

News monitored for: Pepsi - Brands

Business Standard

PepsiCo to go in for dispersed production

Also plans to make packaged water for the mass market

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New Delhi, 18 August

PepsiCo India will set up multiple manufacturing facilities across the country to bring in cost efficiencies in its bid to tap the mass market. The game plan is to have at least two-three such facilities in each state.

PepsiCo India chairman Manu Anand told *Business Standard* (see Q&A on Page 10) that keeping manufacturing close to consumption would help cut a lot of freight cost. "If you have to deliver products at prices below ₹5, that's the way to go," Anand said.

Dispersed production will mostly involve contract manufacturers and the long-term plan is to have a facility within 200-250 km of the retailers. The products identified for this purpose include Glucoplus, a ready-to-drink product, and Lehar Iron Chusti, an iron-fortified product.



PepsiCo India chairman
Manu Anand

The new model is a paradigm shift from the current PepsiCo system. For instance, the company's snack food Kurkure is distributed across the country from only eight manufacturing facilities.

The beverage-to-foods company is also planning a pan-India roll-out of biscuits, a market becoming competitive with the arrival of new players, such as ITC. "We have done a test launch and are fine-tuning certain features," he said. The company's Quaker brand of biscuits

would have a clear USP that they would contain oats, a healthier option, he added.

PepsiCo also plans to deliver water to the bottom of the pyramid market at a lower price and launch its flagship snack brand Kurkure in ₹2 packs. Anand did not rule out the launch of powdered drinks in sachets, akin to its competitor Coca-Cola, which has launched powdered Fanta. PepsiCo already has Gatorade in powdered form. Asked whether PepsiCo was looking at selling packaged water at a lower price than Aquafina, Anand said there were some products in the pipeline, which Nourishco (the Tata-PepsiCo joint venture) was working on. "You will hear about them very soon," he added. PepsiCo is working on a new low-cost distribution system to push its under ₹5 products. But, it has ruled out selling core beverages under ₹5. "The economics at this price won't work," Anand said.