THE PEPSI-COLA STORY

Pepsi-Cola

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The Klondike gold rush was on, the Curies discovered radium, muslin petticoats were the rage and "Remember the Maine" was on everyone's lips. It was 1898 and in the summer of that year, Caleb Bradham, a young pharmacist from New Bern, North Carolina started experimenting with cola nuts to formulate a new soft drink to sell at his drugstore fountain. "Brad's drink," a unique concoction of carbonated water, sugar, vanilla, rare oils and cola nuts, later became Pepsi-Cola.

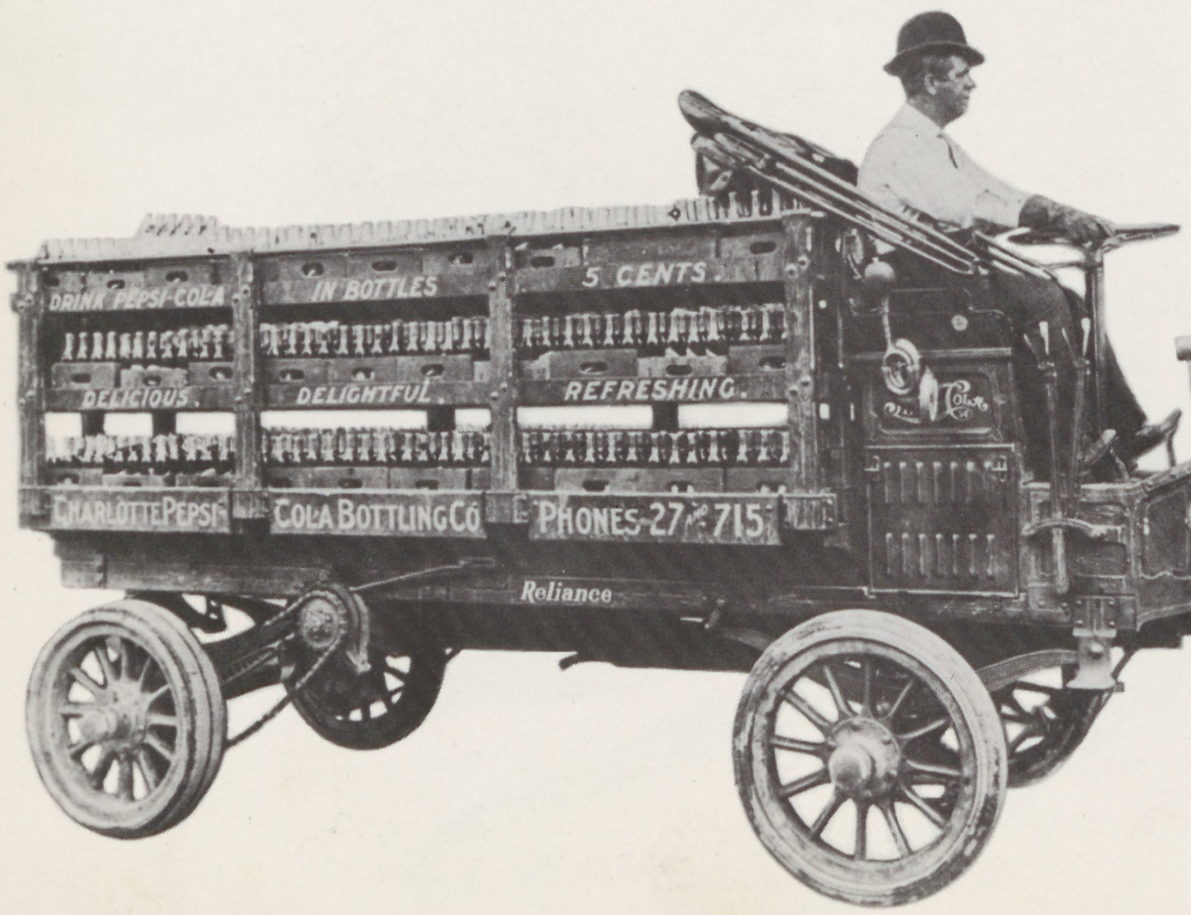
"Doc" Bradham registered the trademark in 1903 when he formed his own company. He started bottling his new drink in 1904, and, come 1905, had two franchises operating in Charlotte and Durham, N.C. By 1907, the Pepsi-Cola Company had grown to include 40 franchises.

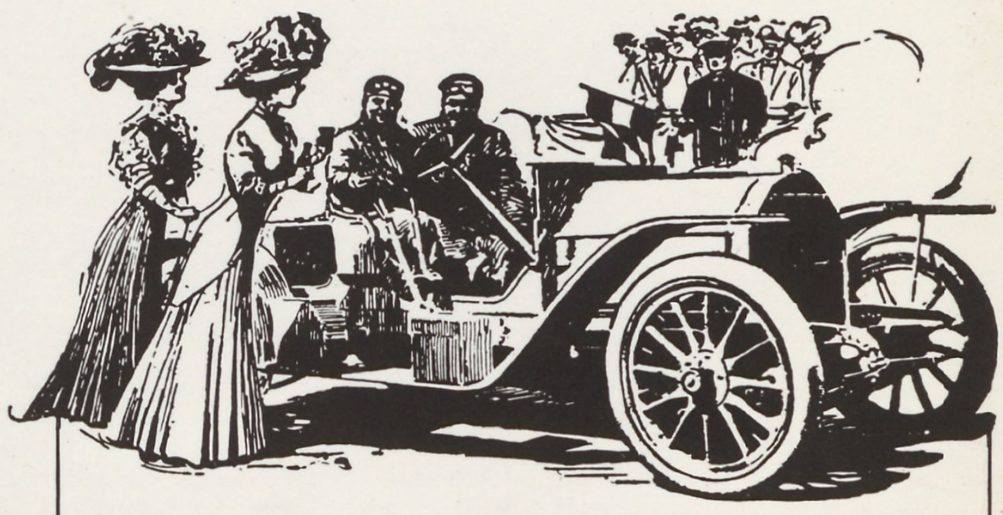
In those early days, Pepsi-Cola was delivered by horse and wagon, with the bottler himself often in the driver's seat. Motor vehicles came into use in 1908 and Pepsi-Cola was among the first to take advantage of the free advertising space on these trucks. One of the company's first ads featured the pioneer automobile racer, Barney Oldfield, who endorsed Pepsi-Cola as a "bully drink – refreshing, invigorating, a fine 'bracer' before a race..."

By World War I, some 300 Pepsi-Cola bottlers were operating in 24 states. Sugar was rationed during the war years and sugar prices soared when the war ended. To safeguard against even higher prices, Bradham made the mistake of overbuying. Sugar prices plummeted at the end of 1920.

Both the company and bottlers were hit hard and cash was scarce. For the next 15 years, Pepsi-Cola went through hard times as the company was constantly reorganized and refinanced. At one point, only two Pepsi-Cola bottlers remained in the entire United States.

Fortunately, Loft, Inc., a northern-based candy store chain, was looking for a new soft drink to add to its fountain line. In 1931, Loft acquired 80 percent of a newly-formed Pepsi-Cola Company and began an expansion program to bolster sagging volume and distribution.





Here's what Barney Oldfield, the famous automobile racing driver, says about PEPSI-COLA:

"I enjoy PEPSI-COLA first rate. It's a bully drink—refreshing, invigorating, a fine 'bracer' before a race, and a splendid restorer afterwards."

Yours truly, Barney Oldfield

DRINK PEPSI-COLA 5¢ DELICIOUS-HEALTHFUL

PEPSI-COLA is the Original Pure Food Drink—guaranteed under the U. S. Gov't Serial No. 3813. At all soda fountains, 5c a glass—at your grocer's, 5c a bottle. Beware of imitations.

Pepsi-Cola's fortune took a turn for the better and 1934 proved a landmark year. The company started selling its twelve-ounce drink for a nickel, the same price customers were paying for six ounces. Pepsi-Cola spread the word about this incredible bargain via the world's first radio advertising jingle:

Pepsi-Cola hits the spot.
Twelve full ounces,
That's a lot.
Twice as much for a nickel, too
Pepsi-Cola is the drink for you.

That jingle remains one of the most memorable and effective slogans in advertising history.

Thanks to this popular jingle, which appealed to depression-worn Americans, and innovative marketing, Pepsi-Cola sales skyrocketed. Other soft drink manufacturers responded with their own twelve-ounce bottle, but none enjoyed the success of Pepsi-Cola.

Pepsi-Cola Radio Jingle

by Austen Croom-Johnson and Alan Kent

Lightly

Voice: Nick-el, nick-el, too do-dee-da-da - da,

Piano: *mf*

Nick-el, nick-el, too do-dee-da-da-da! Pep-si Co-la hits the spot,

p

Twelve full ounc-es, that's a lot, Twice as much for a nick-el too,

Pep-si Co-la is the drink for you! Nick-el, nick-el, nick-el, nick-el,

mp

trick-le, trick-le, trick-le, trick-le, Nick-el, nick-el, nick-el, nick-el!

mf

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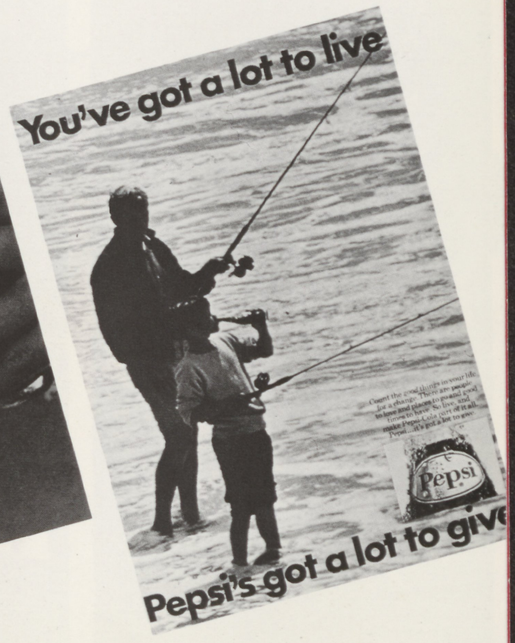
Keeping pace with consumer tastes and the times became a hallmark of the Pepsi-Cola Company. When marketing and advertising whiz, Alfred Steele, was elected company president in 1950, he pioneered the promotion of Pepsi-Cola as an experience rather than a bargain. The "Twice as much for a nickel" approach gave way to "Be sociable, have a Pepsi" and "The light refreshment." And the product itself changed; it was made less sweet in 1958 and started appearing in the "swirl" bottle, still on the market.

The supermarket boom boosted Pepsi-Cola sales in the early 1950's and today, Pepsi-Cola is one of the top selling items in U.S. food stores. Overseas business soared and Pepsi-Cola International, Ltd., a division of Pepsi-Cola Company was created in 1954. Today, Pepsi-Cola plants are in more than 140 countries, spanning the globe from Barcelona and Istanbul to Buenos Aires and Hong Kong. Between 1950 and 1959, Pepsi-Cola net earnings more than tripled, a growth record unequalled in the industry.

In the 1960's, young adults became the target consumers and the company advertising campaign kept pace with this shift to youth with the "Now it's Pepsi for those who think young," and the famous "Come Alive, you're in the Pepsi Generation" slogans. The decade also brought growth and diversification. Fast food outlets and convenience stores began mushrooming and contributed to the company's rising sales and popularity. In 1964, Diet Pepsi and Mountain Dew were both introduced.

Expansion outside the soft drink field began in 1965 with the merger of Frito-Lay and Pepsi-Cola to form PepsiCo, Inc. Today PepsiCo, Inc. includes Wilson Sporting Goods, PepsiCo International, PepsiCo Transportation (NorthAmerican Van Lines), PepsiCo Foods International, Taco Bell and Pizza Hut.



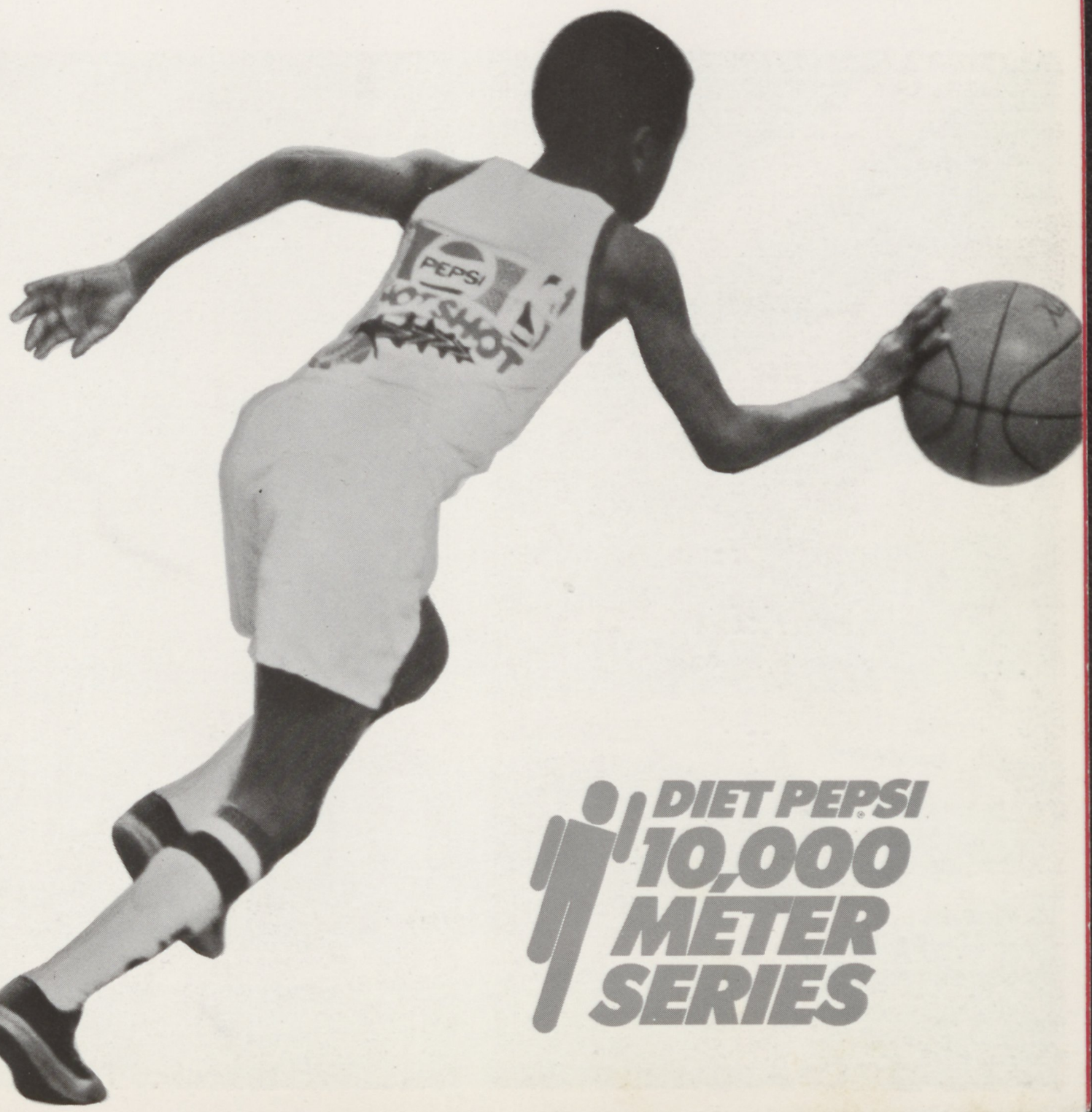
Responding to the changing market needs of the 1970's, Pepsi-Cola led the way in metric conversion with the industry's first two, one and half-liter bottles. Extensive market and consumer research indicated that consumers wanted an alternative large-size soft drink container that is durable, safe and lightweight. So Pepsi-Cola became the first to market the polyester plastic bottle which is tough, lightweight, recyclable and energy-efficient.

And the 1970's brought "Join the Pepsi People, Feelin' Free" and "Have A Pepsi Day," which became well-known tunes throughout the world. New products, sugar free Pepsi Light with a fresh lemony taste, On-tap root beer, and Aspen, a crystal clear soft drink with a snap of apple, were also introduced.

Pepsi-Cola Company also has responded to the social needs and interests of its customers. Our host of sports programs communicate a most important message to the Pepsi Generation – that physical fitness (through sports) is the key to a healthier and longer life.

The Diet Pepsi 10,000 Meter Series encourages running for fitness and for fun by people of all ages and paces. Pepsi-Cola/NBA Hotshot is the largest youth sports program of its kind involving more than two million youngsters in basketball skills competition. The Pepsi-Cola Mobile Tennis program has brought tennis to urban youth in more than 60 cities where facilities are in short supply. Embracing an "Everyone Plays" philosophy, the Pepsi-Cola Company sponsored AYSO youth soccer program guarantees equal playing time for all participating youngsters.

Whether skiing or skateboarding, Pepsi-Cola youth sports activities encourage millions of our customers to join in and live life to its fullest as a very special member of the Pepsi Generation.



DIET PEPSI®
10,000
METER
SERIES

PEPSICO

Headquartered in Purchase, New York, the Pepsi-Cola Company has come a long way since Doc Bradham's drugstore. But the innovative and consumer-conscious spirit that created Pepsi-Cola back in 1898 is one tradition that is still going strong.