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Pepsi India Gets a Leader with a 'Fighting Instinct'

Shivakumar makes strong comeback, ending a brief spell in wilderness after quitting Nokia

ET PROFILE

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Last month, D Shivakumar, who had not taken any assignment after quitting as Nokia's managing director in June, met PepsiCo chairman and chief executive Indra Nooyi at her home in New Jersey. The two spoke in Tamil and enjoyed a meal with south Indian delicacies. It seemed more like a time to socialise: both are also IIM Calcutta alumni. But by the end of the evening, Shivakumar left Nooyi's home as the soon-to-be chairman and CEO of PepsiCo India. He had earlier wrapped up meetings with PepsiCo HR teams in New York and Dubai and Nooyi's was the only meeting left.

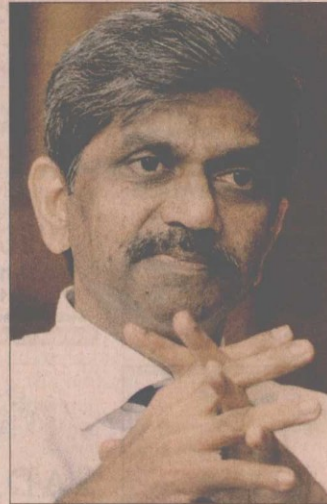
For Shivakumar, this is a strong comeback after a brief spell in the wilderness. He had quit Nokia having received both praise and criticism in plenty. He drove up Nokia's market share in India from 46% to 56% by 2008, but also saw it dip to 30% by 2011. It has dropped to 14% since Shivakumar moved to Dubai in a global role. He is wiser now. "My learning from Nokia is that strategy matters, ecosystem matters and innovation matters," says Shivakumar. Shivakumar used the past five months for introspection, spurning job offers from private equity firms and Indian companies. "I am fundamentally an institution-builder, a team-player and very much a brands person," says Shivakumar. "PepsiCo is about brands and category growth."

Even though Nokia was strug-

gling towards the end of his eight-year stint, his peers and seniors rate him highly. "Shiv gets the credit for ensuring that Nokia handsets reached consumers such as maids and drivers in the mass market," says V Balaraman, ex-CEO of Ponds and an advisor on many boards, including Nokia. "He opened up the Indian market to mobile phones using the HUL style of ensuring good distribution, branding and making the product available at various price points for different sets of consumers." Balaraman, who had mentored Shivakumar during his early days, says he could improvise on deeper consumer insights, which PepsiCo will give him great opportunities to work on.

PepsiCo had been looking for a CEO in India after Manu Anand's exit in June

Shivakumar is an excellent strategist and a wonderful people leader, says Nisa Godrej, executive director, Godrej Consumer Products and HR head of Godrej Industries and associate companies. "As a member of the GCPL board, he goes beyond attending board meetings to inspire and advise the team." His new assignment at PepsiCo is a comeback of sorts into the foods business. He handled consumer major Hindustan Unilever's foods business between 1989-97, leading brands like Lipton tea, Tree Top fruit juices and Waffles wafers in the snacks segment, before moving to handle shampoos, feminine hygiene and baby products. Shivakumar later moved to Philips India for three years in 2003 as vice-president for the consumer electronics division. "The fundamentals of marketing are essentially the



same," says Shivakumar, reflecting on the difference between the Nokia and PepsiCo roles. "The innovation cycle is faster in the durable space compared to FMCG. But the foods business is always more local."

PepsiCo had been looking for a CEO in India after Manu Anand's exit in June. It is now changing from being a 'fun products' company to one that makes products that are 'good for you'. It is adding healthier products such as baked chips and snacks to its portfolio. Not all launches have worked. Aliva, a baked biscuit, is off the shelves within three years of launch owing to weak consumer response.

PepsiCo has been under pressure for both its beverages and snacks businesses. Growth slowed down to single digits this year in beverages as prolonged rains and slowdown impacted consumption. According to two beverage industry officials

who quoted researcher Nielsen's data, Coca-Cola has close to 60% share of the overall soft drinks market, while PepsiCo has about 35%. Says a former PepsiCo official: "The biggest challenge for Shiv will be taking share from Coca-Cola, which has a significant lead over PepsiCo across soft drinks. The top two drinks in the sector, Thums Up and Sprite are with Coca-Cola and PepsiCo will have to match Coke's aggression."

In snacks, PepsiCo has been facing the heat from local players such as Gujarat-based Balaji Wafers and Haldiram, while bigger ones like ITC and Parle are also gnawing away at PepsiCo's share. It sells Kurkure snacks, Lays potato chips and Lehar namkeen.

Industry sources are willing to back Shivakumar and say he has a fair shot at succeeding. "He is good at strategy, execution and tackling issues on the ground. Eight years in Nokia have given him diversity of a experience," says Vipul Sabbarwal, COO of Whirlpool India.

"This will help him hone PepsiCo's strategy finer."

Sabbarwal worked with Shivakumar in Nokia for five years. Another challenge for Shivakumar, a senior executive at a top consumer goods company says, is that he doesn't have experience in soft drinks. "He has never run franchisee-based manufacturing, which is integral to aerated drinks."

Pepsi's IPL engagement will be another challenge. The firm splurged close to ₹400 crore for title sponsorship rights in November 2012, but the tournament has been mired in spot fixing controversies. In an interview to ET last month, Nooyi had said she would want PepsiCo to be associated with a sport with 'no controversy.'