Marketing and PR

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1. From the point of view of PepsiCo, what are the advantages of a contractual channel system over a traditional or administered channel system?

A contractual channel system is a marketing system where the channel of distribution is integrated (Cravens, & Piercy, 2006). The focus is on the contractual rights. Using a contractual channel system contributes to the performance of PepsiCo. The method is advantageous over the traditional channel system as evident in PepsiCo. Administered channel system is a method where one member who has the powers controls the channel. The nature of cooperation levels encourages the use of contractual channel system. The company engages with distributors, hence, it must ensure control over the distribution process. Therefore, the advantages of the former over the latter include:

1. The presence of a contractual channel means that the parties involved observe a contract. A contract binds the parties and creates a mutual understanding. In administered channel system, there is not binding element. Therefore, there is exposure to risks that arise on non-compliance.
2. Using a contractual channel system supports business organization structure on the line of distribution and supply. PepsiCo has an advantage in the adoption of the system. Channels aligned with the suppliers and distributors support the organization and flow of operation.
3. The system encourages and motivates distributors by strengthening their relationship. Availability of contractually established obligations provides grounds for distributors to build trust with the company. In administered channels system, the authority may have manipulative powers to interfere with the distributors needs.
4. There is a high chance of avoiding embezzlement, excess legal fees and conflicts when using contractual channel system. However, in case of the administered system, there is high chances of disagreements the will rise to conflicts.

1. Why doesn't PepsiCo acquire the bottler/wholesalers or in some other way take over the wholesale distribution of Pepsi beverage products?

PepsiCo has established channels and market for products. However, PepsiCo involves distributers in its distribution channels to assist the company meet its objectives. Wholesalers and other distributors are people on the ground who meets with the end users or retailers for purposes of consumption (Peter, Olson, & Grunert, 1999). The company has strategies that have made it to grow and widen he market base. Furthermore, the inclusion of wholesalers ensure that the company’s product reach all people. This is the main reason why PepsiCo cannot take over, or acquire wholesale distribution for the products. Besides, PepsiCo is a large organization whose products serve a large population and its business strategies cannot allow the company to engage in wholesaler’s services. Logistics is a factor hindering the company not to engage in wholesale activities. The company has headquarters located in a central place. This makes it difficult for the company to provide better services if it were in the level of wholesale. Bottling and distribution to whole customers involves use of material resources that will stretch available resources for production. Hence, the company will have to spend more due to high costs incurred. The company may also fail to meet the demand of customers.

3. How would you describe the job of a salesperson who works for PepsiAmericas, Inc.? What types of activities does this person perform?

The job of a sales person is similar to any other sales position in another product industry. The aim is selling as many products as possible. `The sell aims at the intermediaries and consumers. The company uses push/pull sales strategy. The sales persons engaged with the company have a responsibility of “push” that is, to sell many units given a chance (Hawkins, & Mothersbaugh, 2010). The salesperson has an obligation to fulfil. He has to maintain the contractual agreements. He must ensure proper handling of inventory and participate in promotions to boost the sales. Increased sales are as a pull strategy that provides information about the product to potential customers.

References

Cravens, D. W., & Piercy, N. (2006). *Strategic marketing* (Vol. 6). New York: McGraw-Hill.

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