

News monitored for: Pepsi - Brands

PepsiCo to invest ₹33k cr in India by 2020: Nooyi

Bullish on the India story, company plans to double manufacturing capacity

BS REPORTER
New Delhi, 11 November

PepsiCo Inc, along with its partners, would invest \$5.5 billion (₹33,000 crore) to double its manufacturing capacity in India by 2020, Indra Nooyi, chairperson & CEO of the food & beverage company, announced on Monday.

With arch-rival Coca-Cola's plan to invest \$5 billion in the country by 2020, announced in June last year, PepsiCo's announcement means India will have received \$10.5 billion in investments from the two global giants by the end of this decade.

Nooyi, on a two-day visit to India, revealed her company's plans after a meeting with Finance Minister P Chidambaram. Later, she said in an interview: "Here, we will make investments in innovation, manufacturing, infrastructure, selling & go-to-market strategy and agriculture — in both food and beverage segments. This will double our manufacturing capacity by 2020."

Explaining her bullishness on India, she added: "We are making this investment as we believe India's fundamental story is still sound. The demographic dividend is there, the middle-class is growing. India will remain among very important markets for PepsiCo. Today, it is among the top 10 markets for us; I believe it will keep moving up. So far, we have only scratched the surface of the long-term growth opportunities."

Last year, Nooyi's counterpart at Coca-Cola, Muhtar Kent, had announced an investment of \$5 billion in the country by 2020. He had said the move would help India climb two notches for Coke to become the fifth-largest market for it in terms of volumes.

Both PepsiCo and Coke,



Finance Minister P Chidambaram (left) with PepsiCo Chairperson & CEO Indra Nooyi, in New Delhi on Monday. PHOTO: PTI

IN SYNC ON STRATEGY

A look at India investment plans of PepsiCo and Coca-Cola

HOW MUCH	PEPSICO: \$5.5 bn between 2013 and 2020	COKE: \$5 bn between 2012 and 2020
Announcement	In Nov 2013	In June 2012
Investment so far	\$2 billion since India entry in 1990	\$2 billion since India entry in 1993
Reason for investment	To double capacity; investments in innovation, manufacturing, infra, selling & go-to-market strategy and agriculture	Focused on delivering innovation, partnerships, a portfolio that enhances the consumer experience, affordability & builds brand loyalty
No of bottling plants in India	42	58
Key brands	Pepsi, Lay's, Kurkure, 7UP, Slice, Mirinda, Mountain Dew, Aquafina and Lehar	Coca-Cola, Thumps Up, Sprite, Limca, Maaza, Fanta, Minute Maid, Kinley

Q&A

"We're making this investment as we believe India's fundamental story is still sound. There's demographic dividend, the middle-class is growing. India will remain among key markets for PepsiCo"

INDRA NOOYI
PepsiCo Chairperson & CEO

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since their respective entries into India in 1990 and 1993, have invested about \$2 billion here. PepsiCo India has 42 bottling plants in the country, while Coke has 58.

However, India's ₹30,000-crore soft drinks market, where more than 1.2 billion cases are sold annually, still offers the two global giants scope for major expansion. This is because the

per-capita annual soft drink consumption in the country stands at a low 20 servings, compared with the international average of 94. Also, these beverages are currently available at only a fourth of the country's eight million retail outlets.

While Coke controls Sprite and Thums Up, the top two soft drink brands in the country, PepsiCo's Pepsi is the third. But

the latter's thrust on the foods segment and organic brand-building — through Pepsi, Lay's, Kurkure, 7UP, Slice, Mirinda, Mountain Dew and Aquafina — help it raise an estimated ₹1,000 crore of annual retail sales.

Also, through NourishCo, its joint venture with the Tatas, the company is targeting the lower end of the market, where pricing is key.