

## PEPSI TO LAYOFF 8,700



The odds are that most of you are familiar with the products made by the Pepsi Company, or at the very least their flagship product, Pepsi-Cola. The beverage maker has recently announced some very serious job cuts that are going to impact thousands of workers. Earlier in this week the company announced that they will be laying off about 8,700 workers worldwide. The company is attributing the layoffs not to tight profits, but instead as part of a long term plan to add more money to the company's savings and to give a boost to the returns shown to investors in the company. The plan, which will take affect in stages over the next three years, is expected to save the company roughly \$1.5 billion. The job cuts will impact workers in 30 countries. The company said the following about the job cuts in a statement, "This effort includes headcount reductions of about 8,700 employees across 30 countries, about three per cent of the company's global workforce. The productivity programs will enhance the company's cost-competitiveness as well as provide a source of funding for future brand-building and innovation initiatives." In the mean time the company expects to increase its marketing budget by between \$500-600 million in order to grow its brand. While the advertising will be worldwide, but more will be spent on North American markets. The reports for the last fiscal quarter showed that Pepsi reported a profit of \$1.42 billion, which is up from last year \$1.37 billion. For those of you counting that is 89 cents a share, up from about 85 cents a share the same time last year. On the whole the revenue for the company jumped 11% to about \$20.16 billion and the company was able to boast a worldwide volume increase of about 7%. They are, of course, not the only foods maker to layoff in the recent past. Some of you may recall our earlier coverage of the layoffs at Kraft Foods, but for those of you who did not catch it here is **an excerpt** : "Kraft Foods recently made an announcement that they are going to layoff about 1,600 workers from their North American operations. The layoffs are part of a plan by the corporate management to split the company into two different companies. In order to make the split effective the company has to get rid of some serious staff. About 40% of the cuts to the staffing will come from the sales staff in the US and the corporate office. While we do not know the exact date of the layoffs we know that come of the cuts will come to fruition in the next 12 months, as the reorganization comes in to full swing... A large portion of the Kraft business, retail grocery stores and convenience stores, will have their marketing business outsourced two different companies. The snack business for Kraft will be the only part to keep their only in house sales staff. As part of the changes the company will close facilities in Tarrytown N.Y., East Hanover, N.J., and Glenview, Ill, and move those operating to the Chicago area in the next couple of months. The company will, for the time being, keep its office space in Canada."

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