Elephant House: Balancing Heritage with Innovation



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Amid economic recovery and shifting consumer preferences, Ceylon Cold Stores (CCS) achieved strong growth in 2024/25. Daminda Gamlath, Executive Director and President of John Keells Consumer Foods Industry Group, shares key strategies and innovations that powered this success. CCS balances its 160-year legacy with adaptability, maintaining relevance for successive generations of consumers.

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As Ceylon Cold Stores delivered strong growth in 2024/25, with significant gains in both Manufacturing and Supermarkets, what were the most decisive strategic actions that enabled the Group to achieve such a substantial increase in profitability?

On the manufacturing side, the strong performance in 2024/25 was driven primarily by volume growth. Our base declined following the pandemic and the economic crisis years. But last year we saw a significant rebound in consumption, which translated into higher sales volumes. Additionally, material costs, which had risen during the difficult periods, stabilized last year, helping to improve gross profitability.

The recovery of Sri Lanka’s economy—marked by lower inflation, declining interest rates, and improved currency stability—has clearly helped consumer-facing businesses. How has this macroeconomic shift translated into real changes in consumer purchasing behavior across your categories?

Of course, improvement in Sri Lanka’s macroeconomic environment has affected consumer behavior. In our categories, which are mainly indulgence products, increased purchasing power has driven volume growth over the past year.

We have complemented this shift with improvements in operational efficiency and distribution. By stabilizing our distribution network and supporting our dealers to achieve better profitability, we have further reinforced growth across our categories. Stronger consumer spending and operational efficiency have directly driven higher consumption and business performance.

Looking at the first nine months of the 2025/26 financial year, how would you assess the trajectory of the business so far? Are you seeing the same momentum continuing across beverages and confectionery?

This year has been somewhat mixed. In the first quarter, we saw a downturn primarily due to weather-related factors affecting consumer businesses. Performance improved during the middle of the year, particularly in quarter two, but we experienced another dip due to disruptions in distribution and market accessibility.

By February and March, we observed a gradual pickup. While momentum is returning, the full impact of current global events—such as material cost fluctuations and coal shortages—is yet to be fully realized. These challenges may affect mobility, logistics, and certain product categories in the coming months.

Elephant House remains one of the most recognized consumer brands in Sri Lanka. In an increasingly competitive FMCG landscape with both multinational and local players, what differentiates CCS and keeps the brand relevant across generations?

At Elephant House, we continue to live by our organization’s vision of delivering pleasure and nutrition throughout people’s lives, whenever and wherever they choose to eat and drink.

With a history of over 160 years, sustained consumer trust, love, and confidence show that we have consistently done something right. Sustaining this level of market leadership for so long is no easy feat. This requires strong market insight, a deep understanding of consumer pulse, attention to detail, and readiness to evolve. We build on favorites like Cream Soda and EGB while expanding into premium segments like IMORICH. Our relevance comes from balancing consistency with adaptability and evolving with modern consumers.

With the Sri Lankan beverage market seeing increasing competition and innovation, how is CCS positioning its carbonated and non-carbonated beverage portfolio to respond to evolving consumer preferences—particularly around health, flavor innovation, and convenience?

We continuously monitor consumer lifestyle changes as a brand. It is very clear that

there is a growing shift towards products that offer nutrition, wellbeing, and overall goodness.

In response, we place strong emphasis on understanding these shifts and translating them into relevant product offerings. Innovation, supported by market insights, enables us to introduce new flavors, formats, and SKUs that align with changing consumer behavior.

We have been expanding our offerings to include more fruit-flavored, refreshing beverage options, while also introducing formats like cans to improve convenience and accessibility. The VIBE range in cans introduces more contemporary flavor profiles and resonates with younger consumers seeking variety and on-the-go consumption.

At the same time, we are mindful of maintaining the core strengths of our existing portfolio. So, it is about striking the right balance between innovation and consistency, ensuring that we meet evolving expectations around health, convenience, and variety while staying true to the brand.

How critical is CCS's distribution network across the island in sustaining market leadership, and how are you strengthening it further in a rapidly digitizing retail ecosystem? Distribution is extremely important, particularly because we operate in largely non-essential product categories, which require strong availability, visibility, and accessibility to drive consumption. This means that distribution is not just about reach, but also about ensuring we are present in the right locations at the right time. It involves complex infrastructure and continuous investment. This becomes especially important for impulse-driven categories such as single-serve ice creams and ready-to-drink (RTD) beverages, where strong last-mile availability across general trade, supermarkets, and high-footfall locations directly influences demand and visibility. Therefore, we continue to invest in strengthening our distribution network and improving availability across channels. As the retail ecosystem becomes increasingly digitized, we are also adapting our distribution strategies to remain agile and responsive to changing channel dynamics, ensuring we sustain our market leadership.



How has consumer behavior changed in terms of price sensitivity, brand loyalty, and product experimentation?

Over the past decade, particularly with the volatile economic conditions, consumers have become increasingly price-sensitive and more cautious in their spending habits. Consumer behavior has become more dynamic. While brand loyalty remains important, it is no longer absolute. Consumers today are more open to exploring alternatives, especially when they perceive better value or differentiation.

You can see this in how consumers move between everyday products and more premium offerings such as IMORICH, depending on the occasion, rather than remaining within a single price segment. This means that brands cannot rely solely on legacy or loyalty.

There is a need to continuously innovate, create excitement, and deliver a value-added product experience to remain relevant and stay ahead of the competition.

As your results show strong growth driven by new product introductions, how does CCS identify emerging consumer trends and translate them into commercially successful product innovations?

Listening to the consumer heartbeat is paramount for any brand. At CCS, this is driven by deep consumer immersions and data-driven decision-making.

Innovation is one of our core organizational values, and we place strong emphasis on it across all disciplines. It is not limited to a single function but is embedded in our overall culture. This has allowed us to introduce more differentiated products, including premium offerings such as IMORICH, as well as new formats enabled by technologies like extrusion. This approach helps us identify trends early and translate them into relevant offerings, with results visible in the consistent introduction of products that resonate and drive growth.

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How do partnerships and new market entries fit into the company's long-term growth strategy?

All organizations have their own distinct strengths, and partnerships enable us to maximize our potential, particularly when entering new or unfamiliar territories. Through strategic partnerships, we can leverage complementary capabilities, gain access to new markets, and accelerate our growth journey. This becomes especially important when navigating new environments where local insights and expertise are critical. This has supported our efforts in taking Elephant House ice cream into markets such as Australia, where partnerships help build both distribution and brand presence.

As such, partnerships and new market entries are integral to our long-term growth strategy, helping us expand our footprint while maintaining competitiveness.

Given the fact that Sri Lanka has been through cycles, are you ready to navigate the new challenges? Are the systems in place to manage uncertainty?

Our systems are robust and have been stress-tested through previous cycles, so we are confident in our ability to respond effectively. However, the current challenges are global rather than local, which introduces additional uncertainty. Factors such as international shipping, logistics, and supply from Middle Eastern countries are

less predictable. That said, our methods and systems are agile enough to explore alternatives and implement new initiatives if required. This gives us confidence in navigating potential disruptions while maintaining business continuity.

Going forward, how do you see expansion plans and growth trajectory being impacted by these changes?

On the expansion front, we anticipate the current disruptions to be short to medium-term. While some delays in planned initiatives are likely, we expect the business to return to its growth trajectory by the third or fourth quarter. Over a longer horizon of three to four years, we remain confident that we can catch up on expansion and growth plans, assuming the current challenges stabilize within the next few months.

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Few companies in Sri Lanka can claim a heritage as long as CCS. How does a 160-year legacy influence the way you build brands, engage consumers, and approach innovation today?

A 160-year legacy gives us a strong foundation built on trust, credibility, and deep-rooted consumer relationships. At the same time, it also comes with the responsibility to continuously evolve and remain relevant.

At CCS, we build our brands by respecting their iconic foundations while staying closely connected to Sri Lankan culture and changing consumer needs.

Our engagement with consumers is always insight-led, ensuring that we remain meaningful across generations. We continue to retain iconic flavors and products that are deeply embedded in Sri Lankan consumption habits, while also introducing newer variants and formats that align with evolving lifestyles and preferences.

This legacy also shapes our approach to innovation. It encourages us to take a long-term view, focusing on purposeful reinvention, portfolio expansion, and operational excellence. Backed by strong governance within the John Keells Group, we balance

tradition with progress, ensuring our brands remain sustainable and future-ready.