

# New brands perk up Emami's modern face

Emami's new launches scripted a 50% increase in modern trade sales. A digital strategy for the first time and promotional schemes for retail sales helped a lot

PHOTOS: EMAMI

SAYANTANI KAR  
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Emami, a mid-tier Fast-moving consumer goods (FMCG) player, admits that its blockbuster brands like Navratna, Zandu and Boroplus were never strong in modern trade (MT). Most variants of these brands, leaders in their respective categories (Navratna has 65 per cent of ₹800-crore cooling oil market, Zandu 44 per cent of ₹700-crore balm market and Boroplus 55 per cent of ₹530-crore antiseptic cream market in Jul-Sept, 2014), have huge traction in rural areas.

Of India's ₹2.13 lakh-crore FMCG market, MT accounts for 9 per cent. In absolute numbers, that still amounts to ₹19,170 crore, when it is averaged out across India. Where MT is present, it accounts for over 20 per cent (₹42,600 crore) of the FMCG sales pie, claims a Nielsen India expert.

But Emami is set to claim a bigger share of MT transactions, armed with brands in deodorants, men's facewash, feminine hygiene and light hair oil, introduced over the past six months. MT's contribution to its revenue is its highest ever, growing from 4 per cent to 6 per cent in Q2 of FY-15, year-on-year.

Mohan Goenka, director, Emami, says, "HE and Fair and Handsome facewash were the two brands which contributed the most to the rise. We have never had brands (such as Boroplus, Navratna, Zandu) that were MT-heavy. In fact, for our new categories, MT accounts for 25 per cent of sales. Brands like Navratna when taken into account bring the average to 6 per cent." Manoj Kulkarni, director, Nielsen India, corroborates: "Wherever MT is dominant, it accounts for 20 per cent industry sales - in the top 20 cities and the south."

Emami's revenue from new product launches in Q2 of FY-15 was around ₹29.4 crore (up from ₹19.2 crore in Q1), while overall revenue was ₹489.6 crore (FY-14 was ₹1,820 crore).

Goenka says that within MT, what has worked better for Emami is the cash and carry wholesale format (Wal-Mart and Metro), than retail grocery chains. "The cash and carry for-

mat is growing a lot faster for us than the MT chains, and a lot of consumers also buy from it. The players send out their own sales staff to tap small retailers. For me, it is easier to go to them. The format rationalises my trade incentives and gives me a one-stop shop for bulk and retail purchases," he says.

To make the most of the trend, Emami has shifted its promotional schemes from primary sales channels (traditional trade) to secondary sales (retailers) channels, which include MT players, too.

Goenka says that advertising too has helped, the deodorant brand, He, being a case in point. Deodorants are one of the busiest and mercurial segments with national and regional players vying for share of the ₹2,300 crore market, 90 per cent of which is in urban India. In the quarter of July-September, market sources say Nielsen ranked Fogg (18 per cent) from Vini Cosmetics at the top, Engage (8 per cent) from ITC second and Raymond's Park Avenue (7 per cent) third. Emami says He has notched up 0.5 per cent in just a quarter of the year.

Goenka says, "Markets in the north, where we first launched He are big contributors as the deo market there is big and our brand equity is strong in the region (Hindi belt)." For He, Emami spent the maximum it has ever on digital (around 12 per cent of its ad budget) on the 'Be Interesting' campaign with actor Hrithik Roshan. It worked with WAT Consult, a digital agency, to

## EMAMI'S MODERN TRADE MOVES

- Entry into modern trade-friendly categories such as deodorants and facewashes
- Piquing interest in HE deos with the help of a digital strategy around 'Be Interesting' featuring Hrithik Roshan
- Shifting promotional schemes and incentives to secondary sales channels that include modern trade retailers that also serve smaller retailers

launch a 'League of Interesting Men', a 21-day activation where fans had to complete daily challenges while going about their lives. "We never focused on digital before," says Goenka. Emami would be taking He deeper into the male-grooming space.

Fair & Handsome, the other men's skincare brand with which Emami created the men's fairness cream market, has a 1 per cent share in the total ₹1,450 crore facewash market, after launch in March, according to market estimates. Goenka says, "The umbrella brand helped its offtake."

Facewash and deodorants segments have done well in MT, with their variants getting a fuller display and quicker trials. Abneesh Roy, associate director, research, institutional equities, Edelweiss, says, "These categories are growing strongly." Goenka says that Emami now has around 200 promoters for MT promotions.

Roy says, "Men's facewash is yet uncrowded (though there are brands like Garnier, Fair & Lovely Max and Pond's). Deos would be tougher and in

the next two months, we will know if He has repeat users."

SHE Comfort, the acquired feminine hygiene brand, would take another quarter to perform as it started being taken pan-India only since September. It made ₹30 crore in 2013-14 (fourth in the segment with 1.1 per cent share), prior to Emami's acquisition. Its other new launch, the 7 Oils hair oil, might be in a segment that has seen HUL, L'oreal and P&G enter, but will take time to get widely sampled as hair-oil users are wary of switching brands. "The target would be urban consumers and salons and MT would be vital," says Goenka.

Roy says that the new brands might mitigate seasonality challenges but also launch Emami into national arenas with large players hogging shelf-space: "Where it has gone head to head with existing national players, say, in chawanprash with Dabur, it is yet to prove its mettle". For Emami then, the new brands are not just to diversify but also to prove it can compete on a larger stage.