

PepsiCo Identifies India as Key Growth Market amid Global Restructuring

PepsiCo Inc., the global snack and beverage giant, has designated India as one of its 13 “anchor markets” as part of a major international restructuring plan. This strategic shift aims to bolster the company’s future growth in emerging regions while addressing challenges in its primary markets like the US and China.

“We will prioritize these 13 anchor markets for investments, services, and capabilities to perform to their potential,” said Ramon Laguarta, PepsiCo’s global chief executive and chairman, in an internal memo dated December 10.

India joins key regions like China and the Middle East in PepsiCo’s growth blueprint. These 13 markets are expected to contribute more than 85% of the company’s projected growth. The move comes as PepsiCo trims its 2024 sales forecast and launches a global restructuring plan, effective January 1, 2025.

As part of the overhaul, PepsiCo will establish a new International Beverages Region, aligning global franchise partners under a unified management structure with profit-and-loss accountability. This includes Varun Beverages Ltd., PepsiCo’s India-listed bottling partner. The region will oversee all franchise beverage operations to accelerate international growth.

Despite facing competition from established rivals like Coca-Cola, Paper Boat, and newer entrants such as Reliance Consumer Products and Storia, PepsiCo remains optimistic about India’s potential. Soft drinks currently have low market penetration in India, providing ample opportunity for expansion.

Market research firm IMARC valued India’s snack market at ₹42,694 crore in 2023, predicting it will more than double to ₹95,521 crore by 2032. Similarly, a report by ICRIER forecasts that India’s non-alcoholic beverage market will grow to ₹1.47 lakh crore by 2030, up from ₹67,100 crore in 2019.

While PepsiCo’s US and China operations struggled in the September quarter, India delivered double-digit organic revenue growth. In the AMESA (Africa, Middle East, South Asia) region, PepsiCo’s convenient foods unit volume declined by 3%, largely due to a slump in the Middle East and Pakistan. This decline was partially offset by strong performance in India.

“Accelerating our international beverages business is a top growth opportunity for PepsiCo,” said Laguarta. “We will strengthen the management and leadership structure by increasing consumer focus, driving innovation, and distinctly managing the franchise beverage business separate from our company-owned operations.”

PepsiCo’s strategic pivot highlights India’s growing importance in the global food and beverage landscape. As the company doubles down on its investment in the

region, it aims to capitalize on the rising demand for snacks and beverages in one of the world's fastest-growing markets.

Reference: <https://agronfoodprocessing.com/pepsico-identifies-india-as-key-growth-market-amid-global-restructuring/>