

News monitored for: Frito Lay - Corporate

A Retailer is the Best 15-minute MBA You Can Get: Shivakumar

On a market visit, PepsiCo India chief tells his execs to disrupt status quo in market & find customised solutions

RATNA BHUSHAN
CHANDIGARH

At a small, non-descript grocery store in downtown Chandigarh, PepsiCo India chairman and CEO D Shivakumar asked the 40-something lady running the shop: "Is there anything we can do better?"

"Give us better discounts," she said without any hesitation, although she was reluctant to accept money from the new boss of the beverage and snacks maker for the soft drink he had picked up.

ET joined Shivakumar as he led a team of PepsiCo executives on a day-long market visit across Chandigarh, interacting with retailers and consumers and giving away doses of marketing insights that shed light on how he plans to address the key challenges of growing markets and keeping prices low without compromising on profitability.

At another grocery store down the road on Sector 47 C, for example, the team spotted birthday caps stashed away in a corner. The retailer explained they cater and supply homemade snacks for kids' birthday parties. "So we should try bundling Tropicana juices with Lays chips and selling them as birthday packages," Shivakumar told his team, urging them to look for customised solutions to drive consumption.

"A retailer is the best 15-minute MBA you can get," he told the eight executives — which included a management trainee as well as the beverages unit manager for Punjab, Haryana and Himachal Pradesh, advising them to find customised solutions for retailers and always maintain personal touch with them.

"Disaggregate the business model and think different," he said and urged them to focus on disrupting the status quo of the market before competition does it, to drive consumption.

Shivakumar, who has headed handset maker Nokia and electronics firm Philips in India, took charge at PepsiCo India in December and has launched a distinct effort to connect with the team, being the first outsider to head the firm's combined

Shivakumar's Mantra

Some marketing tips that PepsiCo chief offered to his team

- ▶ **Disrupt the status quo** before competition in a slowing growth & intensely competitive environment
- ▶ **Explore business models** to serve consumers directly
- ▶ **Customise solutions** for retailers



Praveen Kumar

- ▶ **Don't lose personal touch** with retailers

Use modern trade as your lab... keep experimenting all the time

beverages and snacks business.

How does he plan to take on the firm's biggest challenge of growing the fizzy drinks market amidst a slowdown and intense competition from archrival Coca-Cola? He drives the business as a daily market share game. He has told his team to segment distribution, explore direct supply to consumers for large packs, try innovative ideas every week in modern trade if needed and pull out a scheme if it's not working, and look for opportunities to bundle products.

A beverages industry veteran said PepsiCo is looking for new channels to boost distribution and consumption.

Early monsoons last year and weak consumer sentiment have slowed down growth in the soft drinks market. Also, rival Coca-Cola has launched a price war by pushing brand Coke at a price point of ₹8.

To counter this, Shivakumar has told his team to try out business models such as serving the consumer directly in cities such as Chandigarh, which is among India's top three cities in per capita income.

It sounds like an unusual thing for a grocery brand to do, but Mukesh Mittal of

Grace Drinks, one of PepsiCo's two distributors in Chandigarh, said, "Campa Cola used to supply directly to consumers in the city many years ago."

What helps is that Chandigarh is a small, planned city, making transporting fast and comparatively low cost. Also, here, large packs of Lay's, Kurkure at ₹20 and above, and 2-litre bottles of Pepsi and Mountain Dew outsell smaller packs.

Shivakumar and his team had at least one takeaway from almost every retailer visit they made on the day.

At Bansal Provision Store, one of the city's leading department stores with sales of ₹30 lakh a month, its promoter said, "I can't name any grocery category that has made sales skyrocket in the last one year. Innovations are happening but nothing so cutting-edge." He, however, added that health consciousness has started playing a key role in dictating consumer choices.

At the Big Bazaar outlet at the plush Elante Mall, almost every brand is doing some promotion or the other. Here, Shivakumar told his team to try out new ideas every week, if required. "Use modern trade as your lab...keep experimenting all the time," he said.

ratna.bhushan@timesgroup.com