

News monitored for: Pepsi - Corporate

Businessworld

Editor's Letter

A Big, Bold Experiment

THE INDIAN CONSUMER has an enormous appetite for indigenous salty snacks and beverages. The total salty snacks — *bhujias* and *dalmoth* and various mixtures — market is estimated to be around Rs 14,000 crore, with more than 70 per cent market share being held by unorganised players. The unorganised market for beverages such as *nimbu pani* and fruit-based drinks is worth another Rs 20,000 crore. Apart from carbonated beverages that account for Rs 16,000 crore. Snacks is a fragmented market, and consumers are highly cost conscious. The biggest players are largely regional brands, and none except Haldiram's can be called a national brand.

This is the market that PepsiCo India is targeting with a bold experiment. The company believes this market can be the driver of its growth in future. And that lessons from this market can also form the basis of the company's strategy in other emerging countries. To conquer it, PepsiCo has created what it calls the Value Foods Organisation (VFO). This is in essence a company within the main company; it has its own hierarchies, its own distribution network and its own



product portfolio — which might even compete with other PepsiCo products. Its aim is to target the fastest-growing segment of the population in India and offer them unmatched value in terms of nutrition, price and package size.

Will PepsiCo India succeed in its task?

To compete with local, unbranded players, PepsiCo needs to keep costs low — low overheads, low manufacturing costs, efficient distribution systems, and none of the high-profile branding that its colas and Lay's brand take for granted. Besides, it needs to offer something to make consumers choose its products over those offered by local champions. Correspondent Sun-eera Tandon looks at the way PepsiCo is going about the task — and the hurdles it faces — in our cover story.

Meanwhile, Indian e-tail's poster boys are facing a huge problem that can derail the entire industry. Delivery logistics are becoming the biggest bugbear for the industry as it struggles to fulfil orders. Traditional logistics companies are, in most cases, unable or unwilling to meet the needs of the e-tail industry. Turn to page 44 to understand all the issues.

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