

News monitored for: Pepsi - Corporate



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## CEO Indra Nooyi Reposes Faith In India Story, Cola Major To Boost Capacity PepsiCo plans ₹33k cr India investment by '20

John Sarkar & Shubham Mukherjee | TNN

**New Delhi:** Banking on the Indian middle-class's fetish for colas and chips, the \$65-billion American food and beverage multinational PepsiCo has earmarked an investment of Rs 33,000 crore (\$5.5 billion) for India till 2020. This will not only help the Purchase-based company double its production capacity and strengthen distribution, but also create more than one lakh jobs.

PepsiCo chairman and CEO Indra Nooyi remained upbeat about India's chances of bouncing back from the current tough economic scenario. "PepsiCo's faith in the India growth story remains unscathed," she told **TOI** in an exclusive interview. "This is a temporary slowdown and it comes after years of double-digit growth. India will eventually power its way up."

PepsiCo's investment comes a year after its rival Coca-Cola announced plans to devote \$5 billion to build capacity here. A substantial chunk of PepsiCo's investment will go towards increasing its manufacturing capacity. Resources will also be allocated to boost innovation in foods and beverages and expand its collaborative farming programme.

Nooyi's faith in the Indian market comes at a time when the country has been derided both globally and domestically for being slow on reforms and clearances. Besides, many investors have been lately talking about first seeing the verdict of the forthcoming general elections and then investing. Nooyi, however, is unabashed about her support and is willing to go ahead. "It's difficult to time the market," she said when asked if this was the



PepsiCo chief Indra Nooyi

right time to invest. "We are waiting for India to come back," she said highlighting the long-term growth potential of the market as well as its demographic dividend. "Investors who stay longer also stand to gain enormous value."

PepsiCo, which had recently acquired a Russian dairy in a multi-billion-dollar deal, has plans to bring in more healthy categories into India. It's now looking at launching a new category of convergence products, which could be a mix or a cross of cereals and milk or juices. In Russia, PepsiCo has already launched a similar product, which is a ready-to-drink breakfast. Focused largely on the breakfast segment, they would be part of the "good-for-you" or nutritious product introduction that she has virtually wagered her career on despite lower traction in some markets.

Analysts have criticized her for losing focus on the more lucrative and less complex carbonated soft drinks business, which they say have led to brand Pepsi slipping to the number three spot in the US after Coke and Diet Coke. In India too, it has slipped to the number three slot after Coca-Cola and Sprite.

"Pepsi is still the largest cola brand in India which has grown organically," said Nooyi in her defence. "We had looked at Thums Up but we decided against buying." Pitching strongly for the healthy option, she has steered PepsiCo from being just a cola major to a company with a strong focus on health foods, such as Quaker Oats and Tropicana, among others. "My goal is not to make PepsiCo into a company that sells only good-for-you products or fun-for-you products," said Nooyi. "We needed balance. We found that people were not reaching out for PepsiCo products during breakfast. We wanted to reach out to our consumers throughout the day. It's the mantra for our long-term success."

While charting out its strategy for nutritious products, she feels that a significant part of the nutrients would come from India over time. "It's among our top 10 markets now," she said and added that it would move up a few notches in the global pecking order. She also emphasized its importance as a talent hub.

Understanding the importance of technology as a disruptor, she is making it work for the company when it comes to checking consumer preferences, digital marketing, crowd-sourcing of ideas and long-term research.

Like most CEOs, Nooyi too is betting big on innovation. As part of the reverse innovation initiative, wherein MNCs have launched products in the global market from India, PepsiCo has selectively launched "Kur-Kuru" in Canada along with vis-coolers. Similarly, it is also looking at introducing lentil-based pop chips on the lines of the rice pop chips that they have in certain markets.