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Business Standard

Nooyi wants 50% revenues from emerging markets in five years



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PEPSICO chairperson and CEO Indra Nooyi believes a combination of strategic acquisitions and organic investments can help increase revenues from emerging markets to 50 per cent from the current 31 per cent within five years. India is, of course, a key to that strategy.

She expects to expand the Indian distribution system in a big way. The target is to reach five million outlets, more than double today's two million.

Nooyi was making her keynote address on the last day of the Ad Asia Congress in New Delhi. "I would have ideally liked the contribution from developing and emerging markets to be 60 per cent. But, 50

per cent from these markets should do," she said.

Nooyi's optimism that the \$65 billion company can achieve this stems from the fact that in the last five years it has increased the contribution from emerging markets by 10 per cent, taking it to 31 per cent from 21 per cent earlier.

"Whilst western markets will still

be large," she said, "explosive growth is now happening in the East, Middle East and Latin America. You cannot ignore this." Nooyi said the target of five million outlets

"should happen soon." She expects India to innovate aggressively on both platforms and processes.

"Lays, for in-

stance, is the single-largest chips brand in the world. Whilst the platform, that of a potato chip exists within our portfolio, increasingly you have to localise to win consumers in individual markets. That's the way forward for food and beverage companies such as ours. The western model of having a standardised template that generates volumes of business is not going to work, especially in emerging markets, where the markets are smaller and consumers are value and price conscious," she said. "If earlier, we were pushing price to cost, now we have to push cost to price," she said.

Nooyi highlighted the importance of creative adaptability, the need to sustain and nurture good people and to think big at a time when uncertainty remained the only certainty.

Turn to Page 16



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Nooyi wants...

"We have, for instance, identified 300 positions within our company that are critical.

For these positions, there are five people in the pipeline that we are training and nurturing so that they can be the leaders of tomorrow," she said.

Nooyi also said increasingly multinational companies such as PepsiCo would have to practise "connected autonomy", where the best talent was hired in different markets and simply let loose so that they would produce the best work. "The mantra is to be local," she said to a packed audience at the Taj Palace.