

Growth in India perks up Kraft

Khosla Says Sales Achieved In Country Highest Seen In 'Living Memory'

Namrata Singh | TNN

New Delhi: A year ago, when Kraft Foods' executive vice president and president, developing markets, Sanjay Khosla, visited India, he gave a "blank cheque" to the management of Cadbury India to prepare a business plan which could deliver results. A year down the line, Khosla is happy to report that the growth achieved in India has been the highest it has seen "in living memory". Riding on a 40% growth clocked by its flagship brand, Cadbury Dairy Milk, in 2010, Cadbury India grew at 27% to achieve sales of Rs 2,500 crore.

"I'm excited that under Kraft's leadership, India's growth has accelerated. If you go into the India story, what we have decided is to focus on a few areas—Cadbury Dairy Milk and Perk and sales," Khosla told TOI, in an exclusive interview.

The \$50-billion Kraft Foods, which is the second largest global foods company after Nestle, acquired Britain's iconic chocolate maker, Cadbury for \$19 billion, early last

calendar year.

Well into the integration process of the two companies, globally Kraft continues to follow the strategy of winning through focus through 10 brands. Similar "blank cheques"—essentially a free hand given to the leader of the subsidiary to prepare a plan with the only constraint being imagination—were given to Brazil, China and some of the other growth markets as well. While India would have got some peer admiration for its achievement, Khosla is keen on propagating meaningful competition.

Khosla is in India as part of a global sales conference where 90 heads from across the developing market world across 20 countries have converged in Gurgaon to share success stories. "By just focusing on sales and infrastructure you can change the whole trajectory of growth. India is one of the priorities. We will invest in brands, sales, infrastructure, manufacturing, R&D and people," he said. And why not. The developing and emerging market pie for Kraft Foods has



Sanjay Khosla

doubled to 26% in four years. The growth in these markets would come relative to western Europe and US.

However, when asked when Kraft would roll out its global brands like Toblerone, Milka, Jacobs and Oreo, Khosla prefers not to give an estimate. Kraft Foods has a portfolio of over 100 brands. For a country where brands like Kraft cheese and Cote d'or have been made available to consumers through the duty free route, Khosla's response is, "we need to be practical. The important part is to choose what we focus on. A

brand like Bournvita may not be on my top 10 list, but it is extremely important for India. It is not that one is an exclusion of the other. A great idea of a local brand can also be taken outside. The first thing I look at in a business is topline growth."

Tang is the only brand from Kraft's stable which has seen a second coming after its manufacturing plant at Hyderabad was revived recently. The strategy of focusing on a few brands has, after all clicked. As Khosla, who says he is not interested in "general corporate stuff", says, "All I know is that we have grown 27%."

While Kraft would roll out its products from the global portfolio at an appropriate time, the current plan to remain focused on a few brands which the company could scale up and leverage. In line with this objective, Cadbury India, under the leadership of Anand Kripalu, is already chalking out an urban plus rural expansion plan. Its chocolate products are currently available in 1.2 million stores across India. The plan is to increase rural and urban

penetration through a portfolio of products which can deliver the growth. So Cadbury Dairy Milk Shots at Rs 2 and Perk at Rs 5 price points are being pushed to increase rural penetration. Last year, the company added 2,000 towns and villages to the network.

India is relatively small in the developing and emerging markets pecking order, where Brazil is a few times the size of Cadbury India. Yet, Khosla believes India has the talent which could be sourced globally. "What's exciting is the growth agenda for India given the low per capita consumption. We have not even scratched the surface on brands like Perk and Cadbury Dairy Milk. The snacking potential too is high," said Khosla. What's more, Kraft hopes to unleash the potential of its people. Out of 2,700 people in India, 16 have been moved to jobs outside Cadbury India in the last eight months. The plan going forward is to move a lot many people from India to fill in the gaps in expertise. "We are increasingly creating a global workforce," said Khosla.