

'India to be among Kraft's 10 key mkts'

On March 9-10, top leaders from Kraft Foods and Cadbury's Asia-Pacific region met in Singapore to brainstorm on the integration process between the two companies. The acquisition of the British confectioner by Kraft Foods resulted in the world's second-largest foods company with revenues of about \$50 billion. Enabling the integration in the regions he oversees is Sanjay Khosla, executive vice president and president, developing markets and global categories, Kraft Foods, who has travelled to many markets to mould in sweet new beginnings for the combine. For someone who has spent 27 years with Unilever, this would seem like a piece of cake. Will Khosla, the man behind the successful 'paint the world yellow with Lipton' business programme for Unilever, manage to bake a new recipe of success this time around? In an interview with Namrata Singh of TOI, Khosla says that the team is moving "quickly, but thoughtfully". Excerpts.

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You were on a two-day visit to India to meet the Cadbury India team. What was your impression of the company and its work culture?

The energy was infectious and I was very impressed by the "Can Do" attitude of the team. I couldn't help but notice that Cadbury India people seem to be happy people. As the makers of such a beloved chocolate brand, why wouldn't they be? The team is excited by our vision for growth and the opportunities that combining Kraft Foods and Cadbury offers.

Kraft is an American company, while Cadbury India has British antecedents. How is Kraft addressing the cultural differences?

Of my 50 top leaders in Kraft Developing Markets almost two-thirds are new in their jobs. Some leaders are from within Kraft Foods, some joined from our successful Danone biscuit acquisition and others were external hires. Thus, over the last three years, we've built a depth of international talent—an excellent mix of leaders with a global mindset.

With Cadbury also being a global company, I am confident that this transition will be a smooth one. One thing that struck me during my trip to India was just how similar the cultures of Kraft and Cadbury are. Our values are more similar than they are different, and the ways we approach the business are also very similar.

Has a team been set up to help Cadbury India quickly imbibe the new culture?

One of the keys to a successful integra-

tion is to move quickly, but thoughtfully, to combine the best of both companies in terms of people, practices and capabilities. One of our priorities is to put our leaders in place as quickly as possible. In Asia-Pacific, we've already gotten off to a productive start by convening our integration leaders at a meeting in Singapore. The teams listened to and learnt about each other and brainstormed on how we can begin growing faster together. Everyone was engaged and committed to finding ways to capture the best of both companies.

In India, I am delighted to have appointed Anand Kripalu, president, Kraft South Asia and Indochina. In his new role, Anand will lead this important geography for the combined company and will lead the integration.

What is the market potential for Kraft's products in India?

It's been an exciting three years for me at Kraft Foods as we are successfully implementing a strategy in developing markets that we call "Winning Through Focus". It's about putting a disproportionate amount of investment behind key priorities where we can deliver the greatest growth. We dubbed it our 5-10-10 strategy, which represents our strategic focus in 5 categories, 10 markets, and 10 brands.

Moving ahead, India will be among our 10 strategic markets. We're looking at India as a source of great talent and ideas that we can adapt in other markets. We plan to invest in our business and explore expansion opportunities.

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'As a kid, Cadbury was a treat'

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In hindsight, do you think Kraft should have established a base in India much earlier so as to reap the benefits of the current uptrend?

We are excited to be in India today as a combined company. Together, we will be in an even better position to win in the market. We look forward to investing in India and building on the successful business here.

In terms of financials, Cadbury India – once a BSE-listed company – has, over the last many decades, seen a gradual growth in net profit and turnover. With a Rs 2,000 crore turnover, the company is said to be growing in double-digits. In the backdrop of a nation brimming with consumerism, is the growth satisfactory?

The combination with Cadbury has been about growth from the very beginning – a common driver for both companies. As a result of implementing our Winning Through Focus strategy, Kraft Foods Developing Markets, organic revenue growth (ex items and currency) between 2006 and 2009 was 12.9% CAGR. Reported operating income growth (as reported, unadjusted) has grown 24.2% CAGR in the same period. We look forward to putting this strategy into play in India and adding In-

dia to the list of our focus markets. (Cadbury India's sales grew by over 20% and profits by 30% in last four years).

What kind of financials do you expect in India, a year down the line?

We see huge opportunities to grow the existing Cadbury portfolio. Over time, we will evaluate opportunities for the entry of Kraft Foods products in India, using a "global" approach. This approach is about taking the best of our global portfolio and practices and adapting it to meet local needs and tastes. We've successfully used this strategy in other developing markets, striking the delicate balance between hopelessly local and mindlessly global.

Since you were in India 15 years ago as part of the Unilever group, what kind of changes have you seen in the Indian consumers' buying behaviour and price-sensitivity?

The level of consumer choice has increased which is good news for the consumer. There is a huge opportunity for quality brands at affordable prices. The prospects ahead are inspiring and we are de-

lighted to be part of it.

As a kid growing up here in India, I remember what a special treat it was to get a Cadbury Roast Almond chocolate. It is indeed an honour to now be involved with such an iconic brand, like Cadbury, and to invest in and nurture them for the next generation.



Sanjay Khosla

India is a complex market, with a different set of consumer needs at the urban-end and a varied set at the rural/semi-urban-end. Is Kraft expected to straddle the pyramid? Are you aiming at a largely urban-led growth?

Our Winning Through Focus strategy in Kraft Foods' developing markets has been about building a portfolio of brands that satisfies different consumer need states at different price points, investing in distribution both in urban and rural markets and marketing brands which delight local consumers while leveraging global expertise and technology. We plan to do the same in India building on successful business model of Cadbury. To do that, we'll look at all our tools, including our portfolio of brands, consumer needs, pricing and alternative channels.

How would you rate the competitive scenario in India versus what exists in the US?

The competitive scenario in India is very different from markets like the US. In developing markets, it is important to have an appropriate, sustainable business model that can effectively compete in the local market while leveraging global expertise. With a robust roster of international talent, a proven track record in developing markets, and our presence in about 160 countries, along with the addition of Cadbury, we're well-positioned to win in developing markets, such as India.

Will there be any employee reshuffle at Cadbury India?

We are moving quickly, but thoughtfully, to combine the best of both companies in terms of people, practices, and capabilities. One of our priorities has been to put our leadership in place. The team in India has a great depth of talent, and we look forward to tapping into their experiences and expertise to help us grow in India and other parts of the world.

Will there be any change in the name of Cadbury India to, say, Kraft-Cadbury India?

It's status quo for now.