

Mountain Dew Case Study

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Abstract

From its roots in the hills of Tennessee to its current affiliation with extreme sports, Mountain Dew has emerged as the second most valuable citrus soft drink brand due to its forward-thinking approach to branding. Mountain Dew used “cultural branding” where the target audiences lay the foundation for the brand’s identity. That translates to a brand that can be identified with extreme sports enthusiasts, racing fans, and video gamers alike. This affiliation was built through sponsorships like those of the X Games and NASCAR, and partnerships with video games like Halo that resonated far beyond their industry. While initially seen as risky, these strategic relationships have helped Mountain Dew establish an identity that connects with a young, energetic crowd and have led to incredible success within its citrus-flavored category.

III. Company Profile

Mountain Dew is a citrus-flavored beverage that was originally developed by brothers Barney and Ally Hartman to be a mixer (Stanford, 2012). After partnering up with soda bottler Charles Gordon, the brothers began bottling Mountain Dew in 1945 at the Tri-City Beverage Company in Johnson City, TN. “Mountain Dew” has long been slang for moonshine and the beverage maintained that connection even after being purchased by PepsiCo in 1964 and seeing its distribution expand across the country (Lee, 2010, p. 164). There was only one variation of Mountain Dew until 1988 when Diet Mountain Dew was introduced (Smith, 2006, p. 188). Over 30 varieties of the beverage have been offered since then in both diet and caffeine-free forms and with flavors ranging from sour grape to tropical lime. Many of the flavors have since been discontinued. Mountain Dew’s current lineup has 15 flavors that vary by region or by time of year (e.g. Game Fuel is only available in the spring and fall).

The same year it launched its first successful flavor – Code Red in 2001 – Mountain Dew also entered the energy drink industry with its line of AMP products. Despite the release of several new flavors in 2007 and 2008, product sales have slipped in recent years to the point where AMP is fourth in the U.S. energy drink industry (Bouckley, 2014). Mountain Dew launched a “breakfast beverage” in 2013 called Kickstart in cherry and orange flavors after learning through market research that its customers were looking for a caffeinated alternative to coffee and tea that was mildly healthy (King, 2013). The product line added black cherry and limeade flavors in 2014. While similar attempts by other companies have failed, Kickstart “has generated more than \$100 million in sales in its first year” (Watson, 2013).

PepsiCo has built Mountain Dew into the most popular non-cola soft drink in the U.S. thanks to its popularity in the Midwest and the Southeast. The brand’s target demographic is 18-

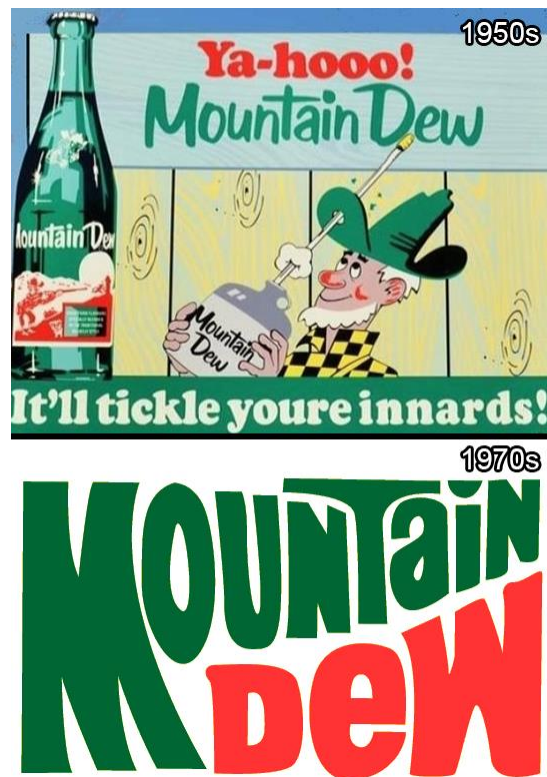
to 24-year-old males and 80 percent of its customers are white. The drink's heaviest saturation is a swath that runs from North Dakota east to Virginia and swings back around to Arkansas. The southern U.S. border from California to Louisiana is where sales are the weakest. Efforts are being made to broaden the drink's appeal to young black and Latino males as the desired 18- to 24-year-old sector becomes more diverse (Stanford, 2013).

IV. Business Situation

Mountain Dew's popularity increased in the 1940s and 50s due to a deliberate association with moonshine, from which the drink's moniker originated. Early designs on signs and bottles included "Willie the Hillbilly." Names of bottlers, cities, and sellers were included beneath the Mountain Dew name to make each bottle seem like illegally cooked moonshine. A cartoon hillbilly named Clem replaced Willy in the commercials after PepsiCo bought Mountain Dew in 1964 (Lee, 2010, p. 166). The drink's first slogan was "Ya-Hoo! Mountain Dew. It'll tickle your innards" (Stanford, 2013). Every facet of Mountain Dew's identity was connected to moonshine in some way. According to Holt (2003), PepsiCo used this connection to begin building the myth of Mountain Dew as a drink for rebels. World War II had replaced man's rugged individualism with the image of a compliant corporate employee who raised his nuclear family in the suburbs. Clem's animalistic nature was in direct contrast to that image. He shot his rifle at his enemies and planted kisses on pretty ladies after gulping down Mountain Dew from a jug. PepsiCo's corporate mascot represented danger and helped build the myth around Mountain Dew.

This myth served the company well up until the 1970s when the appeal of moonshine began to die down and television began to take off as an advertising medium. Young people had more disposable income than ever before. PepsiCo had to decide how to transition its brand away from its country roots toward an image that better connected with those coveted youngsters. The

answer was found in the popularity of shows like *The Dukes of Hazzard* and Southern rock bands like Lynard Skynyrd and the Charlie Daniels Band. A new “Country Cool” theme was born with slogans like “Doin It Country Cool” and by the middle of the decade, Mountain Dew’s hillbilly images were replaced with new logos from this campaign (Lee, 2010, p. 166).



Top: (“Mountain Dew Yahoooooo,” 2013)

Bottom: (“MountainDew-70s.png,” 2010)

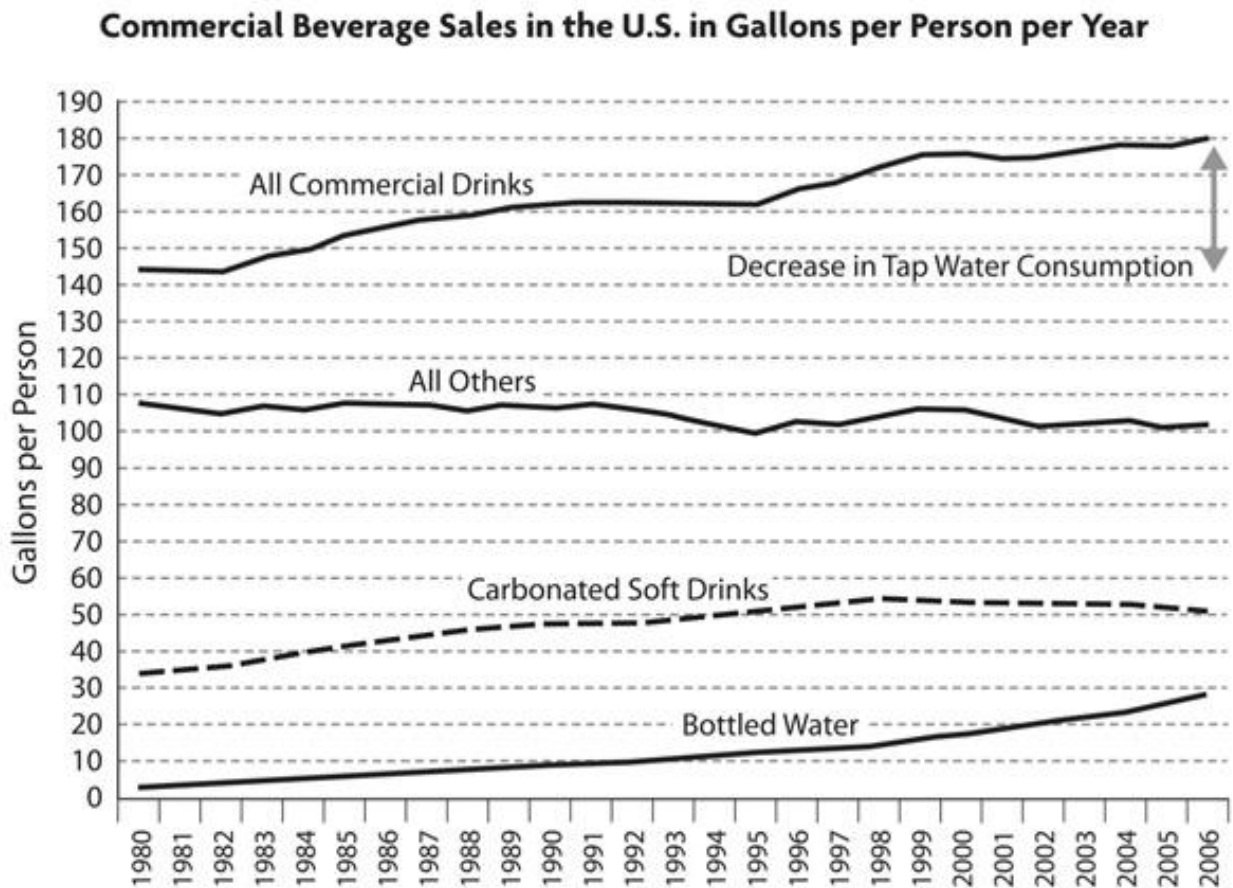
Although Mountain Dew was extremely popular in the rural areas of the Midwest and Southeast, PepsiCo needed the brand to gain traction in the suburbs. “Country Cool” targeted young people who enjoyed the outdoors and needed the caffeine Mountain Dew provided in order to do so. The challenge for Mountain Dew was establishing a new identity after relying on the hillbilly and moonshine associations for decades. As the “Country Cool” campaign took off, commercials featured a bizarre mix of young people engaging in rural and suburban activities at the same time. In one commercial, a man rode a skateboard wearing a cowboy hat while another

man without a cowboy hat rode a skateboard past a tractor. In another commercial, people were water-skiing behind horses running in shallow lake water. It was clear from the campaign's focus and various taglines that Mountain Dew wanted to break into different markets with a more youthful brand identity. The clash of rural and suburban lifestyles in their ads suggests the company struggled during this time to fully embrace such change. In retrospect this period bridged Mountain Dew's early days with its current identity through an awkward merging of the brand's rebellious hillbilly roots and its youthful, action-oriented future.

Somewhat remarkably, the "Country Cool" image worked at increasing Mountain Dew sales during a pivotal time for PepsiCo. The 1980s were marked by the "Cola Wars" happening between Coca-Cola, which had long been the leading cola brand worldwide, and Pepsi, which historically has trailed both Coke and Diet Coke in sales. Pepsi took aim at its rival in a series of "Pepsi vs. Coke" commercials and through the Pepsi Challenge, where random people were given a choice between Pepsi and Coke in a blind taste test. This taste test ran from 1975 until 2010 and actually served to close Coca-Cola's lead over Pepsi. When Pepsi began selling better than Coca-Cola in supermarkets, the cola giant began running taste tests of its own to create a sweeter cola. The result was New Coke, a disaster so colossal that over 400,000 letters of complaint poured into the company's headquarters (Yglesias, 2013). Coca-Cola never lost its lead to Pepsi in spite of such a huge misfire. The soft drink industry was fiercely competitive in the 1970s and 80s. Pepsi's tactics and Coca-Cola's response are evidence of that.

Attitudes toward health were also changing in the 1980s. The USDA and the Department of Health and Human Services released the "Dietary Guidelines for Americans" in 1980. This report advised Americans to eat a variety of foods, maintain an ideal weight, and avoid too much fat, among other recommendations. The obesity rate climbed eight points in the second half of

the decade and continued rising to the current rate of 35 percent. (Palfreman, 2004). Suddenly, drinks loaded with sugar didn't seem as appealing to Americans who were confronted with new and compelling health information. In response, Diet Mountain Dew was introduced in 1988 as the first variation of the citrus-flavored soda. (Caffeine Free Mountain Dew was introduced in 1976 but this version of the drink tasted the same as the original and therefore wasn't a true variation.) Spurred by the obesity epidemic and the introduction of diet sodas (for those seeking a healthier alternative), soft drink sales trended upward through the 1980s and 90s, culminating in a peak in 1999 of around 55 gallons consumed annually per person (Gleick, 2010).



The increase in beverage sales has led to a decrease in tap water consumption. (Data from the U.S. Department of Agriculture Economic Research Service.)

(Gleick, 2010)

V. Branding Strategy

Mountain Dew was ready for a new brand identity as the 1990s reached its midpoint and soft drink sales reached record highs. The “Country Cool” campaign had run its course and provided Mountain Dew with a target audience that was worth further pursuit. The challenge was finding a way to connect with the active 18- to 24-year-old crowd in a way that would allow Mountain Dew to define its industry and begin building a brand with a clear identity. It was through extreme sports that Mountain Dew found its path to brand dominance. What started in 1993 with commercials featuring extreme activities like sky surfing and bungee jumping crested in 1995 when Mountain Dew became a sponsor of the inaugural X Games. The world of extreme sports wasn’t yet mainstream and many saw this move as a gamble for Mountain Dew.

But instead of shrinking away from such a risk, the company went all in on its new brand identity by becoming the title sponsor of the Dew Tour, an extreme sports competition started in 2005, and an amateur skateboarding competition called the Free Flow Tour, which began in 2002. Mountain Dew also sponsored a series of snowboard and ski races called the Vertical Challenge, produced the wide-release motion picture *First Descent* through its marketing arm MD Films, and supported the basketball community through sponsorships of the And 1 Mix Tape Tour and Mountain Dew Street Hoops. Proving they have an eye for emerging talent, the company sponsored famous snowboarder Shawn White when he was just 16 years old. If that wasn’t enough, Mountain Dew broke into NASCAR in the biggest way possible by signing Dale Earnhardt Jr. to a sponsorship deal through its AMP line of products in 2007.

Cultural branding helped guide Mountain Dew through its major transformations as a brand. Mountain Dew allowed its target audiences to lay the foundation for its identity. The company also utilized myth marketing to great success. The early days saw the hillbilly myth

used to brand Mountain Dew as the drink of rebels. “Country Cool” was an attempt to reach a more active, youthful crowd through the merging of rural and suburban lifestyles. Finally, the company embraced the “extreme” ethos by aligning itself with extreme sports and highly visible athletes like Dale Earnhardt Jr. and Shawn White. Mountain Dew made “Do the Dew” its new slogan in 1993 and the phrase soon became synonymous with the extreme activities embraced by the company’s youthful target audience. Aligning itself with a more “active lifestyle” helped Mountain Dew discover its true values, described by a company executive as “individuality, a slight irreverence, and living life to the fullest” (Lee, 2010, pp. 166-168).

The four years since Lee published “Branded” have seen Mountain Dew embrace its extreme identity even more completely while also refining its brand strategy and engaging consumers in groundbreaking new ways. The biggest shift for Mountain Dew occurred in the summer of 2013 when they launched a new content hub called Green Label. This website was the evolution of the company’s Green Label initiative that had been running since 2007. It replaced several websites and a YouTube channel that PepsiCo had been using to host content for Mountain Dew across the web. Jamal Henderson, senior product manager for Mountain Dew, said the change was made to bring the brand more in line with what consumers expect online:

Millennials don't think of art, music, fashion and other interests in a siloed fashion.

They're all interconnected from a passion point standpoint. We still have a great dotcom; but when you think about repeat visitors and an ongoing dialog, it's a change from campaign-based marketing to always on. (Kuchinskas, 2013).

This always-on hub features content in the areas of sound, action, art, style, places, and gaming. The site has seen enough traffic that it now runs select ads from outside companies. Henderson’s mention of “millennials” informs the company’s aforementioned efforts to reach a

more diverse customer base. The new “This is How We Do” campaign features celebrities like rapper Lil Wayne and skateboarder Paul Rodriguez encouraging fans to do what they love. The company hopes this message will help Mountain Dew create new consumers in urban centers such as New York, Miami, Los Angeles, and New Orleans that lie outside their well-established markets in the Midwest and Southeast. The challenge for Mountain Dew becomes holding on to its existing customers (80 percent of whom are white) while attracting more consumers from the exploding Hispanic and African American demographics. Vice president of marketing for Mountain Dew Brett O’Brien summed up his company’s challenge when he said: “Our biggest opportunities are in those areas with the highest concentration of consumers who probably haven’t heard the Dew message as focused as we could have” (Stanford, 2013).

The “Dew message” is not just found on the Green Label website or through ongoing sponsorships of the X Games and NASCAR. It’s evident in the way Mountain Dew allows its consumers to shape the company’s future. Fans had the chance to vote for two new flavors of Mountain Dew in 2007 and 2009 through “DEWmocracy” campaigns. The winners – Voltage in 2007 and White Out in 2009 – were selected through online voting methods that ranged from a game in 2007 to website and social media voting in 2009. Mountain Dew revived this method of fan participation in 2010 with a “FanDEWmonium” campaign that pitted eight future diet flavors against each other. Unlike the two “DEWmocracy” winners, the triumphant beverage from this campaign (Diet Supernova) was discontinued shortly after hitting shelves due to poor sales. One final fan contest brought an end to Mountain Dew’s unique brand of outreach. When 4chan users hijacked the “Dub the Dew” contest in 2012 with names like “Hitler did nothing wrong” and “Diabeetus,” Mountain Dew shut down the competition and shelved the new flavor. In spite of how the later fan contests flamed out, O’Brien saw “DEWmocracy” as a huge success:

The program itself has certainly helped increase our social networking presence.

Mountain Dew already had a very vocal, very passionate audience well before all of the "DEWmocracy" stuff. With "DEWmocracy 2", you started to see a great deal of people feel like they could have a say in the direction of the brand, now that their voices meant something. You saw a great increase in traction on Facebook and we had an almost 800,000 fans increase from the time we started the program in June 2009 until today, where we are at 920,000 Facebook fans. And honestly, what I think has driven that has been word-of-mouth and enthusiasm for the brand. (Wong, 2010).

The final noteworthy aspect of Mountain Dew's recent branding efforts is its alignment with video gamers. In addition to sponsoring independent game developers and popular gaming conventions like the Independent Games Festival, Mountain Dew has long associated itself with the biggest video game releases of the year through its Game Fuel beverage. This variation comes with extra sugar and more caffeine to help keep gamers awake so they can play longer. Game Fuel has been released intermittently since 2009 to correspond with the launch of mega games like Halo, Call of Duty, and World of Warcraft. These blockbuster titles are the biggest events in entertainment each year. The release of Halo 4 generated \$220 million in worldwide sales on the first day alone. Mountain Dew's existing support of the gaming industry makes it a perfect partner for such massive events. By committing to the gaming industry like it did the extreme sports industry, Mountain Dew is now woven into the very fabric of video gaming.

VI. Results

There is no way to call Mountain Dew's branding efforts anything other than a resounding success. This soft drink emerged from the hills of Tennessee to become the most popular non-cola soft drink in the world. With a 6.9 percent market share of the U.S. soft drink

industry (Sicher, 2014) and a brand value of \$2.3 billion (Cheung et al., 2014), Mountain Dew has established itself as an industry giant. Lee (2010) called the company's success "truly remarkable" and asserted they've established "a model that many companies want to follow" (p. 168). Even so, Mountain Dew has stumbled recently in its brand-building efforts. The aforementioned "FanDEWmonium" and "Dub the Dew" contests were embarrassing failures for a company that should have known better. In May 2013, the company took serious heat for what one social commentator called "the most racist commercial in history" (Heine, 2013). The notorious commercial featured a battered woman on crutches trying to pick out her attacker from a lineup of African American men and a goat named Felicia. The goat taunts the woman with "gangster" phrases including "snitches get stitches, fool." The video, which was created in collaboration with musician Tyler, the Creator, was removed from YouTube after a wave of backlash. In the months following this controversy, Mountain Dew's "This is How We Do" campaign, aimed at diversity, launched. The lack of social awareness, proper planning, and truly unfortunate timing were uncharacteristic for a company with such savvy marketing.

Mountain Dew has achieved success in large part because of its commitment to a singular vision. The resulting brand identity is distinctive and well-defined. It is therefore surprising that it took Mountain Dew until 2013 to target a more diverse group of consumers. For all its success with the "extreme" crowd, the company has failed to gain traction in urban areas and has actually lost ground to rival Sprite in these territories. As the American youth becomes more diverse, the success of "This is How We Do" and similar campaigns will determine the company's long-term staying power. Mountain Dew's future plans must also include innovation, supporting the brand, and creating new experiences. The company must overcome health concerns surrounding the soft drink industry to deliver innovative options like its Kickstart breakfast beverage. Transmedia

campaigns will help develop deeper brand connections with consumers and reinforce positive memories people have about Mountain Dew. Most importantly, the company must create new experiences for fans: “Drinking involves more than quenching thirst and enjoying taste. The experience consumers have as they drink a beverage also influences their feelings about the brand” (Cheung et al., 2014, p. 90). Mountain Dew must demonstrate a commitment to these areas in addition to broadening its consumer base if the company hopes to maintain relevancy over the next decade. Given the commitment the company has shown throughout its history to its unique vision, there’s no reason to think that Mountain Dew won’t find success going forward.

VII. Key Takeaways

Studying Mountain Dew reveals a commitment to content. If there’s one principle that most applies to brand building in 2014, it’s content creation. The Green Label content hub is proof that Mountain Dew understands the marketing landscape and the expectations of modern consumers. We live in a world of paid, owned, and earned media where “owned” is the most important part of the equation. The content Mountain Dew creates goes beyond its content hub, too. The entire Dew Tour generates storylines, videos, photos, and social media content. When a snowboarding highlight clip from the Dew Tour goes viral, Mountain Dew isn’t just generating earned media with that content. It’s reinforcing its brand image millions of times over. Anyone who watches that clip makes either a conscious or unconscious connection between Mountain Dew and extreme sports. On the product side, the winning “DEWmocracy” flavors Voltage and White Out are the result of earned media. It’s remarkable that online votes and input on social media twice manifested in the form of new Mountain Dew flavors. But that demonstrates the ingenious content strategy that Mountain Dew has utilized to transform itself from a citrus mixer with ties to moonshine into the world’s bestselling citrus-flavored soft drink.

Lee (2010) makes a compelling case that Mountain Dew used myth marketing to its advantage while refining its brand (p. 168). The hillbilly imagery represented the savage side of man that was stamped out following World War II (Holt, 2003). “Do the Dew” became a battle cry for consumers who were young in spirit and enjoyed taking things to the extreme. During its history Mountain Dew has woven these cultural characteristics into the fabric of its brand. The company understood from the outset the importance of identifying target consumers and building a brand meant for them. There’s a reason other companies seek to emulate the model Mountain Dew has created – it works. In studying the company’s history, it never seemed Mountain Dew lacked direction or focus. Even the awkward “Country Cool” phase bridged the gap between the hillbilly and extreme sports phases. As previously discussed, it was risky for Mountain Dew to attach its company’s future to the success of extreme sports. The company’s tenacity must be applauded independent of the fact its strategy paid off in a huge way.

A final branding concept that Mountain Dew has executed to perfection is strategic sponsorships and partnerships. This has been the company’s biggest strength compared to its competitors within the soft drink industry. In fact, very few brands in any industry have built their identity through sponsor activity better than Mountain Dew. Between the X Games, Dew Tour, Vertical Challenge, And 1 Mix Tape Tour, Street Hoops, NASCAR, Doritos, Taco Bell, and top video games like Halo, Call of Duty, and World of Warcraft, Mountain Dew has carved out its niche with sponsor dollars and not just empty advertisements. They’ve “put their money where their mouth is” to use a colloquialism. Content creation represents the company’s path to continued relevancy with fans. These sponsorships and partnerships represent the company’s calculated and precise journey from the hills of Tennessee to the top of its industry.

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