

News monitored for: Emami Group

Emami hires BCG for strategy advice

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Emami has hired The Boston Consulting Group to advise on strategy to drive future growth.

"They will advise us on our approach towards new and emerging business channels, and how to build a larger business via new channels," Harsha V Agarwal, director at the conglomerate, told *Business Standard*. The engagement is likely to be for four to six months.

To address the growth in e-commerce, Emami is seeking to increasingly market its products online. The cumulative contribution of online and modern trade offtake to total sales is expected to grow from seven to eight per cent at present to 12-15 per cent in three years, pushed by social media campaigns.

Asked about the portfolio Emami expects to push through online platforms, Agarwal said: "It really depends on the scope of the brand, the market one is catering to and others."

Its He, Fair & Handsome, Boro Plus and a few other brands could find traction in modern sales channels and in online marketplaces. Others

such as Navratna or Kesh King are more directly retail and wholesale-oriented.

The company said it had been focusing on modern trade channel by making improvements in field rates, strategic incentivising, packaging revamp and product availability across major e-commerce platforms. It believes m-commerce will also grow in importance, as mobile wallet transactions in the country rose from ₹20,000 crore in 2015-16 to ₹800,000 crore in 2017-18.

Emami's latest annual report says e-commerce contributed only 0.4 per cent to fast moving consumer goods (FMCG) sales in 2016 but this had grown to 1.3 per cent in 2018. Emami reported a 112 per cent improvement in online sales during 2018-19 from the previous year. It is expected that e-commerce's contribution to total FMCG sales could reach 11 per cent by 2030.

In the same report, Emami said investing in channels of the future while digitalising the company's traditional distribu-

tion would be key areas to grow. "Emami strengthened its capabilities in modern trade and is in the process of strengthening its e-commerce capabilities," the report stated.

The company is still predominantly dependent on traditional channels. Growth was 112 per cent in 2018-19. Direct

retail reach increased to 940,000 outlets, as compared to 850,000 in 2017-18, with a distributor strength of 3,250.

The company says it is looking to expand into untapped locations and grow its business volumes through the modern retail format.

It has also been acquiring foreign brands and investing in domestic start-ups. Last year, it acquired German personal care brand Creme 21, which has substantial presence in West Asia. It also increased its stake in The Man Company, which sells male grooming products primarily via e-commerce. In 2017-18, it had invested in Brillare, which offers premium hair and skin care products for use in professional salons.

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