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PepsiCo's Nooyi banks on new packaging

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PEPSICO CEO Indra Nooyi said she's counting on the redesign of hundreds of containers and the acquisition of the company's biggest US bottlers to boost North American beverage sales.

PepsiCo, the world's largest snack maker and second-largest soda-maker, completed the beverage packaging and marketing revamp in 2009. This month it completed the purchase of its two largest drink distributors, Pepsi Bottling Group and PepsiAmericas, to increase sales in the US and take greater control over delivery.

The company will focus its acquisition strategy on snacks and more nutritious products, while shying away from buying beverage brands in North America because returns are harder to realize, Nooyi said on Monday at an investor conference at Yankee Stadium in New York.

Nooyi said the company altered 1,200 packages in 18 months starting in 2008 because the products



Pallavi

"looked tired on the shelf." Consumers rebelled against a new Tropicana orange juice carton that replaced images of a straw-pierced orange used for years. PepsiCo reverted to the old look.

"A couple of brand refreshers did not hit the mark," Nooyi said. "We went back and fixed what ever didn't work."

The broader revamp will pay off in 2011 and 2012, she said.

In its snacks business, PepsiCo, which makes Quaker oatmeal and granola bars, is looking to expand sales of nutritious foods globally by expanding

existing product lines, creating alliances with other manufacturers and buying fast-growing regional food makers, Nooyi said. That will require the development of more local agricultural resources to maintain supplies and control ingredient costs, she said.

"The beverage business is perhaps the most competitive business that I have ever seen in my life," said Nooyi, 54, who is also chairman of the company. Beverages now account for about \$30 billion of PepsiCo's \$57 billion in global revenue following the acquisition of the two bottlers this year, according to Nooyi.