

"BRAD'S DRINK" IN THE SOVIET UNION

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ABSTRACT

The cola war between Pepsi-Cola and Coca-Cola in the soft drink industry has attracted attention due to bold marketing initiatives and corporate leadership. Notably, Pepsi-Cola's presence in the USSR was documented in 1938. This is a descriptive history of Pepsi's entry into foreign markets and events which lead Bradham, Guth and Kendall to secure many marketing "firsts."

INTRODUCTION

The war between Pepsi-Cola and Coca-Cola brand soft drinks has raged on for decades. The first product to penetrate or to open a new consumer market, usually secured at least a temporary advantage in wider distribution and sales volume over its competitors. In addition, the company would benefit from securing a brand name market presence and build brand loyalty among consumers. Many times these domestic and international maneuvers became "classic" marketing case studies. Both the Pepsi-Cola and Coca-Cola companies have had to explore innovative marketing techniques, particularly in economically underdeveloped foreign markets.

Pepsi* can be credited with many "firsts" in the soft drink industry. However, one of its most notable claims is that in 1974, Pepsi-Cola was the "first western consumer product" produced and sold in the Soviet Union (Pepsi-Cola International N.d.a). Donald M. Kendall, now chairman of the executive committee of the board of PepsiCo Incorporated, had championed Pepsi's entry in the Soviet Union. As such he has been often dubbed Pepsi's greatest salesman (Louis and Yazijian 1980, 92). Kendall, considered to be Alfred Steel's protegee, was named president of Pepsi-Cola's International Division in 1957. His meteoric rise (Finder 1983, 202-203) within the Pepsi-Cola organization credits him with foresight, skilled and patient negotiations with the Soviets during the twelve years prior to the 1972 trade agreement. His perseverance was a reflection of the tenacity of Pepsi's management and leadership, as they battled for share of mind and share of market, both in the United States and outside of the country.

Several histories trace Pepsi's domestic market beginnings to 1889 and its creator Caleb D. Bradham. Yet, none of the chronologies appear to have been singularly committed to Pepsi's foreign market activities and those contributing to its arrival in the Soviet Union. Aside from Pepsi's marketing strategies and tactics, there appears to be a lack of cohesive attention to the

communications aspects of this venture. Particularly, Pepsi's planned or inadvertent use of government relations, public relations and advertising techniques to gain entry to and increase awareness in the Soviet Union. Therefore, this descriptive history of Pepsi and the Soviet Union will draw on selected events that occurred during the tumultuous growth of Pepsi-Cola.

BRAD'S DRINK

Pepsi's entry into the Soviet Union is seemingly a contemporary event with a majority of the publicity surfacing after 1972. However, Pepsi's foreign market initiatives are rooted in the early 1900s, and the ambitions of its creator and first president Caleb D. Bradham in New Bern, North Carolina (Louis and Yazijian 1980, 49; Martin 1962, 7).

Pepsi was originally coined as "Brad's Drink" (Martin 1962, 7). It was a concoction formulated as a result of Bradham's experimentation with cola nuts and spices in the early 1890s. Accounts differ as to whether Bradham renamed his product "Pepsi-Cola" on or before August 28, 1898. Louis and Yazijian (1980, 49) suggested that by 1893 Bradham had changed the name to "Pepsi-Cola." However, the 1898 "North Carolina application for registration of the Pepsi-cola trademark...[was] given as the date of the first use of the trademark" Martin (1962, 8). The "Pepsi-Cola Company" was incorporated under the laws of North Carolina on December 30, 1902 (Martin 1962, 19). The Pepsi-Cola trademark was registered in North Carolina on April 9, 1903, and with the United States Patent Office, Washington, DC, on June 16, 1903 (Martin 1962, 9-10).

Bradham was the first to register the Pepsi-Cola trademark in Canada in 1906 and in Mexico in 1907. However, foreign bottling operations were not expanded for some time afterward (Martin 1962, 108). During the next twenty-five years, Pepsi would be embroiled in survival warfare both within its own ranks and with The Coca-Cola Company in the marketplace.

TWENTY-FIVE YEARS LATER...

Loft, Incorporated was a candy factory with executive offices located in Long Island City, New York. Its founder, George Loft died in the 1920s. Charles G. Guth joined Loft in 1929 and soon after was named president in 1930 (Martin 1962, 45). The 1930s would be a decade during which Guth orchestrated not only the survival of the Pepsi-Cola Company, but its powerful growth that led to the demise of Loft, Incorporated. He would also confront The Coca-Cola Company's challenge to Pepsi's expansion into foreign markets.

Loft had owned and operated a chain of "luncheonettes" under its own name as well as the Happiness and Mirror chains. At the

onset, the fountain service dispensed the Coca-Cola soft drink. Dissatisfied with the syrup concentrate arrangements with the Coca-Cola company, Guth set out to acquire Pepsi concentrate. During his tenure as president of Loft, Guth formed and acted as general manager of his own company, The Grace Company Inc. The Grace Company purchased and resold Pepsi syrup to the Loft luncheonettes, thus ousting Coca-Cola. However, Pepsi was in bankruptcy and Guth arranged to buy out and salvage the Pepsi-Cola trademark and goodwill.

Under Guth's direction Loft began suffering financial difficulties from 1931 through 1934. This was attributed to Guth devoting more attention to Pepsi-Cola than to Loft. On October 22, 1935, Guth resigned from the presidency of Loft. On December 30, 1935, James W. Carkner was named president and Chief Executive Officer of Loft. One of Carkner's first acts was filing for and winning judgment in a formal law suit for Pepsi shares (Martin 1962, 62). While Guth owned majority shares in Pepsi, Loft contended he acquired those shares and profitability by using Loft's physical and financial resources. Martin (1962) presented a comprehensive account of the charges and accumulated evidence leading to Guth's resignation in 1935. The Delaware Court found for Loft because Guth had converted Loft's garage into a bottling plant using Loft funds, mechanics, electricians and carpenters (Martin 1962, 62). Thus, Loft was also entitled to reap the financial benefits. Soon after, Loft acquired nearly 80% controlling shares of Pepsi. The ensuing six years were filled with more litigation, judgments, and proxy fights resulting in an overall reorganization of the two companies (Martin 1962, 93-105). On May 29, 1941, the Pepsi-Cola Company was merged into Loft, Incorporated and Loft, Incorporated simultaneously changed its name to Pepsi-Cola Company (Martin 1962, 106).

Throughout this turmoil, Guth continued to expand his Pepsi franchises throughout the United States and into foreign markets (Martin 1962, 107). In 1932, the Pepsi Cola trademark was registered in Argentina. Guth acquired a bottling plant on May 29, 1934 in Montreal, Canada and formed a wholly-owned subsidiary the Pepsi-Cola Company of Canada, Limited. The opening of the Canadian bottling plant also marked the beginning of Pepsi-Cola International, a subsidiary of the Pepsi-Cola Company. The Canadian bottling plant was the first outside the United States (Pepsi-Cola International N.d.b). Primarily to ensure goodwill and a constant supply of sugar for Pepsi, on August 22, 1935, Guth opened bottling plants operating under the name Compania Pepsi-Cola de Cuba. The next move would be to Western Europe and the opening of Pepsi-Cola Limited, on August 24, 1936, in London, England. By the end of 1936, the Pepsi-Cola trademark was registered in eighty-one countries worldwide (Pepsi-Cola International N.d.b).

Pepsi's expansionism outside of the United States began to pose a formidable threat to the Coca-Cola Company. During Guth's reign in the 1930s, the Coca-Cola Company brought suit against

Pepsi, in more than ten foreign countries opposed to the trademark registration. Separately, the Coca-Cola Company of Canada began litigations against Pepsi-Cola Company of Canada seeking cancellation of registration and the trademark altogether. The trial court entered a decision for the Coca-Cola Company. However, on appeal, the decision was reversed in 1939 by the Supreme Court of Canada in favor of Pepsi. Furthermore, not wanting to create a legal rift between two countries, the Privy Council in London, the highest Court in the British Empire, advised the Coca-Cola Company not to enter another appeal. The Privy Council, during its 1942 hearing ruled "that the Pepsi-Cola Trademark did not infringe the Coca-Cola mark" (Martin 1962, 106).

The litigation that ensued up to and throughout the 1930s also reflected that Pepsi recognized the need to develop government relations with people in public power. This became more evident as Pepsi encountered greater shifts in United States foreign policy actions, particularly toward communist countries. Having barely survived through World War I and the beginnings of the "red scare" of communism, Pepsi's expansionism was again slowed during the 1940s World War II and the Korean War of the 1950s. Pepsi's corporate position was deemed anti-communist and closely aligned with the political agenda held by the Republican Party in the United States.

MOVING TOWARD MOSCOW

In Guth's scurried initiative to register the Pepsi trademark around the world, he was also the first to bring a Western consumer product firm into the Soviet Union. According to the document (Martin 1962, 111; Pepsi-Cola International 1987), Guth submitted an application to register the Pepsi-Cola Company trademark in Moscow, USSR on November 13, 1937. The trademark was officially registered on May 17, 1938. The registration would be valid from March 3, 1938 through September 14, 1957. The original registration was not renewed. However, PepsiCo, Inc. records indicated that the same trademark was registered again by the Pepsi-Cola Company in 1958. This second and subsequent registrations were renewed every ten years (Staff Attorney 1990).

In 1940, Pepsi's new president William B. Forsythe, formerly from the Canadian operation, developed markets in Mexico, the West Indies, and Latin America (Martin 1962, 109). After World War II and up until 1956, Pepsi's growth reached into the Middle East, Africa, Philippines and Far East with franchise operations in Hamilton (Bermuda), NASA, Santa Doming, Mexicali, Curacao, San Juan, (Puerto Rico.) On January 24, 1954, Pepsi-Cola International, LTD. was incorporated under the laws of Canada. By year's end, Forsythe had opened 118 bottling franchise operations in fifty-two countries.

Forsythe retired in 1956. Donald M. Kendall was considered to be chairman Alfred Steele's protegee. Promoted from vice president of marketing in 1957, Kendall was named President of Pepsi-Cola's overseas operations. By 1963 he was caretaker of 256 syrup plants and 252 franchised bottlers in 102 foreign countries (Finder 1983, 206; Martin 1962, 110).

KENDALL, KRUSHCHEV AND THE KREMLIN

There was little doubt that both the Pepsi and Coca-Cola companies understood that the logical course of soft drink diplomacy led to the Kremlin. Yet, United States interaction with the Soviet Union would be carefully orchestrated by Presidential initiatives (Louis and Yazijian 1980, 168). The political "cold war" was on and it had a chilling effect on most multinational companies considering expansion into the USSR.

"The American National Exhibition in Sokolniki Park in Moscow was a major production because President Eisenhower wanted it to be" (Finder 1983, 204). This exhibition has been referred to as the American International Exposition (Louis and Yazijian, 1980, 92) and often noted as the "Moscow Fair." Vice President and Mrs. Richard M. Nixon among others, would lead the official United States delegation to the 1959 Moscow Fair. The trade fair was sponsored and coordinated through the United States Information Agency and the State Department of the United States. The suggestion offered to the State Department to have both Pepsi and Coca-Cola represented at the Moscow Fair was attributed to then Pepsi Chairman Alfred Steele (Finder 1983, 205; Louis and Yazijian 1980, 92). Shortly before his death in 1958, Steele compared the State Department to Pepsi in terms of its strategic use to the government (Louis and Yazijian 1980, 190).

The invitations were extended by the State Department (Martin 1962, 109). Six months before the Moscow Fair, "Coca-Cola declined the invitation [to participate], apparently because it was still smarting from cold war abuses and perhaps it did not want to humble itself by appearing side by side with Pepsi" (Louis and Yazijian 1980, 92). Steele died three months before the Moscow Fair leaving Kendall to arrange for the Pepsi exhibit (Pepsi-Cola International 1990a). Pepsi would be the only American soft drink represented at the Moscow Fair. Kendall encountered resistance to Pepsi's participation from executive vice president Emmett O'Connell and the new company chairman Herbert Barnet. Sensing pressure to execute a "dramatic public relations success", Finder noted (1983, 204) that Kendall approached Vice President Nixon in Moscow on July 24, 1959: "I'm in trouble. I need some help. I've got to get a Pepsi into [Soviet Premier Nikita] Krushchev's hands." Nixon, who was to lead Krushchev around the exhibition the next day replied, "Don't worry. I'll bring him by."

Thus the subtle use of government and public relations yielded a landmark publicity coup. Upon Nixon and Krushchev's

arrival at the Pepsi exhibit, samples were handed to the them and their entourage who included Leonid Brezhnev. Kendall, perhaps more of a showman than a salesman, held a bottle of Pepsi with the label facing the photographers. "Mr. Krushchev himself on July 24, 1959, in the glare of international publicity, visited the Pepsi-Cola kiosk and quaffed several cupfuls, pronouncing them (in Russian) "very refreshing" (Martin 1962, 109). That photograph, with Nixon and Krushchev at the exhibit and drinking Pepsi was carried in newspapers around the world (Finder 1983, 205; Louis and Yazijian 1980, 192; Miller 1962, 110; Pepsi-Cola International 1987, 1990a).

This event boosted Kendall's career with Pepsi and enhanced his reputation in international business and industry. In 1963, Kendall replaced Barnet as President and Chief Executive Officer of Pepsi-Cola Company. And in 1965, he was named President and Chief Executive Officer of PepsiCo, Inc., a newly formed organization by way of a merger between Pepsi and the Frito-Lay Company (PepsiCo, Inc. N.d.) The year 1965 was also marked by Pepsi gaining the status of being the first American product to be produced and sold in Eastern Europe (Pepsi-Cola International 1990b). Pepsi also participated in the "IMPRODMAS 67" trade fair in Moscow, giving the Soviets still another taste of Pepsi (Pepsi-Cola International 1987, 1990a).

Detente was starting to take hold. President Nixon decided to send a Commerce Department Team to Moscow in November 1971. Kendall, having taken Nixon's seat on the board of Investor Diversified Services in 1968 (Louis and Yazijian 1980, 208), was to be one of the leaders of the Business International conference in Moscow. In preparing for his trip, Kendall had many talks with former ambassador to the Soviet Union, Llewellyn Thompson. At this point, Kendall began serious negotiations with Soviet Prime Minister Aleksei Kosygin to bring Pepsi into the USSR (Pepsi-Cola International 1990a). While the Moscow Fair publicity event gained significant prestige for Pepsi, on the surface it appeared to be just that -- a public relations event. Pepsi took time to develop the possibility of importing the soft drink into the Soviet Union. Then as it is today, the non-convertibility of the ruble, trade constraints, and US and USSR foreign policy complicated trade arrangements. To assist Kendall's negotiating strategy, it was "Thompson [who] suggested to Kendall the idea of trading Pepsi-Cola for Soviet Vodka" (Finder 1983, 208).

The landmark announcement came two weeks after the Presidential election in November 1972. Kendall signed a ten year countertrade agreement to export Pepsi concentrate to the Soviet Union in exchange for exclusive import and distribution rights for "Stolichnaya" vodka, "Nazdrovya" champagne, and other domestically produced Soviet wines and brandy to the United States (Bralove 1972; "To Russia with Pepsi" 1974). This agreement made Pepsi the first Western consumer product to be produced and sold in the USSR (Pepsi-Cola International 1990a).

During the next five years, the Soviet Union, through its Soyuzplodoimport foreign trading organization, would purchase Pepsi concentrate for dollars on a liter-per-liter basis. Pepsi also agreed to modify an existing Soviet plant which produced its own domestic carbonated fruit drinks under the brand names of "Sayany" and "Baikal" (Bralove 1972) and construct new plants to carbonate and bottle the Pepsi concentrate. On April 5, 1972, PepsiCo had announced the acquisition of a wine and liquor importer, Monsieur Henri Wines, LTD. This importer would handle the import into the United States the only Soviet produced liquor. Subsequently, in 1977, Monsieur Henri Wines, LTD. was sold to a group of private investors, but would continue import operations on behalf of PepsiCo Wines & Spirits International.

This agreement virtually blocked Pepsi's major competitor, Coca-Cola, from entering the USSR market. Kendall's close knit relationship with Nixon during the 1960s carried overtones of "special interest" intervention by the now President-elect. In essence, this trade agreement created a monopoly in the Soviet Union and restricted trade by other cola soft drink producers. In 1974, Senator Adlai Stevenson during a Senate Banking Committee hearing was questioned as to the extent of Nixon's intervention on behalf of Pepsi. Both Nixon and Kendall denied any impropriety in the transaction (Bralove 1972; Louis and Yazijian 1980, 206; Simurda 1989b).

All in all, Soviet Premier Leonid Brezhnev was present in May 1974 when the first bottle of Pepsi came off the line at the new bottling plant in Novorossisk, USSR. This would be the first of some 23 new plants to be opened to date. Marking the occasion, Kendall, the co-chairman of Soviet-American Trade Council, had arranged for nine members of the PepsiCo board to visit the plant. Perhaps it would be "the first board meeting held in the Soviet Union by a US corporation" (Pepsi-Cola International 1990a; "To Russia With Pepsi" 1974) The members of the Board of Directors included T. Vincent Learson, former chairman of IBM; James R. Roche, former chairman of General Motors, George Champion, former Chairman of Chase Manhattan, and Herman W. Lay, former chairman of Frito-Lay, Inc. ("To Russia With Pepsi" 1974). Later in 1974, Pepsi agreed to build a second plant in Evpatroia, doubling production output.

PEPSI'S SOVIET GENERATION

"Consumer culture is not the spontaneous expression of an indigenous people, but the artificial self-serving imposition of the corporate imagination. At its worst, consumerism can displace local tradition and history" (Louis and Yazijian 1980, 191). And so Pepsi's introduction of Western concepts of advertising and promotion began to have its effect in the USSR.

Marketing Pepsi in the Soviet Union would be completely different from the tactics used in any other foreign country. Richard Norton, PepsiCo Vice President for Eastern Europe

reflected, "We found ourselves going back to the marketing strategies of the 30s...a time when marketing was based largely on the distribution and sales network you built up rather than on media blitzes" (Parks 1988).

Typically, Pepsi would be restricted to a limited delivery area, primarily due to production capacity and trucking distances. As with most foreign products, even today, availability is generally limited to what are referred to as "showcase" cities: Moscow, Kiev, Leningrad, among others. The Novorossisk plant was located on the Black Sea, a major resort area. From the onset in 1972, Kendall never ruled out the possibility of using media -- television advertising -- to stimulate demand and brand name recognition.

However, media exposure was generated via sports marketing and sponsorship. Spectator sports, such as soccer, gymnastics, ice hockey offered the best combination of media exposure and consumer access to buy Pepsi. A network of seventy-three red, white and blue Pepsi kiosks dotted Moscow. These were primarily located near public transportation stops and entrances. The Pepsi soft drink would also be made available in restaurants and grocery stores. Essentially, all Pepsi had to do was open a plant, distribute to a city and it would sell itself. In part, by the sheer novelty of being an American soft drink, initial sales would be ensured.

IT'S FANTA-STIC TIME!

While Pepsi was involved with continuing its expansion in the Soviet Union, The Coca-Cola Company was pursuing another avenue of access to the USSR soft drink market. The Pepsi agreement with the Soviet Union only covered cola soft drinks. And just as President Nixon had enhanced Pepsi's relationship with the Soviet Union, so did its aftermath for the Coca-Cola Company.

Coincidentally, in June 1974 on the eve of Nixon's second summit meeting in Moscow, Coca-Cola signed an agreement of cooperation with the USSR State Committee for Science and Technology (Louis and Yazijian 1980, 290-291). And under President Carter's administration in 1978, Coca-Cola announced the extension of its 1974 agreement which would permit its orange drink "Fanta" to be sold in the USSR. The first bottling plant was opened and dedicated in August 1979.

To add to Pepsi's concerns, President Carter imposed a boycott of the 1980 Moscow Olympics. And while Pepsi decided to comply with the President's request, the Soviet Union and Coca-Cola were seeking to rescind the "cola exclusivity" binder held by Pepsi. Although Coca-Cola also honored the boycott of the Olympics, it was not before stock-piling the Coca-Cola soft drink in Moscow. The Coca-Cola Company had been a sponsor of the Olympic Games since 1928, and considered its continued

sponsorship "beyond the exclusivity of the agreement between Pepsi and the USSR" (Louis and Yazijian 1980, 290-291). Finder (1983, 294) also noted that the Coca-Cola Company did not boycott the Olympics.

COLD COLAS IN A HOT MARKET

In comparison to the past, the 1980s Soviet consumer market would be exposed to a number of Pepsi "firsts." President Reagan and President Gorbachev began to shift toward a warming trend in foreign policy, trade and commerce.

Before 1984, Pepsi did not face any competition in the Soviet market. Then, in 1985, Coca-Cola had entered so-called Kendall territory (I'm Bad, Comrade 1988). On May 21, 1985 PepsiCo announced an expanded multi-year trade agreement with the Soviet Union. This would add new plants to the fourteen Soviet owned bottling plants currently in operation and provide for other soft drink sales. "Fiesta," a lemon soft drink was introduced in 1985. The Soviet Union's first consumer sales promotion event was held in Tallin during which time consumer redeemed "crowns" for Pepsi T-shirts and beach balls (Pepsi-Cola International 1987).

Pepsi's fifteenth Soviet plant opened in 1986, and the company began advertising on television. As a sponsor of the Goodwill Games, Soviet consumers got their first look at Pepsi produced commercials -- the first brand advertising commercials (dubbed in Russian) to air on Soviet television. Other sponsorships included the Moscow Film Festival, The Pepsi Trivial Pursuit game show, The World Music Video Awards, and Marathon 15 (Pepsi-Cola International 1987; Wentz 1989). According to Anna Nervobig, a manager in the Public Affairs office at Pepsi-Cola International, Pepsi's advertising on television or radio was generally limited to special promotions or events. There are no advertising campaign plans or media schedules used for the Soviet Union market (Nervobig 1990).

In keeping with Kendall's vision from 1972, Pepsi had extended media exposure beyond just sports sponsorship to airing television spots. It was also during 1986 that transit advertising -- placards on the outside of buses and trolleys -- began to appear in Moscow and Kiev. Limited Western style billboards were used, however, they were produced outside of the Soviet Union and imported for display. The only consistent form of advertising are the Pepsi kiosks.

TOWARD THE TURN OF THE CENTURY

In 1986, Kendall retired as chairman of PepsiCo and was appointed to the position of chairman of the executive committee. In 1988, PepsiCo signed a letter of intent to extend the trade agreement through the year 2000. Kendall projected opening an

additional twenty-eight plants by 1995 (Simurda 1989a). Now the Soviet consumer was offered a greater opportunity to make a choice: Coca-Cola's "Coke" or "Fanta"; Pepsi's "Pepsi", "Fiesta" or new orange drink, "Tanez". However, according to Neil Upmeyer, a Gallup pollster, "...the concept of brand choice is unfamiliar to many Soviets..." (Lancher 1989).

Through Global American TV, a company that has done co-production with Soviet television, Pepsi was the first to air paid commercial spots featuring Michael Jackson in the Soviet Union. Five 60-second spots aired from May 17-19, 1988 during the five part program "Pozner in America." The ten minute schedule cost was \$20,000 per minute (Lancher, 1989; Pepsi-Cola International N.d.c, 1988, 1990a,; Simurda 1989b). Pepsi's next bold move was to produce a television commercial in the Soviet Union. Their advertising agency of record, BBDO, in conjunction with Petermann-Dektor productions, filmed the "Glasnost" spot on location in Moscow. Soviet teenagers demonstrated that they had much in common with American teens. The "slice of life" format had the actors speak in Russian, and English sub-titles were added. The spot was scheduled to air during the 1990 Super Bowl (Eisenberg 1988; Pepsi-Cola International 1990a).

Perhaps the most notable of Pepsi's cross-cultural television advertising endeavors was the airing of the Michael Jackson spot, originally produced in conjunction with the Jackson's US Victory Tour in 1984. The spot featured a translated slogan superimposed in Cyrillic letters: "The New Generation chooses Pepsi" ("I'm Bad, Comrade" 1988).

The Jackson spot, just as "Glasnost," may have been a naive rather than a bold move for Pepsi. First, Pepsi neglected to take into account the deficient nature of so-called "advertising" in the Soviet Union. According to Pavel Korchagin, producer with Gostelradio, the USSR state television agency, "Soviet citizens aren't use to the Western sales pitch, and they view the ads as good art" (Lancher 1989b). Soviets, in general, are cynical about the advertising they see and hear. Well, Michael Jackson may not even have been considered good art.

Secondly, Lynn Visson, US translator for the first paid commercial on Soviet television noted that teenagers encounter a lot of cultural barriers to liking Michael Jackson. His music is very available and "the kids really think he looks like a child....They don't even understand the words. They just like the beat" (Cutler 1988). Eastern bloc rock 'n' music is relatively available in the Soviet Union. The impact of using an American celebrity endorser is not very great. Most of the "rock videos" aired on Channel One in Moscow are by local groups and those from Eastern and Western Europe.

Third, Jackson like other rock musicians and their music symbolizes rebellion. While the image of the new Pepsi generation in the United States is perfectly acceptable and in tune with the American youth culture, rebellion at this time, was

and remains unacceptable teenage behavior within the Soviet culture. Pepsi appears to have desensitized itself from the Soviet Union which was very evident during the many years of negotiations. Trying to be "first" may push Pepsi to the back of the line.

The signing of the 1990 agreement to extend trade through the year 2000 will give Pepsi the opportunity to make a lucrative \$3 billion from contracted sales. Pepsi will double the number of bottling plants to fifty in the Soviet Union and increase shipments of the Stolichnaya vodka to the United States. This expansion will be financed in part by the sale or lease of at least ten Soviet built freighters and tankers ("Ship Me a Pepsi, Please!" 1990). Pepsi also opened two Pizza Hut outlets in Moscow during September, 1990.

In many ways, Pepsi's bold moves into foreign markets can be attributed to the foresight of Bradham, Guth, and Kendall. Bradham looked north to Canada, and then south to Mexico, establishing proprietary rights for Pepsi in the North American continent. Guth subsequently reaffirmed Pepsi's position in North America and expanded across the waters to Cuba, the Near East among others, and inadvertently the Soviet Union. Guth appeared to be determined to secure Pepsi's soft drink position worldwide. However, it was not until Kendall who took the forerunner position in reaching a barter agreement with the Soviet Union. Perhaps it was more a matter of luck and close relationships with political power brokers that actually cracked the "cold war" on trade.

In each case, these individuals contributed their insight, experience and perseverance to help make Pepsi the first Western soft drink the USSR. Today, while continuing to face competition in the consumer market and in the international spotlight, PepsiCo Inc. forges ahead with Donald Kendall's vision: increased trade and economic relations with the Soviet Union.

* "Pepsi," "Pepsi-Cola," among other product names are registered trademarks and brandmarks of Pepsi-Cola USA and Pepsi-Cola International -- subsidiaries of PepsiCo, Incorporated.

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