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# We need to see several hundred thousand jobs fast

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**B**everage maker PepsiCo Inc.'s chief executive officer Indra Nooyi speaks in an interview about the state of the US economy, job creation and overseas markets such as China and India. Edited excerpts:

**What are you seeing in terms of the consumer today—whether it is in the US or around the world?**

I don't know, this one worries me a bit, I tell you. In the Western world, especially in the US, what I am not yet seeing is the construction, hourly worker coming back to work. I think you need that worker coming back because a true test of the vitality of the economy is when that worker is employed. We are not seeing that as yet. I hope that as we progress through the year, and come into the summer, housing starts will go up, and some more construction jobs come by, but we need jobs. I am not talking of 5,000 or 10,000 jobs; we need several hundred thousand jobs fast. So that we can get confidence back in the economy, we can get people back to work, and have the multiplier effect of people go-

## INTERVIEW

ing back to construction jobs and then the multiplier effect of them dragging other jobs with it.

**What would it take for you to create new jobs right now? What is it going to take for you—PepsiCo, and other companies just like you—to move from cost-cutting to growth?**

It comes down to whether the core economy is doing well. (White House economic adviser) Larry Summers said something which I have never forgotten. He said we could see GDP (gross domestic product) growth, we could see a statistical recovery, but a human recession. To me, that's not good enough, because the statistical recovery and a human recession is not going to be long-lived. We need to see sustainable job creation. So we need to see statistical recovery and human growth, employment growth. If that happens, confidence is back in private enterprise, and we can start hiring, and growing and planning for the future.

**Let me ask you about the strategy that you have laid out at PepsiCo. The \$7.8 billion buyout of the Pepsi bottling group—tell me how important that is and what it means.**

I think the buyout of the anchor bottlers in North America, parts of Europe and Mexico, what that does for us is (that it) gives a lot of operating control of the beverage business to PepsiCo. Because when you have a beverage business growing substantially, it is very hard to have PepsiCo in two anchor bottlers all positioned as growth companies going after that limited profit pool. So by bringing everybody together we can now align supply chain, align our strategies and begin to approach these beverage markets in a more sensible way.

**It gives you so much more flexibility.**

Totally. Totally. Customers are going to love it and in today's world they want a supplier who is agile, flexible, can bring all kind of innovations into the market in a very short time. You are going to see a lot of that. But what is more exciting about PepsiCo is that we have beverages and snacks. You will see a lot more power of one bundle. So you will see a lot more productized bundling. You will see a lot more benefits of this combined PepsiCo portfolio coming into the market place and the acid test is our customers. If you talk to our retail partners, they think



Aligning strategies: PepsiCo chief executive officer Indra Nooyi.

it is the best move we made and they are just thrilled.

**What about the rest of the world—when we spoke last year you were in China setting up a new plant—and you planned to set up 13 plants. Tell me about the opportunity there. Today, of course, you**

**know the news—Google is pulling out of China saying it can't be censored. You've never had issues with the government because you are building plants there?**

You know actually the Chinese government has been very good to us. We just got

permission to build another 14 plants and so we've got 22 plants on the ground already... We are growing (at) double digits in China. It is a very important region. The Chinese government has been... supportive of our strategies both on the beverage and on the snacks side because what we do is good for farmers. We develop agro. In all of these areas I think we are real partners to the Chinese government. The one thing about PepsiCo is that we are a global company. A great global company headquartered in the US, but we are local in every country in which we operate in, because you can't export soft drinks and chips—you have to be local. We are creating jobs everywhere.

**Can you break down the international landscape—do you see much of the vibrancy for the company coming outside the US—in the emerging markets? And how is Europe doing?**

East of the Middle East, the markets are extremely vibrant. Especially in markets like India, we are seeing a level of excitement that is unbelievable. We are also seeing a lot of vibrancy in South America, south of Mexico, especially in markets like Brazil—lot of optimism. People are feeling great about the market. I think the slowness is really in East and Western Europe and North America and Mexico. So those are the markets we need to have targeted attention to and figure out how to get the unemployment rates down. It's not just GDP growth—we have got to address jobs.

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