



GLOBAL COMMITMENT

PepsiCo working on reducing targets for salt, sugar in India

BY SAPNA AGARWAL & GOURI SHAH

MUMBAI

US-based food and beverage maker **PepsiCo Inc.**, which has committed to reducing sugar, sodium and fat content in its products by up to a quarter, is preparing to size up how much of a cut Indian consumers can take, given their partiality for both the sweet and the savoury.

India-born chairman and chief executive Indra Nooyi told an investors' meeting last month that PepsiCo plans to cut sodium in its key brands by one-fourth in five years. In 10 years, the company aims to reduce sugar content by 25% and saturated fat by 15%.

In India, the maker of Pepsi soft drinks, Lay's potato chips and Kurkure crunchy snacks is yet to set reduction targets.

"It's not a given yet...it doesn't mean necessarily that India will reduce by 25%, we might reduce (it) by 50%! We have to see what the consumer is ready to take, we will certainly push the pace. We will now start the work as to what will be the onus of every country," said Punita Lal, executive director of marketing at **PepsiCo India Holdings Pvt. Ltd.**

Government efforts to promote nutritional quality and what Nooyi described as greater consumer focus on value and health are prompting food and beverage makers to cut the salt, sugar and fat content of their products. PepsiCo plans to remove sweetened drinks from schools worldwide by 2012.

"We will also be consistent with global PepsiCo commitments for 25% reduction in sodium levels for all our key foods brands by 2015 and are in the process of working out its implementation in India,"



Health concern: Indra Nooyi, chairman and chief executive of PepsiCo. The firm plans to remove sweetened drinks from schools worldwide by 2012.

said Deepika Warriier, director of marketing at Frito-Lay India, which makes popular snack brands, including Kurkure, Lay's and Cheetos.

PepsiCo India, whose products are categorized as "Good for You", "Better for You" and "Treat for You", is already ahead of the parent company in implementing health and nutritional initiatives.

Health and so-called wellness products currently make up 30% of the company's Indian portfolio versus 18% globally. The global target is 50%, which would apply to India as well.

The share of estimated revenue from health and wellness products in India is 20% of which non-carbonated drinks such as Tropicana, Nimbooz, Gatorade and Aquafina con-

tribute close to 18%, with the rest coming from food products such as Quaker Oats and Aliva (baked crackers).

PepsiCo India is the country's largest food and beverage company with annual retail revenue of at least \$1.5 billion (Rs6,765 crore) and recorded a 20% volume growth and 30%

revenue growth in calendar 2009—its highest in a decade.

The food and beverage industry's potential for growth is vast. According to market research firm Nielsen, packaged beverages account for only 1% of the beverage market in India. Branded salty snacks make up only 4% of the market.

The health and wellness foods market in India is estimated to grow at 33% to be a Rs55,000 crore segment by 2015, up from a Rs10,150 crore in the fiscal ended March 2009, according to a study released in March by the Tata Strategic Management Group, a Mumbai-based consulting firm.

"Indian consumers are far more aware today. Everyone is counting their calorie intake," said Richa Anand, chief dietician at Dr LH Hiranandani Hospital in Mumbai. "If you look at kids, they too are far more educated about their choices."

There's a flip side, too. "While consumers want healthy foods, they tend to be a little wary of products that claim to be sugar-free or baked or fat-free. The perception is that the ill-effects of these substitutes, such as aspartame (sugar substitute) far outweigh the benefit. The challenge (for companies) will be to change that perception," Anand said.

Not all products that claim to promote health and wellness are working in India.

For instance, PepsiCo's Diet Pepsi makes up just 1% of its beverage sales in India, compared with 20% in the US.

India has 50.7 million diabetics, or patients with high levels of blood sugar—a potentially fatal condition, according to the International Diabetes Federation (IDF), which represents nearly 200 diabetes associations from more than 160 countries.

Mass urbanization, changing diets and increasingly sedentary lifestyles of people living in fast developing countries such as India and China are making them susceptible to diabetes, said David Whiting, public health specialist with IDF.

sapna.a@livemint.com

In 10 years, the company aims to reduce sugar content by 25% and saturated fat by 15%