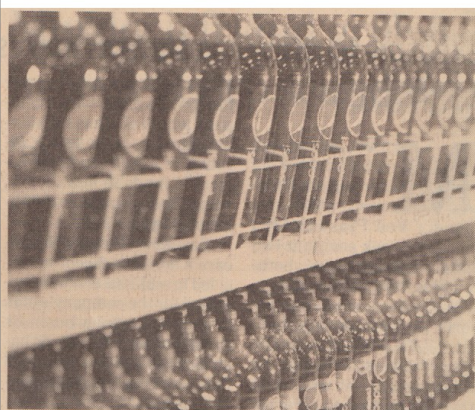


News monitored for: Pepsi - Brands

Business Standard

PepsiCo rejigs distribution, targets BPL consumers



PepsiCo has also launched products that target bottom-of-the-pyramid consumers. PHOTO: REUTERS

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MUMBAI, 23 October

IN a bid to improve reach, food & beverage major PepsiCo has reorganised its distribution, segmenting it under five key verticals namely premium, modern trade, rural, value and core. The idea, explains PepsiCo India chairman Manu Anand, is to address requirements in each segment as the firm looks to expand its business. "We are looking at spaces in different areas," he says. "One is niche segments that will target the upper end of the pyramid. The other is more mass opportunities as you go down the pyramid. For this you require a more sharply focused distribution strategy that can address needs in each and every area," he says.

PepsiCo's moves come at a time when rival Coca-Cola has also been reorganising its distribution model in India. In the last few months, Coca-Cola has introduced a new vertical to push growth in rural areas. Called Emerging Markets & Franchise Leadership, the vertical will primarily cater to consumers at the bottom-of-the-pyramid (BoP), executives from the firm said.

Coca-Cola has also

launched two products — Vitingo and Fanta Fun Taste — at the Rs 5 price point to cater to below the poverty line (BoP) consumers.

PepsiCo too has launched products targeted at the bottom-of-the-pyramid in an attempt to stay ahead of the curve. One is Lehar Gluco Plus, a lemon-flavoured, glucose drink, which has been launched under its joint venture with Tata Global Beverages, in Maharashtra. The second is Lehar Iron Chusti, a fortified iron snack, launched in two districts in Andhra Pradesh. These products, says Anand, will eventually be rolled out in other parts of the country. Iron Chusti is priced at Rs 2 for a pack, while Gluco Plus is priced at Rs 5 for a 200-ml plastic cup.

Anand says the firm is working on additional packaging formats for the BoP consumer. "Whilst our core beverages and food products are available in rural areas, what we are trying to do now is add one more layer of cost-effective products that is not only refreshing or tasty, but also functional in nature," he says.

But the challenge, say industry experts, lies in precisely coming out with additional cost-effective formats.