

# Emami: Niche advantage

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Emami's domestic business grew 22 per cent in the third quarter of this financial year and much of it was due to its strong presence in niche segments where competition is less, specially from multinationals. A Credit Suisse report says Emami's success has largely come from the brands it launched after 2005 and 40 per cent of its top line comes from these brands.

The fast-moving consumer goods (FMCG) major has in fact made a habit out of developing niche segments into money-spinning brands. It did just that with its men's fairness cream — Fair and Handsome — as it carved out a virgin segment from within what is now a ₹1,400 crore fairness cream market in India. The early-mover advantage played out well for the firm, despite Hindustan Unilever (HUL) launching its own variant followed by international rivals Nivea and L'Oréal, with the brand growing at a compound annual growth rate (CAGR) of 32 per cent. Fair and Handsome has



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become a ₹100 crore-plus brand with 84 per cent share in the ₹137 crore domestic men's fairness cream market.

Krishna Mohan, chief executive officer, sales (supply chain and human capital) at Emami, says strong differentiation and the ability to match the consumer demands have been the core strengths. "The differentiation in our products is the real hero. There was nobody in the fairness cream segment for men. Even the cool talc was captured by us. We have a strong consumer insight based on which we develop our products. We keep getting back

to customers to develop them further," says Mohan.

Navratna Cool Talc was yet another innovation and is doing exceedingly well in the hinterland.

"The aspiration in the hinterland is rising and better infrastructure and web penetration have fuelled it further. There is great co-relation between India and Bharat and the dividing line is continuously blurring," adds Mohan.

In 2006, Emami decided to introduce a health care division and a number of new brands from its Ayurvedic OTC stable. The company has

taken up the challenge of growing this new division with a dedicated team working on this project.

Analysts say apart from first mover advantage, Emami has created segments and is also planning premium products with high margins. "Generally Indian companies are satisfied after having two brands worth ₹100 crore but with Emami the case is different. Boroplus is itself so huge. Navratna, Fair & Handsome, Zandu are well over ₹100 crore but still they keep on working to improve," says Raghu Bhat, co founder & director of Scarecrow Communication, which handles two accounts of Emami.

The Navratna brand is worth ₹400 crore, followed by the Boroplus brand at ₹300 crore, Zandu Balm at ₹265 crore brand and Fair and Handsome at ₹140 crore. Bhat says, the total spends for advertising out of their topline is one of the highest in the industry.

N H Bhansal, CEO-finance, strategy and business development of Emami, says they are in a business where marketing spend is more important than the annual capex.