





# PepsiCo Foods Vietnam



# BUSINESS OVERVIEW (1/2)

PepsiCo is one of the biggest players in the Vietnamese snacks market. The company has been strongly promoting its key focused offering in Vietnam – Lay's potato chips products

<b>Company description</b>	<p>PepsiCo has been in Vietnam for more than 15 years</p> <ul style="list-style-type: none"><li>• In 2005, PepsiCo launched its first food product - Poca brand snack, marking a successful milestone in operating both food and beverage segments.</li><li>• In 2012, PepsiCo ventured with Suntory Holdings Limited (Suntory) to form Suntory PepsiCo Vietnam Beverage (SPVB).</li><li>• Since 2013, SPVB was divided into 2 independent companies: Suntory PepsiCo Vietnam Beverage operated in the Beverage segment, while PepsiCo Foods (PepsiCo) independently operated only Food business in Vietnam.</li></ul>
<b>Snack products in Vietnam</b>	<div><ul style="list-style-type: none"><li>• In 2005 <b>'Poca'</b> brand snack was launched, as the first snack product of PepsiCo in Vietnam.</li><li>• In 2019, PepsiCo decided to change the name <b>'Poca'</b> of potato snack products in Vietnam into <b>'Lay's'</b> to align with the global brand name, hence improving the competitiveness of Vietnam's market compared to other countries whose 'Lay's' was present.<ul style="list-style-type: none"><li>◦ <b>'Poca'</b>, with its lower price compared to other PepsiCo's snack products, is more popular in sub-urban and rural areas where have relatively low income level.</li><li>◦ <b>'Lay's'</b> is more popular in urban cities where consumers have higher income level and are more inclined to enjoy international well-known brands. Moreover, 'Lay's' is a go-to option amongst Western tourists.</li><li>◦ <b>'Lay's Stax'</b> – Potato chips tubes are imported from Thailand. Lay's Stax provides customers with an user-friendly packaging design: the handy tray inside the tube helps consumers easily open by hand.</li><li>◦ <b>'Doritos'</b> is the imported snack product line. Doritos is unpopular in the Vietnamese market due to its higher price compared to other snacks products.</li></ul></li></ul></div> <div><div><p>Poca</p></div><div><p>Lay's</p></div><div><p>Doritos</p></div><div><p>Lay's Stax</p></div></div>

# BUSINESS OVERVIEW (2/2)

PepsiCo recently restructured its distribution area to 2 regions (previously 3) due to the COVID-19 crisis, consecutive natural disasters in central Vietnam as well as company's initiatives to optimise operational costs

- **Regions:** PepsiCo is divided the market into 2 regions: the North and the South
  - Revenue contribution in the South is higher than that of the North because:
    - (1) Lay's – PepsiCo's key snack product is contributing the highest revenue in PepsiCo
    - (2) End-consumers in the South buy more 'Lay's' products than end-consumers in the North due to higher awareness and a preference for international brand products.
- **Manufacturing plants:**
  - 1 main manufacturing plant in Binh Duong Province, in charge of producing all PepsiCo's products for both the South and North market, especially in producing Lay's.
  - 1 outsource partner – Pham Asset., Ltd in Hung Yen Province, responsible for producing some products under Poca brand for the North market.
- **Warehouse:** PepsiCo divides into 2 shipping areas:
  - Products from the warehouse in Hung Yen Province are supplied to distributors in the North region
  - Products from the manufacturing plant in Binh Duong Province are supplied to distributors in the South region
- **Key cities:** Ho Chi Minh City (HCMC) and Hanoi are two key cities, contributing the highest snacks revenue to PepsiCo. In 2020, revenue contribution of HCMC and Hanoi were 40% and 30% respectively.

