

Pepsi tests more Dew

By Hillary Chura

Pepsi-Cola Co. is extending its Mountain Dew juggernaut with a test of its first major line extensions in 12 years—cherry-colored Code Red and electric-blue Arctic.

With the colorfully named introductions, Pepsi is going after consumers increasingly leaving the carbonated soft-drink category for the booming alternative-beverage market.

Inspired by that growth, and faced with a sales dip for the country's leading flavor brand, Pepsi-Cola Co. could position the new varieties as an extreme option for teens. Code Red and Arctic mark Mountain Dew's first extension since 1988's Diet Mountain Dew,

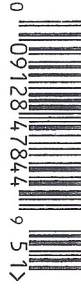
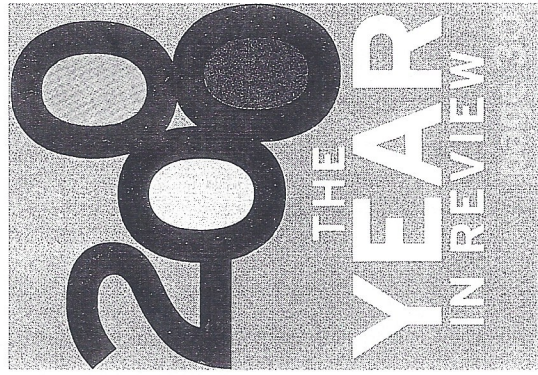
excluding subsequent caffeine-free versions.

Pepsi-Cola declined comment on the lines, which bottlers said are in undisclosed markets now. It's uncertain how much advertising will support the launch; a spokesman for Pepsi's agency, BBDO Worldwide, New York, referred queries to the client.

"Mountain Dew is not only one of the most powerful brands in the industry but one of the most powerful," says Nielsen.

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erful consumer brands in the U.S. It's been growing at a very strong rate, and it makes sense for Pepsi to consider capitalizing on it as a platform," said John Sicher, editor and publisher of *Beverage Digest*.

Mountain Dew is the leading non-cola and the No. 4 carbonated soft drink, with about a 7% market share. Last year it posted the greatest sales increase of the leading carbonated competitors, according to *Beverage Digest*. But it's seen slower sales this year—the result of higher prices and flattening out of the carbonated soft-drink industry

as consumers turn to enhanced beverages such as SoBe, Snapple and non-carbonated iterations of waters, teas, coffees, and sports drinks. That fact has not escaped Pepsi, which this year made deals to purchase SoBe parent South Beach Beverage Co. and Quaker Oats Co., owner of Gatorade.

After years of fast-track growth, Mountain Dew volume was lackluster for the first nine months of this year. ACNielsen figures show a 0.5% drop, although Information Research Inc. indicates a modest volume gain of 2.2%. During the same period in 1999, Nielsen

showed a 6.1% jump in volume, with IRI showing a 7.6% rise.

As a result, Pepsi is "trying to throw a little [excitement]" into Mountain Dew, said an eastern bottler who asked to remain nameless.

He and other bottlers said one explanation for Mountain Dew's downswing is that the company is directing marketing dollars to its new Sierra Mist. The lemon-lime soda, which launched nationally in October, replaced Slice and competes with Coca-Cola Co.'s Sprite and Dr Pepper/Seven Up's 7 Up.

Pepsi-Cola spent \$32 million on measured media for Mountain Dew in the first six months of this year, compared to \$36 million for all of 1999, according to Competitive Media Reporting. □