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Ad Age Special Report: The Power 50

Urban legend in the making : Soft drinks one-on-one: Pepsi learns valuable lessons from efforts that take to the city streets

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While many soft-drink marketers target Hispanic and African-American consumers, Pepsi-Cola Co. has been particularly aggressive. Reporter Hillary Chura talked with Dawn Hudson, senior VP-strategy and marketing at the world's No. 2 soft drink company, about the marketer's internal unit dedicated to **urban** marketing.

AA: How are you developing Pepsi's **urban** marketing strategy?

Dawn Hudson: Pepsi has a long history of doing ethnically-based marketing. What I'm trying to do now is bring out of the mainstream a marketing group, whose sole purpose is ethnic marketing. We really recognize that youth is heavily influenced by the ethnic consumer, and ethnic consumers are concentrated in **urban** markets. It is key that as we develop our business, we develop our **urban** markets.

We can't do that disconnected from the marketplace or the streets where they live. We have to make sure we've got the right product in the right stores, with the right point of sale [advertising], and integrate it with the right community activities. We have to tie it all together.

It's not just about doing an ad in Spanish for Latino consumers. It's about understanding where they live and making the brand accessible. If they can't walk down the street and buy the brand, they're not going to get on a subway and ride for a mile to buy it. It takes an array of marketing efforts to make an emotional connection with the consumer, to make sure they can find us, that we're visible and tied into the local community. Many ethnic consumers live in more dense geographic areas and their shopping habits are different than mainstream America. They frequent mom-and-pop stores [not megastores] so national promotions are not necessarily the best promotions to run in **urban** areas.

AA: You particularly have been very upfront and frank about the need for marketers to do more to attract minority consumers.

Ms. Hudson: We just keep upping our commitment in terms of number of people working on the business, number of dollars [going toward minorities]. It's just smart business. Marketing is more about reaching out and connecting with the consumer [not just creating ethnic ads].

AA: Why is ethnic marketing so important to the industry?

Ms. Hudson: It's part of mainstream America. At least one-third of youth today [are minorities]. If you look [at population projections for] 10 years from now, more than 50% [of the youth market will be Hispanic or African-American]. One in two kids in public schools today is ethnic. It's critical to any marketer of products that appeal to young people that you have to win those [ethnic] groups. Cultural trends [such as fashion and music] all start in **urban** areas, which are heavily influenced by

ethnicity. To be relevant and with-it, you've got to know what's going on in the **urban**, ethnic landscape. The ethnic market is the mainstream market for youth in the future.

AA: How do Pepsi's ethnic marketing efforts compare to the competition?

Ms. Hudson: We're more aggressive, but I don't spend my time figuring out whether we're ahead or behind. To be connected with the consumer, you have to get ahead. I don't want to be a follower. I like our marketing group to be a leader in this area.

Photo Caption: Down to it: Dawn Hudson is pushing Pepsi products to be more accessible. Photo Credit: Stan Godlewski/Liaison Agency

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