of living in the community to help determine its ability to purchase products manufactured by PepsiCo.

Unfortunately, the per capita income will only show the health of the entire country as one national figure; therefore we must rely upon other data as well to determine the level of inequality in a country's economy. By using the GINI Index, Central Players will learn the degree of inequality in the distribution of income for each country. By doing so, we are better able to determine the overall ability most of the population will have in purchasing PepsiCo products. We used the following point scales to assist in determination of points and assigned the points based on the GINI Index and the Per Capita Income.

This indicator was weighted at 2 on a scale of 1 to 3. This is because income and distribution of wealth are important factors, but most of PepsiCo's products are so inexpensive that even countries with limited incomes have the ability to afford them.

Population Including Growth and Density

To determine if PepsiCo should enter a specific country, we must determine the amount of potential customers in each area. Central Players researched the population, growth and density of each area and assigned a point value to each factor using the charts below. After the points were assigned, an average of the scores was used to determine the final indicator value (indicator values were rounded to the nearest whole number).

India and China held the highest indicator scores due to their large population, density of population and increased growth rates. Japan also rated high due to the large density of the population.

The indicator score in this category was weighted at 3 on a scale of 1 to 3 because population, growth and density are very important factors in the determination of market potential for PepsiCo products. Knowing where the concentration of consumers is with the most disposable income will help us determine the most receptive consumer demographic prior to expansion.

GDP Growth Rate

GDP is an important indicator when determining which country to make entry in for PepsiCo. Central Players chose this indicator because it gauges the health of a country's economy in relation to goods and services measured over a period of time. (Investopedia ULC, 2011). We considered GDP to be weighted as a 3 because of the importance of this factor. The wealth of a company is important to know, and can determine the potential success for PepsiCo.

The GDP indicators are ranked on a point scale. The larger the number rated by the scale, the better the ranking pertaining to the GDP in that country. The countries that scored the lowest rating were the countries where GDP was the lowest, in Poland and Sweden (World Bank, 2011).

Inflation Rate

The inflation rate was chosen to understand the cost increase or decrease of living in a particular country (The New York Times Company, 2011). We would want to know if the country printed off too much money or did transportation costs increase which may or may not affect PepsiCo (The New York Times Company, 2011). Keeping this in mind we rated the importance of inflation rate as a 2.

Similar to GDP and other indicators, the inflation indicator was also ranked on a point system scale. The higher the inflation rate percentage the higher that indicator ranked on the point system scale. The higher the rate of inflation the higher the prices of a country's products are going to cost consumers. This results in a loss of purchasing power of money and is not a particulary good indicator for a country. Japan, Spain, and Switzerland were the best ranked inflation rate indicators for PepsiCo consideration (Trading Economics, 2011).

Import Tariffs

Import tariffs are important but they are not a crucial deciding factor for PepsiCo when seeking foreign expansion. Import tariffs are taxes and or duties that are levied upon goods entering a specific country. The higher the tariffs the lower the profits will be for PepsiCo, especially when exporting directly. Hence, Central Players rated the weight as a 2 because import tariffs are more significant when exporting in lieu of direct investment, which at this point the entry decision has not been made.

The import tariff indicators are ranked on a 1 to 10 point scale, with 10 being the highest rank given to the country with lowest general import tariffs on carbonated sugary beverages ("Country specific tariff," 2011). The lowest number, 1, was given to the country with the highest general import tariffs. Furthermore, for statistical purposes countries that had a general import tariff range, the higher tariffs were used for each country to keep consistency.

Infrastructure

Infrastructure refers to quality of trade and transport related infrastructure such as rails, ports, roads, and information technology ("International lpi ranking," 2011). The lpi ranks countries on a scale of 1 to 5 with 1 being the worst and 5 being the best. The United States has an lpi of 4.15, which we used as a benchmark (2011). Any country who ranked higher than 4.15 was given 10 points with lowest ranking country given 1 point.

Infrastructure being key to the movement of goods whether directly exporting or setting up localized operations was given a weight of 3. This indicator is weighted the highest because without proper infrastructure the efficient movement of goods from port/distribution to end-consumer is impossible. Thus, for PepsiCo to be successful in a foreign market the proper infrastructure needs to be in place so proper channels of distribution can be established to effectively move products to the end-consumers.

Intellectual Property Rights

As Central Players and PepsiCo evaluates further expansion plans the intellectual property rights has to be properly researched for a better international transition. According to WTO (2011), "Intellectual property rights can be defined as the rights given to people over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creations for a certain period of time" (para. 8). Specific countries that are known members of WTO – World Trade Organization should utilize TRIPS.

One of the fundamental characteristics of the TRIPS Agreement is that it makes protection of intellectual property rights an integral part of the multilateral trading system, as embodied in the WTO. "China has strengthened its legal framework and amended its IPR and related laws and regulations to comply with the WTO Agreement on Traded-Related Aspect of Intellectual Property Rights (TRIPs). Despite stronger statutory protection, China continues to be a haven for counterfeiters and pirates", thus the reason for the high score in the matrix (U.S. Department of Commerce, 2003). Japan's government has been making concerted efforts to rapidly and dynamically strengthen international competitiveness through the creation, protection and utilization of intellectual property, seeking to make Japan an "intellectual property based nation" that will open the way to the future (AnonymousE, n.d.). This would help PepsiCo to emerge its products with the known brand. In Mexico case decisions are not as significant in setting precedents as they are in the U.S., although, Mexico has made strides to property protection.

As we have further evaluated the concepts of WTO/TRIPS protection with the United Nations much advancement has been made. Each country has joined to help encompass a better understanding for new businesses, thus adding to their GDP thus equaling added wealth. Each nation with the exception of China has a low to low medium risk of counterfeit and piracy.

Political Risks

Political Risks in Canada are lower than many countries, as Canada endures the same regional issues of that of the United States, the political risks involved is currently the criticism of its policies on climate change and Afghanistan. Mexico and Brazil political risks are quite high with escalations such as “political violence, revolution, expropriation and its various corollaries, such as government breach of contracts” (AnonymousE, 2003, p. 6). PepsiCo would need to strategically plan effectively if willing to expand to those markets. However, Spain is lower. Currently, in Australia there are some issues economically which festered over into the political parties, the government is struggling with policies and there is police scandal. This country would rate a little higher than the other EU countries.

There is a huge difference in culture when it comes to India. The political risks are dire such as corruption in government and throughout the economy add to the cost of doing business and presents legal and ethical challenges for U.S. companies. According to Prabhudseai (2007) “Indian courts are said to have a backlog of 27 million cases, and it can take decades for disputes to be resolved in the courts. Patent protection is granted grudgingly and slowly” (Prabhudseai, 2007, para 4). Germany has a fairly stable government, with minimal political risks for international businesses, and with little corruption. Their government and political policy generally tends to provide a safe environment for business with little risk (International Business, Wiki, 2007). Thus, PepsiCo could safely perform its operations without added risks of bribery or corruption. Asia is about people and the systems in which they live. Both China and Japan's political risks and the degree of difficulty of the operating environment in the Asian market can be further evaluated by knowing the political difficulty in "China 68.55 6.33 and Hong Kong 62.32 3.61" (Broadfoot, n.d.). The remaining EU nations France, Switzerland, Norway, Sweden, Poland, and Italy have a democratic approach for their political system. They encompass the people first and businesses such as PepsiCo as a support system. Corruption is not a high problem but the overall dynamics of PepsiCo products will be affected positively because of the low effect of political biases.

Level of Foreign Competitors

This indicator was selected to better understand the level of local or foreign competition to the country in which we choose to expand. PepsiCo can quantify the level of competition, with markets with less competition being a more ideal market. This assessment will also allow Central Players to assess PepsiCo's competitive advantage and what potential competitive advantages these foreign competitors may have over PepsiCo.

In order to understand the level of foreign competition, each country was ranked based on level of foreign imports of non-alcoholic beverages (excluding water, fruit or vegetable juices, and milk). PepsiCo weighted this indicator as a two because although a country with low competition would be ideal, it may also be reflective of a lack of demand for the product. Countries were ranked on a score of 1-10, with 10 reflecting those with the lowest level of foreign imports and 1 being those with the most foreign imports.

Tax Rates

This indicator was selected to better understand the level of taxes required when operating within each of our selected countries. PepsiCo would ideally choose to operate in a country with lower taxes, which would increase profit margins. This indicator was weighted as a 2. With all things equal, a lower tax rate would result in greater profits, but other factors could result in higher quantity sold which could outweigh the rates associated with the additional taxes. Countries were ranked on a score of 1-10, with 10 reflecting those with the lowest tax rates and 1 being those with the highest tax rates.

Country Analysis

India

Overview. As can be expected, India is one of the top 3 choices Central Players recommends for foreign market entry. It has the second largest population in the world and is becoming one of the most sought after markets for large corporations. Although it has the lowest per capita income, Central Players believe that the culture continues to be interested in Westernized products, PepsiCo will have a positive influence with its inexpensive products. India's growth and density measures prove that it would be the most beneficial country to enter because of its potential market share opportunities. GDP and Inflation rates were rather dismal for India but Central Players see potential with the economy because of the increased educational levels and the global demand for Indian contractors. Central Players has identified that import tariffs and infrastructure scores were low and will need to be continuously monitored. Intellectual property rights are essential to the development of foreign markets and India scored high. Unfortunately, India scored extremely low with the political risk indicator that Central Players would have to evaluate and analyze how it could overcome the risks. Finally, India scored the highest with the level of foreign competition and tax rates that are extremely promising for PepsiCo's potential revenue.

Strengths. India has recently become a popular location for expansion. The economy has showed recent growth spurts of 9% annually in recent years and is projected to grow 7 to 8 percent each year for the next 5 years (Johansson, 2009, p.296). An article by the Press Trust of India (2010) stated, "In 2001-02, out of the total of 188.2 million households, the number of high income families was only 13.8 million, whereas those in the low income category stood at 65.2 million."

In the last 30 years, Indian marketing segments have seen a shift from the rural poor population to an "increasingly well-off middle class" (Johansson, 2009, p.298). "62 percent of Indian households belong to the middle class, which is the target of most consumer goods firms" (Press Trust of India, 2010). As the middle class continues to grow, they are gaining their own identity in the consumer market and making up a significant part of the market for consumer goods. This coincided with an increase in the size of cities, increases of disposable income, and families having fewer children (Johansson, 2009, p.298). Even with large city expansion, rural areas still present over 70% of the population in India and also present opportunity (Johansson, 2009, p.298). This population becomes more aware of popular brands and have started demanding consumer products and services" (Johansson, 2009, p.298). The fantastic education system and outsourcing of U.S. jobs to India has led to women contributing to household income (Johansson, 2009, p.298). Increases in expendable income as well as the emerging female segment both present opportunities for American companies looking to expand to India.

"Exposure to new products and services has increased the appetite for further purchases…products that were earlier a luxury now have become necessities" (Johansson, 2009, p.299). Indian consumers are starting to look more like the market in the United States, with inessential items becoming desired purchases as a symbol of status and success. However, the similarity to the United States market does not imply that companies will not need to localize their marketing strategy and product positioning. Several companies have overlooked this aspect, along with overestimating demand, and failed in India (Johansson, 2009, p.300).

Weaknesses/Threats. The emerging economy also presents some weaknesses. Per capita figures are still low due to a rapidly increasing population (Johansson, 2009, p.296). In other words, there is an expanding middle class, but there is still a very large poor population in India. The upside to the growing economy as a whole is balanced with high political risk due to ethnic and religious violence (Johansson, 2009, p.297). Expanding into India also requires that companies adapt their products to the Indian market and taste, particularly when marketing to the poorer consumer in rural areas (Johansson, 2009, p.301).

Potential client size. According to the CIA World FactbookA (2011), India has the second largest population in the world, estimated as 1,189,172,906 people in July of 2011. When comparing the target market to the population in our chosen market area, World FactbookA (2011) indicates 64.9% of the population falls between the ages of 15-64 years old. This is most likely the strongest market for Pepsi Products. This would place our client size in the area of 771,773,216. (1,189,172,906 X 0.649 = 771,773,216). If we estimate having ten percent of the market share, the size of our client will be approximately 77,200,000.

Proposed entry mode. The four entry modes that PepsiCo could use are exporting, licensing, joint venture, and direct investment (QuickMBA, 2010). Using joint ventures to enter the market there are strict regulations imposed by the government (Johnny, 2009). But creating a joint venture entry business agreement benefits the two parties that are equally invested and would be most beneficial for PepsiCo. After the success of entry, one of the businesses may decide to buyout the joint partnership of that other half. A joint venture allows both parties to share the burden of the project, as well as the resulting profits.

Marketing strategy. The marketing strategies of PepsiCo in India should be to advertise through athletics (Johnny, 2009). In India, cricket celebrities have been used to advertise brands (Johnny, 2009). It would be valuable to use India's famous Bollywood celebrities. Using the Bollywood stars would help create and establish product and brand acceptance, similar to how consumers in America look up to celebrities and movie stars (Johnny, 2009).

PepsiCo should market to the globally adept college-aged and recent graduate students and that are willing to try and adapt to new products. As the Hofstede study mentioned, and like the PepsiCo brand, this market likes to stand out with their unique style (Hofstede, 2009). In our opinion, this market is one to readily adapt to new things and help push the product trend in that market. India is becoming more westernized so the PepsiCo trends may take off if marketed towards this market.

Adaptation strategy. As previously mentioned, adaptation will be required to enter into India, particularly into the poorer, rural parts of the country. This may include needing to lower prices by "reducing package sizes, simplifying designs, and offering less service" where failing to do so can result in a local company creating a cheaper, knock-off product (Johansson, 2009, p.301). If this is not possible, going into business with a local company or creating a distribution center in India can help decrease prices, but will likely require a larger overhead.

Japan

Overview. Japan scored extremely well with most of the indicators provided by Central Players. It has a high per capita income that would benefit PepsiCo. Its population growth is not positive but it has the second largest density rate that would accommodate PepsiCo's products quite nicely. It is tied with China for GDP that means it sees healthy growth in the economy in relation to goods and services, ideal for PepsiCo. Japan had one of the highest import tariffs score that represents lower taxes on carbonated sugary beverages. PepsiCo can easily leverage its streamlined infrastructure to deliver products to retailers effectively and efficiently. Japan's intellectual property rights and political risks scores were not ideal for Central Players because of the intense government regulations and involvement. Its level of foreign competition and tax rates scored average amongst the countries that Central Players don't see affecting PepsiCo's brand awareness strategies.

Strengths. Japan's large population is centrally located and can be conveniently marketed to without having to distribute information and/or products to smaller communities. Unlike Japan, almost all of the population lives in urban locations that would allow PepsiCo products to be easily recognized amongst consumers. The close proximity of the targeted market would also allow operations to easily deliver products to retailers and other stores without traveling long distances.

Japan is also known to keep its highways and expressways well maintained to support the growing population and increased vehicle usage. Japan has an extensive and well-established sea transportation system that includes many ports that its merchant marine fleet of 662 ships maintains (AnonymousF, n.d.). Its air transportation system comprises of over 170 airports with well-established paved runways. The telecommunication system in Japan is extremely advanced that delivers quality communication to the large population. Finally, Japan's multi faceted power generation industry provides efficient electricity demands throughout the entire country.

Utilizing all of these infrastructure designs and technology would allow PepsiCo to effectively enter into Japan while maintaining low operations costs.

Weaknesses/Threats. Once PepsiCo has established an effective strategy to utilize Japan's infrastructure strengths, Central Players would also like to emphasize some of the weaknesses and threats. According to Johansson (2009), "the Japanese [distribution] system features several layers of small, specialized units, each handling small quantities of products" (p. 257). This would mean that PepsiCo could potentially have to go through various levels of distribution paying fees and commissions along each level. This ineffective means of handling distribution could be extremely costly to PepsiCo but points out a significant weakness of Japan's infrastructure.

One of the largest threats that PepsiCo would have is Japan's emphasis on packaging. The Japanese are extremely particular and demand zero defects in packaging that could once again be costly for PepsiCo. Johansson (2009) explains "Variations in label position, blemishes in the wrapping material, and unappealing color combinations are taken as signs of a poor-quality product (p. 256). Central Players and PepsiCo will have to ensure that packaging procedures are handled with the utmost care and attention to detail.

Potential client size. According to the CIA World FactbookB (2011), Japan's estimated population is 126,475,664 people in July of 2011. Central Players does not characterize everyone in the population to be in the market so we need to compare the target market to the population in our chosen market area. World FactbookB (2011) indicates 64% of the population falls between the ages of 15-64 years old. Being the strongest market for PepsiCo, the potential client size would be approximately 80,944,244 (126,475,664 X 0.64 = 80,944,244). If Central

Players estimate PepsiCo having ten percent of the market share, the potential client size will be approximately 8,094,424 (80,944,244 X 0.10 = 8,094,424).

Proposed entry mode. PepsiCo has a couple available options as how to enter the Japan market. The quickest way to gain a foothold in the Japanese market would be to export directly to Japan. This would establish product availability in a short timeframe. However, distribution could hinder the success of PepsiCo based on the need of middleman in the Japanese distribution system (Johansson, 2009). Couple this with the expenses of exporting make this less than ideal. PepsiCo needs a brand presence in Japan to gain the affection of the loyal Japanese consumer which exporting does not provide. A strategic alliance with a leading brand of carbonated beverages is a possibility but opens PepsiCo up to losing proprietary information to a possible future competitor (2009).

Foreign direct investment is the best option for PepsiCo to enter the Japanese market. This allows PepsiCo retain control over their distribution and how their image is perceived in the Japan market. FDI also allows for PepsiCo to avoid higher taxes as well as take advantage of the local workforce by having facilities located in the Japan market (Johansson, 2009). Production located in Japan allows for qualities to be monitored, which is important to the Japanese consumer as well as have a brand presence and financial commitment in the Japan market. FDI in Japan allows PepsiCo to be more flexible to the Japanese market and will increase speed to market for new products.

Marketing strategy. Coca Cola is synonymous with soda in the Japanese market. PepsiCo will need to challenge Coca Cola and win over the Japanese consumers with effective marketing campaigns tailored to their local culture. Through having operations setup in Japan, PepsiCo will be able to utilize local talent to ensure communication remains open between

PepsiCo and the needs of the local market ("Six Critical Steps," n.d.). Visibility of operations in Japan will reiterate the commitment PepsiCo has to the Japanese market instilling trust in the consumers that PepsiCo is committed to this market (n.d.). In addition to hiring local talent, PepsiCo will need to remain attentive to listening to the local consumers needs and adjust the marketing strategy accordingly this can be achieved through ongoing market research (n.d.)

As incomes continue to rise in Japan, brand names will continue to be important to the Japanese consumer (Johansson, 2009). PepsiCo, although challenging Coca Cola, will need to retain their brand image through effective positioning and keep pricing centralized to the Japanese market to ensure the products are adopted. PepsiCo through educating the target consumer base in Japan will be able to avoid uncertainty of the quality of their products through effective promotions. One way for PepsiCo to remain innovative is redesigning packaging to accommodate the less than optimal storage spaces within the average Japanese consumer's home (2009). This is an opportunity for PepsiCo to alter packaging to appeal to this consumer while remaining innovative and not tarnishing their widely accepted brand.

Adaptation strategy. FDI, as mentioned above, allows for PepsiCo flexibility in adapting to the local consumers needs in a more timely fashion. PepsiCo will able to localize products based on specific cultures throughout Japan while adaptation can include different formulas for products to adapt to local taste or product preferences in specific regions (Johansson, 2009). Regulatory committees will differ compared to domestically and having a presence through FDI will allow PepsiCo to alter packaging, verbiage and or ingredients to abide by the regulations set forth.

It is paramount that the proper market research is prepared on the Japan market as well as micro research conducted on specific regional markets prior to expansion. This research allows for proper adaptation to specific local tastes and will ensure the success of PepsiCo being adopted as a brand by the highly sensitive Japanese consumer and not shunned as a global brand with ulterior motives (Johansson, 2009).

China

Overview. China's overall score fell only 2 points below Japan's and is probably the most competitive market. It has a higher per capita income than Japan, which indicates substantial spending power. Although its population is the largest in the world, China has more than half the density rates of India and Japan. This could pose a threat for PepsiCo if it wishes to enter smaller communities in the region. China scored the same with the GDP indicator but has a higher inflation rate. By having the second highest score on import tariffs, PepsiCo will spend less on taxes and regulation fees. As mentioned previously, a significant amount of the population resides in rural parts of the country limiting PepsiCo from utilizing an efficient infrastructure. Political risks and government involvement in China is probably the biggest challenge that PepsiCo would face when entering the market. Similar to Japan, China's level of foreign competition and tax rate scores would accommodate PepsiCo's ability to enter the market successfully.

Strengths. China became a member of the World Trade Organization in 2001. Since then, China has relaxed its tariffs and has its export based growth has grown substantially. China has the largest population in the world, with 1.3 billion people. According to Johansson (2009), "The size and potential of the Chinese market, coupled with its fast-growing purchasing power, make China a very attractive market."(p. 324). Experts believe China is the next super power in the world because China's foreign exchange reserves, low debt levels, high savings rate, strong work ethic and growing domestic consumption make it a rising star among other nations. Those who feel this way see China's economy as the strongest in the world with the best investment opportunities of all nations (Saxena, 2011).

Weaknesses/Threats. A large risk associated with doing business in China is the role the government plays. China is still a Communist nation and a main concern for most businesses is corruption of Chinese officials and a lack of integrity in the judicial system (Letcher, 2011). Additionally, China's economic growth is unsustainable and that real estate prices are greatly over inflated, which will likely cause a real estate bust in the near future which will affect foreign investors (Saxena, 2011). Other challenges of doing business in China include problems with rural infrastructure, product positioning, inflated tariffs, miscommunication due to language barriers and differences in customs, and counterfeiting or piracy of products (Johansson, 2009, pp. 323-333).

Potential client size. According to the CIA World FactbookC (2011), China has the largest population in the world, estimated as 1,336,718,015 people in July of 2011. Because not everyone in the defined market area will be a customer, we need to compare the target market to the population in our chosen market area. World FactbookC (2011) indicates 73.6% of the population falls between the ages of 15-64 years old. This is most likely the strongest market for Pepsi Products, placing our client size in the area of 983,824,459. (1,336,718,015 X 0.736 = 983,824,459). If we estimate having ten percent of the market share, the size of our client will be approximately 98,400,000. (983,824,459 X 0.10 = 98,392,445.90).

Proposed entry mode. Preparation is a key factor success and as with any international business venture, we must be open to differences and aware of our limitations in order to expand. Expansion into China would indeed be a great opportunity for growth, but only if done cautiously and armed with knowledge about the risk factors to the business prior to entering the market.

According to Johansson (2009), the best way to enter China would likely be to follow the WTO suggestion and develop a joint venture with a Chinese partner to assist in ease of market access and to help in overcoming cultural and language barriers. Additionally, obtaining a Chinese partner would likely help the business understand inside business information necessary for success in the country. This would include insight on areas with the strongest infrastructure, most receptive customer base, and most welcoming political environment (Johansson, 2009, p. 327). Most of all, I would take extreme caution when dealing with the local government and investing money and assets, while always having a conservative business plan in place.

Marketing strategy. Experts believe China is the next super power in the world because China's foreign exchange reserves, low debt levels, high savings rate, strong work ethic and growing domestic consumption make it a rising star among other nations. Those who feel this way see China's economy as the strongest in the world with the best investment opportunities of all nations (Saxena, 2011). Thus, leading the Central Players to implement a marketing strategy of standardizing the products and centralizing the decision making process. Utilizing the macro segmentation will help PepsiCo decipher the appropriate demographics in advertising its goods, such as, population, disposable income, and even education. Coordinating the global marketing campaign will begin with the planning process as discussed by Johansson (2009). Using a planning guide for any marketing strategy whether domestic or international, Johansson (2009) mentions "it is best used in conjunction with other planning tools in corporate and marketing strategy and focuses primarily on the systematic assessment of a globally coordinated marketing strategy for a specified product or service"(p. 393).

Adaptation strategy. The importance of designing clear and effective branding in foreign markets has shown globalization has trended all commodities of the world. The strategies of companies operating in international markets, such as, PepsiCo, focuses on the value associated with a brand name, but extending other products in the objective. PepsiCo have traditionally adopted county centered strategies, building or acquiring a mix of domestic and international brands. The organization's strategy has been to acquire local companies in order to form a group of autonomous regional managers who know more about the culture of the local markets worldwide. Adaptation is a powerful strategy if implemented and marketed effectively. As the Central Players suggests innovative techniques to produce visibility and positive foreign reception there will be an increase in investment opportunities and global adaptation of international brands. Using effective marketing and advertising will enforce the organization to adapt to foreign culture tastes, visual concepts, and needed messages. For example, PepsiCo will have Chinese consumers, preferred tasting venues, and colors/slogans that the culture will adhere to for a "new generation".

International Expansion Time Table

Central Players have developed an international expansion strategy if PepsiCo wishes to enter all 3 foreign markets. This will be a 2-year journey in hopes of penetrating the target market of each country. The first 50% of penetration will focus on brand awareness and communication strategies. Every quarter will have a comprehensive evaluation of the effectiveness of each campaign and marketing goals. This will allow Central Players and PepsiCo to modify strategies if necessary. Table A below represents the expansion strategy timeline.

Table A

PepsiCo International Expansion Time Table

	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4
India	25%	50%	75%	100%				
Japan			25%	50%	75%	100%		
China					25%	50%	75%	100%

Note: Penetration % targeted market

Conclusion

Recommendations

We recommend that PepsiCo win over the Japanese consumers with effective marketing campaigns tailored to their local culture. This would include using local talent to ensure communication remains open between PepsiCo and the needs of the local market ("Six Critical Steps," n.d.). We also recommend PepsiCo remain attentive to listening to the local consumers needs and adjust the marketing strategy accordingly this can be achieved through ongoing market research (n.d.).

The entry that is recommended for business in Japan is foreign direct investment. PepsiCo can retain control over distribution and image perception. It's important that they retain their brand image and effective positioning for products so that consumers will be more adapt to trying the product and making continued purchases of it. Innovation is also recommended so the product should remain appealing and enticing consumers to purchase and catch onto the latest trends of PepsiCo products.

Concerns

Distribution issues. The language and customs are different in Japan, which has contributed to the difficulties they have had in trade with the rest of the world. Additionally, Japan's governmental tariffs provide protection from foreign competitors, making trade with Japan complex and costly (Johansson, 2009, p.254). Pepsi Co would likely have to go through multiple levels of distribution, paying fees and commissions along each level, which could make distribution costly to Pepsi Co.

Effective positioning. Japanese consumers are prone to purchasing Japanese made products over imported ones if the product is as good, as or better than those offered by the competition. Therefore, if a Japanese company were able to create a similar product, they would be at an advantage (Johansson, 2009, p. 255-256). Additionally, Coca Cola is currently the leading soda manufacturer in the Japanese market. For Pepsi Co to succeed, they will need to pose a strong challenge to Coca Cola and win over the Japanese consumers in the beverage distribution section.

Zero tolerance for defects. Japanese consumers are demanding and unforgiving. Central Players and PepsiCo will have to ensure that packaging procedures are handled with the utmost care and attention to detail since Japanese customers pay particular attention to packaging and view it as a reflection of product quality.

Distribution challenges. PepsiCo needs a brand presence in Japan to gain the affection of Japanese consumers. Unfortunately, distribution barriers could hinder the success of PepsiCo based on the need of middleman in the Japanese distribution system (Johansson, 2009, p.257). When a new product enters the Japanese market, retailers are often threatened with a cutoff of supplies from Japanese domestic manufacturers or wholesaler if they allow competing products to be sold. Creating distribution channels to allow Pepsi products on the market is possible, but will likely be expensive (Johansson, 2009, p.257). Developing strategic alliances with Japanese beverage manufacturers is a possibility, but it opens PepsiCo up to losing proprietary information to competitors in the future.

Future Issues

As with any expansion project there are risks and concerns involved. The higher the risk the greater the return, and global marketing has virtually the same concept. Evaluating the overall future issues that could arise behind the firewall of marketing PepsiCo products in Japan are eluding factors in worldwide reputation, such as, lack of life reproduction, and nuclear environmental issues.

Lack of life reproduction. It is evidenced that the birthrate in Japan is quite low, as described by Mosher & DAgostino (2005), "Japan's fertility rate is 1.3 children per woman, not the lowest in the world but close to it, and far below the 2.1 needed for replacement"(para 2). Even the assumptions of the United Nations Population Division's (UNPD) medium variant projections of Japan's future estimate a shrinking and rapidly aging population. PepsiCo products might not become a necessity to those aging demographics, thus eventually losing sales. Additionally, Japan's foreign population is only sitting at 1.5%. This is a future issue that can disrupt longevity of PepsiCo products and ROI. Nevertheless, for their nation's taxation income the Japanese government will have proposed and expedited a plan to continue the Japanese demographic.

Nuclear environmental issues. Another future issue that the Central Players want to magnify for PepsiCo is the environmental climate in Japan. Japan is the world's leading importer of exhaustible energy resources and the world's fifth largest emitter of greenhouse gases. Japan must take other steps to curb global climate change. According to Trevino (n.d.), “there are currently 63 nuclear power plants operating in Japan making it the second largest user of nuclear power in the world”(para. 7). All of these power plants produce waste, which must be dealt with. Especially dangerous is HLW, or high-level radioactive waste. If this isn’t disrupted and changes implemented soon, then the repercussions for businesses operating in Japan can face drastic changes in their products and hurt the image of the organization for operating in such conditions, thus enforcing PepsiCo to think of reinventing themselves in the Japanese market or even worldwide.

References

A brief pepsi history. (n.d.) Retrieved on October 13, 2011 from http://www.sirpepsi.com/pepsi11.htm.

AnonymousA. (2011). *Best global brands ranking for 2010*. Retrieved on September 8, 2011 from http://www.interbrand.com/en/knowledge/best-global-brands/best-global-brands-2008/best-global-brands-2010.aspx.

AnonymousB. (2011). *PepsiCo International*. Retrieved on September 9, 2011 from http://www.hoovers.com/company/PepsiCo_International/rfkhsif-1.html.

AnonymousC. (2011). *The PepsiCo challenge: the function that's taking on the world*. Refreshing Pepsi, (33), 25-27. Retrieved on September 16, 2011 from http://static.ow.ly/docs/Procurement%20Leaders_Grace%20Puma_hV0.pdf.

AnonymousD. (2011). *Geert Hofstede's uncertainty avoidance model for global business success: is it brilliance or folly*. Retrieved on September 14, 2011 from https://bizshifts.wordpress.com/2011/05/13/geert-hofstedes-%E2%80%9Cuncertainty-avoidance-uai%E2%80%9D-model-for-global-business-success-is-it-brilliance-or-folly/.

AnonymousE. (n.d.). *Japan patent office*. Retrieved on September 29, 2011 from http://www.meti.go.jp/english/aboutmeti/data/aOrganizatione/keizai/tokkyo/01.htm.

AnonymousF. (n.d.). *Japan – infrastructure, power, and communications*. Retrieved on October 8, 2011 from http://www.nationsencyclopedia.com/economies/Asia-and-the-Pacific/Japan-INFRASTRUCTURE-POWER-AND-COMMUNICATIONS.html.

Bhasin, K. (2011). *Check out Pepsi's latest Coke-bashing ad campaign*. Retrieved on September 8, 2011 from http://www.businessinsider.com/pepsi-coke-summer-ad-campaign-2011-7.

Brady, D. (2008). *Pepsi: repairing a poisoned reputation in India*. Bloomberg Businessweek. Retrieved on September 8, 2011 from http://www.businessweek.com/magazine/content/07_24/b4038064.htm.

Bremner, B. & Lakshman, N. (2006). *Behind the Coke-Pepsi pesticide scare*. Bloomberg Businessweek. Retrieved on September 9, 2011 from http://www.businessweek.com/globalbiz/content/aug2006/gb20060824_932216.htm.

Broadfoot. (n.d.). *The importance of political risks*. Retrieved on September 29, 2011 from http://faculty.jwu.edu/esmith/importance_of_political_risk.htm.

Clancy, H. (2010). *PepsiCo practices performance with purpose in sustainability push*. SmartPlanet. Retrieved on September 8, 2011, from http://www.smartplanet.com/blog/business-brains/pepsico-practices-performance-with-purpose-in-sustainability-push/7129.

Consumers love pepsico [Video podcast]. (2011, February 1). Retrieved on October 13, 2011 from http://video.foxbusiness.com/v/4519986/.

D'Agostino & Mosher. (2005). *Japan's Future: None?* Retrieved on October 10, 2011 from http://www.lifeissues.net/writers/mos/mos_42japanfuture.html.

Hillstrom, L. (2011). *Encyclopedia of business (2nd ed.)*. Retrieved on September 20, 2011 from http://www.referenceforbusiness.com/encyclopedia/Oli-Per/Per-Capita-Income.html.

Hofstede Cultural differences in international management. (2009). Retrieved on September 8, 2011 from http://www.slideshare.net/precioussa/hofstede-cultural-differences-in-international-management.

Hofstede, G. (2009). *Geert Hofstede™ cultural dimensions.* Retrieved on September 16, 2011 from http://www.geert-hofstede.com/hofstede_dimensions.php.

Hofstede, G. (1980). The position of the 40 countries on the uncertainty avoidance and masculinity scales. *Culture's consequences.* Beverly Hills, CA: Sage.

Hofstede, G. (2009). *Singapore – Singaporean Geert Hofstede cultural dimensions explained.* Retrieved on September 14, 2011 from http://www.geert-hofstede.com/hofstede_singapore.shtml.

International Business Wiki. (2007). *Germany political and legal system: political risks and expropriation.* Retrieved on September 28, 2011 from http://internationalbusiness.wikia.com/wiki/Germany_Political_and_Legal_System:_Political_Risks_and_Expropriation.

International lpi ranking. (2011). Retrieved on September 30, 2011 from http://info.worldbank.org/etools/tradesurvey/mode1b.asp?sorder=q11rank&cgroup=0#moreinfo.

International Monetary Fund. (2010). *World economic outlook database*. Retrieved on September 28, 2011 from http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx.

Investopedia ULC. (2011). *What is GDP and why is it so important?* Retrieved on September 21, 2011 from http://www.investopedia.com/ask/answers/199.asp#axzz1YXJoWNzB.

Johansson, J. K. (2009). *Global marketing: foreign entry, local marketing & global management. (5th ed.).* NewYork, NY: McGraw Hill.

Johnny. (2009, 03 24). *Coke and Pepsi's Entry into the Indian Market .* Retrieved on October 10, 2011 from http://allineedboutique.blogspot.com/2009/03/coke-and-pepsis-entry-into-indian.html.

Letcher, G. (2011). *Risk of doing business in China*. Retrieved on September 20, 2011 from http://www.ehow.com/facts_6881966_risk-doing-business-china.html.

NationMasterA. (2011). *Population growth rate (most recent) by country*. Retrieved on September 27, 2011 from http://www.nationmaster.com/graph/peo_pop_gro_rat-people-population-growth-rate.

NationMasterB. (2011). *Population (most recent) by country*. Retrieved on September 27, 2011 from http://www.nationmaster.com/graph/peo_pop-people-population.

NationMasterC. (2011). *Population density (most recent) by country*. Retrieved on September 27, 2011 from http://www.nationmaster.com/graph/geo_pop_den-geography-population-density.

NationMasterD. (2011). *Distribution of family income: Gini index (most recent) by country*. Retrieved on September 28, 2011 from http://www.nationmaster.com/graph/eco_dis_of_fam_inc_gin_ind-distribution-family-income-gini-index.

PepsiCo Annual Report. (2010). Retrieved on September 8, 2011 from http://www.pepsico.com/Download/PepsiCo_Annual_Report_2010_Full_Annual_Report.pdf.

PepsiCo Inc. (2007). *Pepsi global*. Retrieved on September 8, 2011 from http://www.pepsiworld.com/.

PepsiCo Inc. (2010). *Pepsi: refresh the world again*. Retrieved on September 8, 2011 from http://www.pepsi.com/.

PepsiCo Inc.A. (2011). *Pepsi refresh project*. Retrieved on September 8, 2011 from http://www.refresheverything.com/?WT.mc_id=pep24105.

PepsiCo Inc.B. (2011). *Corporate profile*. Retrieved on September 8, 2011 from http://www.pepsico.com/Investors/Corporate-Profile.html.

PepsiCo Inc.C. (2011). *Coke and Pepsi's entry into the Indian market*. Retrieved on October 8, 2011 from http://allineedboutique.blogspot.com/2009/03/coke-and-pepsis-entry-into-indian.html.

Prabhudesai. (2007). *Investing or not investing? analyzing the new India*. Retrieved on September 29, 2011 from http://trak.in/tags/business/2007/06/18/investing-or-not-investing-analyzing-the-risks-of-new-india/.

Press Trust of India. (2010). *India now has more rich than poor.* Retrieved on October 10, 2011 from http://ibnlive.in.com/news/india-now-has-more-high-income-households-study/127963-7.html.

QuickMBA.com. (2010). *Foreign market entry mode*. Retrieved on October 9, 2011 from http://www.quickmba.com/strategy/global/marketentry/.

Quinn, A. (2009). *Key 2010 political risks in U.S., Canada*. Retrieved on September 30, 2011 from http://www.reuters.com/article/2009/12/22/us-risks-northamerica-idUSTRE5BL2M320091222.

Radjou, D. Prabhu, J. (2010). *PepsiCo and GE are innovating in India*. Retrieved on September 8, 2011 from http://www.businessweek.com/globalbiz/content/nov2010/gb2010119_231863.htm.

Saxena, P. (2011). China - risks and opportunities. Retrieved September 20, 2011 from http://dailyreckoning.com/china-risks-and-opportunities/#ixzz1YoWLwfQY.

Six critical steps to business development in Japan. (n.d.). Retrieved on October 9, 2011 from http://www.htm.co.jp/Bsixsteps.htm.

Stanford, D. (2011). *PepsiCo profit falls 4.8%; earnings forecast trails*.

Retrieved on September 8, 2011 from http://www.businessweek.com/news/2011-02-10/pepsico-profit-falls-4-8-earnings-forecast-trails.html.

Tariffs and Import Fees. (2011). Retrieved on September 23, 2011 from http://export.gov/logistics/eg_main_018130.asp.

The New York Time Company. (2011). *Inflation Rate*. Retrieved on September 21, 2011 from http://beginnersinvest.about.com/od/inflationrate/Inflation_Rate.htm.

The pepsico family. (n.d.). Retrieved on October 13, 2011 from http://www.pepsico.com/Company/The-PepsiCo-Family/PepsiCo-Americas-Beverages.html

Trading Economics. (2011). *Inflation rates, list by country*. Retrieved on September 29, 2011 from http://www.tradingeconomics.com/inflation-rates-list-by-country.

Trefis TeamA. (2010). *Comparing Pepsi and Coke's overseas operations given Pepsi's deal Announcement.* Retrieved September 8, 2011 from http://community.nasdaq.com/News/2010-12/comparing-pepsi-and-cokes-overseas-operations-given-pepsis-deal-announcement.aspx?storyid=47821.

Trefis TeamB. (2010). *PepsiCo's Gatorade positioned to lift market share*. Retrieved September 8, 2011 from http://www.trefis.com/stock/pep/articles/32333/pepsicos-gatorade-positioned-to-lift-market-share/2010-12-30.

Trevino, A. (n.d.). *Environmental Issues in Japan.* Retrieved on October 13, 2011 from http://ezinearticles.com/?Environmental-Issues-in-Japan&id=3883122.

U.S. Department of Commerce. (2003). *Protecting your property rights in China*. Retrieved on September 30, 2011 from http://www.mac.doc.gov/china/docs/businessguides/intellectualpropertyrights.htm.

U.S. Department of Commerce, International Trade Administration. (2011). *Country specific tariff and tax information*. Retrieved on September 29, 2011 from http://export.gov/logistics/eg_main_018142.asp#P664_28230.

World FactbookA. (2011). *India*. Retrieved on October 8, 2011 from https://www.cia.gov/library/publications/the-world-factbook/geos/in.html.

World FactbookB. (2011). *Japan*. Retrieved on October 8, 2011 from https://www.cia.gov/library/publications/the-world-factbook/geos/ja.html.

World FactbookC. (2011). *China*. Retrieved on October 8, 2011 from https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html.

World Trade Organization. (2011). *What are intellectual property rights*. Retrieved on September 29, 2011 from http://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm#NotificationObligations.