

Light packs to recycled cans, FMCG firms fight to cut costs

Beer industry has limited options as liquor prices are routed via state excise departments

Suneera Tandon
suneera.t@htlive.com
NEW DELHI

If the plastic container of your regular moisturiser gets easily squished or if the ₹20 pack of your favourite chips brand appears smaller, don't be alarmed. It's just that their manufacturers are using thinner packaging to counter runaway costs in commodities, packaging and freight. Companies are also using recycled aluminium for cans, cutting advertising and marketing spends and postponing new launches.

Parle Products, which makes biscuits under the Parle-G and Krack Jack brands, is looking at savings from carton configuration - meaning, it is looking at ways to add more packets of biscuits or snacks per carton. This will help the company lower its transport costs. This comes after Parle's 7-8% price hike in the last six months, including both grammage cuts and direct price increases.

Parle is also reducing the size packet sizes in its confectionery and snacks portfolio. "What we have done as part of our efforts to bring in cost efficiencies is started reducing the plastic used in our packs. It's not more viable to give additional plastic unnecessarily," said Krishnarao Buddha, senior category head at Parle Products. This helps the company save packaging and transport costs.

Rival Britannia Industries said it is doubling down on its cost saving programmes, as the inflationary situation looks "fairly grim". This includes reducing distance to market as well as making its sourcing strategy more efficient.

Varun Berry, managing director, Britannia said at a post earnings call on 4 May that the company is bringing in process automation to raise productivity, reducing distance to market to reduce cost and provide fresh products



Parle Products, that makes biscuits under the Parle-G and Krack Jack brands, is looking at savings from carton configuration. MINT

to consumers, reducing wastage at the factory and the marketplace, and moving to a target of using up to 60% of renewable energy. "That's working quite well. From a material standpoint, our sourcing strategy is focused towards making sure that we get the best bang out of our buck," Berry said.

flour and also palm oil. Palm oil prices have touched an all-time high," he said.

Food and beverage maker PepsiCo India said it is accelerating the mix of higher revenue packs to mitigate the impact of increase in commodity prices and inflationary pressures. "Rising input costs, particularly palm oil and paper,

pliers to increase the recycled content of aluminium in its cans, among other steps to trim costs.

The beer industry has limited options to adjust to increased costs, as liquor prices are routed via state excise departments in India. "We witness this impact across our supply chain with materials like barley along with packaging costs remaining high. These essential materials for our business have always been the most stable in terms of pricing and availability," said Ashwin Kak, procurement & sustainability head, India & South East Asia, AB InBev. Kak said the company has introduced circular packaging initiatives like replacing cardboard packaging with material made from barley straw to carry its products.

Beverage maker Coca-Cola India Pvt. Ltd is promoting returnable glass bottles, after years of focusing on disposable plastic bottles.

CHANGE IN PLANS

PARLE is also reducing the packet sizes in its confectionery and snacks portfolio.

BRITANNIA is increasing its cost saving programmes, as the inflationary situation looks grim

AB INBEV said it does not see challenges related to higher raw material prices abating soon

BEVERAGE maker Coca-Cola India Pvt. Ltd is promoting returnable glass bottles

Varun Chaudhary, managing director of CG Corp Global, which makes Wai Wai noodles said the company has had to re-evaluate its plans to make a bigger play in the biscuits category. "With the whole cost rise, now we are re-evaluating our prospect. Biscuit has maximum

and increase freight costs have put significant pressure on the margins," a company spokesperson said.

Brewer AB InBev said it does not see challenges related to higher raw material prices abating soon. The maker of Budweiser beer is working with its sup-