

Kesh King pays off for Emami

Currently, Kesh King has a 35 % share in the ₹650-crore ayurvedic hair oil market

AVISHEK RAKSHIT
Kolkata, 5 November

Emami's acquisition of the Kesh King brand last year for ₹1,684 crore has finally started paying dividends for the company, with a 50 per cent growth last fiscal quarter onwards.

Contributing an estimated ₹75-80 crore to the ₹584.6-crore top line in the second quarter of the current fiscal, Emami has put its best foot forward to push sales under this brand.

While it took time to analyse consumer insights to position the acquired brand in the market, the FMCG company undertook an integrated brand campaign across sales, marketing, communications and other divisions to come up with the correct product positioning.

According to Priti Sureka, director at the Emami Group, the company decided to position Kesh King as a herbal solution which can address women's hairfall problems and that this is what caught the attention of customers. The company signed up celebrities such as Juhi Chawla, Huma Qureshi, Sania Mirza and



BRAND VALUE

- Emami acquired Kesh King last year for ₹1,684 crore; it has recorded 50 per cent growth last fiscal quarter onwards
- It undertook an integrated brand campaign to position Kesh King as a herbal solution for women's hairfall problems
- It signed up multiple celebrities to popularise the brand through commercials
- Kesh King now has 35 per cent share (from 30 per cent in June 2015) in the ₹650-crore ayurvedic hair oil market

Shruti Hassan to popularise the brand and rolled out print, television and other commercials which positioned the product to customers in the way it wanted to.

Sureka credited the brand's performance primarily to the company's ability to tap customer needs. "We collected a lot of consumer insights for the product and thereafter went for the product positioning."

However, before this exercise Emami undertook a massive facelift for the product, improving its formulation, and

changed its packaging to attract urban customers. The urban population, so far, has contributed 70 per cent to Kesh King's sales.

The company also undertook an exercise to reach out to the correct point of sales by doing away with the distribution model, when the brand was under S.B.S. Biotech, to integrate it with its own distribution network.

This integrated campaign resulted in Kesh King capturing a 35 per cent share currently in the ₹650-crore ayurvedic

hair oil market. At the time when Emami acquired the brand (June 2015), Kesh King had a market share of 30 per cent.

"When we see the economic conditions, when we see the oil market, overall it is quite muted. So in a condition like this, we are extremely happy with the way the brand has performed," Mohan Goenka, director at Emami Ltd, said during an investors' conference call.

According to Abneesh Roy, senior vice-president of institutional equities at Edelweiss Securities, Kesh King oil grew

73 per cent in Q2 of the current fiscal on a year-on-year basis (YoY) while the shampoo grew 15 per cent YoY.

"Oil contribution is higher than shampoo, and so focus is on the oil segment. The revenue split between oil and shampoo is 80:20," Roy said, adding that even after introducing the ayurvedic shampoo, the revenue split may not change considerably for the brand.

Furthermore, Emami has started manufacturing the Kesh King range entirely from its own plants which, it claims, has given it more consistent quality and better quality control than before.

To fund a part of the acquisition, Emami had borrowed ₹850 crore whose amortisation cost will be over in seven to eight years. This overheads, which has been consistently straining the company's bottom line each quarter, will be paid in instalments of ₹68 crore each financial quarter over the time frame. The company will be focusing on strengthening its southern foray in order to bag a greater pie in the overall ayurvedic hair oil market.