

A Look at PepsiCo's Journey Inside Web3 and the Metaverse

The newest dimensions are critical for CPGs connecting to generations Z and alpha.

By [Shefali Kapadia](#) | June 21, 2023



Courtesy of Frito-Lay North America

CHICAGO — One morning in 2007, Kelly Ripa and Regis Philbin were hosting their TV show on ABC, discussing the debut of the iPhone. Talking on the phone through an iPod? "Ridiculous," was Philbin's conclusion. That bit was comedic then, and it still is now, but for a different reason.

The TV show clip played during a session at the **Retail Innovation Conference and Expo** in Chicago last week and elicited a laugh from attendees, many of whom had iPhones in their laps.

But where smartphones were 15 years ago is a similar place to where Web3 is today. It's an iteration of the internet based on decentralized technologies, such as blockchain, that aren't owned by tech companies.

"Remember that we are in the very, very early days," **Kate Brady**, head of next gen DTC connections and innovation at **PepsiCo**, said during the session on Web3. "Right now, I think, is the best time to just lean in and learn."

CPGs have started to lean into Web3, experimenting with non-fungible tokens and the metaverse. Brady said PepsiCo sees this dimension as critical to connecting with younger demographics.

"They're not watching TV. They're not listening to traditional radio. They're not even watching any social feeds," Brady said. But generations Z and Alpha (born starting around 2010) are "digging in" to Web3.

So, PepsiCo is digging in, too. It stood up a team eight months ago, dedicated to exploring next generation technologies such as Web3. The team includes Web3 developers and strategists, along with "digitally driven PepsiCo natives," as Brady put it, who understand the CPG's complex portfolio and varied brands.

PepsiCo has launched upwards of 20 pilots in the Web3 space, and there's more to come. Brady highlighted a few:

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Gatorade players of the year. Last summer, PepsiCo's **Gatorade** brand commemorated 12 athletes of the year with their own digital collectibles. The CPG sold those collectibles, with proceeds going to the charity Good Sports.

"This was an amazing opportunity for us to start testing the waters," Brady said.

Frito-Lay Pass The Ball Challenge. The CPG launched a gamified sweepstakes, in which players could take a selfie and create an NFT hexagon. That hexagon then became part of a giant mosaic soccer ball. Participation was robust; 100,000 faces ended up on the soccer ball, Brady said.

Cheetos virtual reality. In a Halloween campaign, PepsiCo and its Cheetos brand created a virtual neighborhood called Chesterville. Players could spray cheese dust, known as Cheetle, in the neighborhood. They could also visit a graveyard to see some of **Cheetos'** discontinued flavors and vote to bring back their favorites. (Chipotle Ranch will be resurrected at some point for a brief period," Brady said.)

The Cheetos campaign generated more than 640 million impressions. And many of PepsiCo's pilots have gathered first-party data the company can use to better understand its consumers.

Operating in the latest dimension isn't devoid of challenges, however. "Not to be a Debbie downer ... but there's still a lot that we're trying to work through," Brady said.

The lack of regulation surrounding Web3 makes it difficult to navigate the space. PepsiCo isn't participating in cryptocurrency at the moment, but recent government crackdowns on crypto exchanges make for an uncertain future for the whole space. Money laundering and fraud are also concerns, Brady said.

"Unfortunately, there are a lot of bad actors out there."

Plus, it's very early days for the technology, and firms big and small are still figuring it out. That's one of the reasons Brady hopes more large companies start playing in the virtual world.

"Rising tides lifts all ships — I firmly believe that," she said.

Many CPGs have started to tread into the metaverse. **Heineken** constructed a 10-sided beer can and a brewery existing exclusively in a virtual world. **Molson Coors** opened up a virtual tavern as part of a Super Bowl promotion. **Mondelēz International** debuted its own virtual world known as Oreoverse. The list goes on.

For those who aren't in the Web3 world yet, Brady advised businesses to educate their organizations, partner early with their legal teams and run small pilots.

"The pilots that we're running are not big, expensive pilots. They're small efforts for us to test and learn," Brady said. "The best [key performance indicator] for us is, did we learn something that we can take to the next project? Because that's what we needed to be successful."

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