

Emami's N Krishna Mohan says
the FMCG firm's focus on its
power brands has paid off

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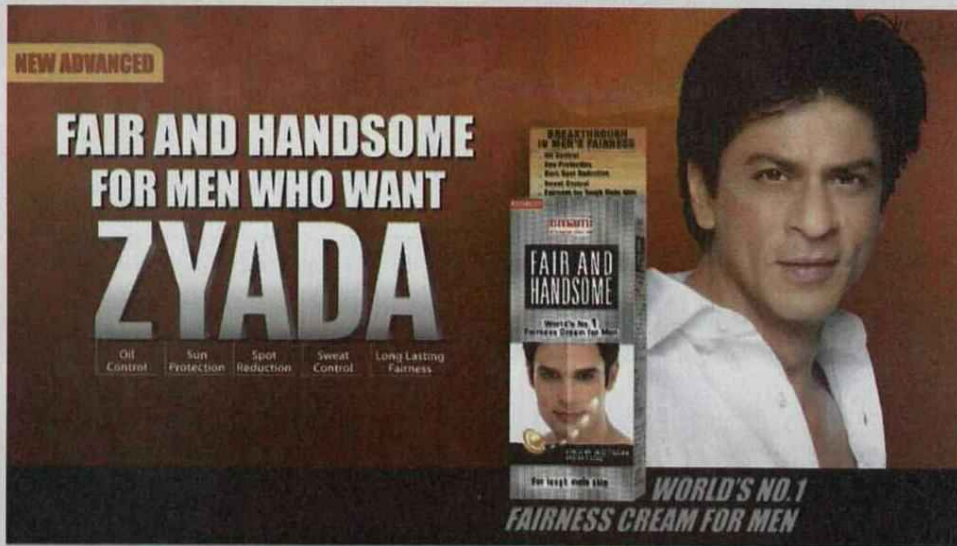
“Instead of launching new brands, we bet on our power brands and it paid off”

AT A TIME when the economic slowdown is forcing several multinational fast moving consumer goods (FMCG) companies to go back to their drawing boards and rework their business strategies, homegrown company Emami has seen its turnover grow by 16.9% to touch ₹1,699 crore in 2012-13 and net profit at ₹315 crore. The company, which retails its products at more than 40 lakh outlets across India through 3000 distributors, saw its domestic business grow by over 20% for the same period. Its direct rural business has also shown a strong growth of 31% in the year, accounting for around 26% of the total revenues. The game plan was simple: Push heritage and contemporary brands such as Navratna, Boroplus, Fair And Handsome, Zandu Balm. For instance, while other FMCG companies were busy expanding their portfolio of offerings, Emami refrained from coming out with any variants/sub-brands under its flagship Fair And Handsome brand. Rather, it repositioned Fair and Handsome with a new tagline 'zyada'. In a conversation with FE BrandWagon's Anushree Bhattacharyya, N Krishna Mohan, CEO-sales, supply chain and human capital, Emami talks about the company's strategy to tackle the slowdown. Edited excerpts:

How has Emami been dealing with the economic slowdown? What are the changes that were made to ensure a smooth run?
Among the various steps we undertook during the so-called slowdown period, a few worked out extremely well for us. We managed our costs efficiently, continued our investments on our brands and intensified our distribution reach. We have had very few launches during the last year. We realised that given the current level of penetration of our existing brands, it was prudent to invest on them rather than to launch new brands or products. We focused our marketing efforts on our power brands—Navratna, Boroplus, Fair And Handsome, Zandu Balm and Fast Relief. We test-marketed a few products as brand extensions and based on the feedback, we decided on the way forward.

Several big brands in the Emami portfolio—Boroplus, Fair And Handsome, Zandu Balm and Navratna Oil have done fairly well. What exactly has worked in their favour?

Almost all our power brands registered decent growths during the last financial year. We invested our marketing efforts and resources in driving the penetration of all the existing power brands. We intensified our distribution reach in urban India and especially in the rural markets. It was basically a 360-degree approach which helped us to reach out to more consumers, thus helping us register high growth.



How has the acquisition of Zandu helped Emami? Are you planning to expand the brand further?

Zandu is a heritage brand with more than 100 years of trust. We are still working on developing our Zandu health care business. We are working out our blue print for leveraging the strength of this brand in the coming years. We would not like to say anything more about it till we have finalised our plans.

What was the idea behind relaunching Fair & Handsome this year?

When we launched Fair and Handsome in 2005, the then consumer insight revealed that 30% of fairness cream consumers were males. There was a yearning for men's fairness cream, but no available option. It presented us with an opportunity to create a new category—men's fairness in the existing fairness cream space. However, recent research reveals men's fairness category has evolved and men want more from fair-

ness products, resulting in the advanced formulations in the new advanced Fair and Handsome. Today, the Fair and Handsome brand offers much more, 'zyada', to become more than just a fairness cream. With the launch of the new Fair And Handsome, we aim to capture a sizeable market share in the booming men's grooming product category, supported by a 40% increase in the advertising and marketing budget for the brand over last year.

Will you be increasing your overall marketing spend this year?

Last financial year, our advertising and marketing spend was 14-15% of our revenue. This year we plan to increase it to 16-17%. We will be focussing on four or five key brands such as Zandu, Fair & Handsome, Boroplus and Menthoplus. We have been using the celebrity endorsement route to engage and communicate with consumers on almost all brands. We have also started being active on social media while connecting with rural consumers through participation in local fairs, weekly markets and local festivals.

To what extent has packaging size played a role in boosting sales? What are the new packs that have been introduced by Emami?

We have always had consumer packs which are affordable and convenient to use. Last year we introduced a ₹2 pack of Zandu Balm to help drive usage in smaller/rural markets. We have test-marketed the ₹1 sachet of Navratna Talc during the summers in some parts of North and East India. Our brands are available at affordable price points and in convenient easy-to-use formats always. We have price points below ₹10 for almost all our brands to cater to rural consumers. For brands such as Navratna Oil, we have sachets for ₹1 which account for almost 40% of sales by value. We have ₹2 packs for Zandu Balm and Menthoplus Balm. Our Navratna Talc comes in a ₹5 pack and so does our Boroplus antiseptic cream. We have recently launched a ₹1 pack in parts of Uttar Pradesh, West Bengal and Bihar. Fair and Handsome is available in a ₹10 pack, Vasocare Petroleum Jelly at ₹5 and so on.

You mentioned that distribution played an important role in holding the fort for Emami. What were the changes that were incorporated?

We have increased direct distribution by almost 30% during the last financial year. Our sales team directly covers almost 6 lakh outlets currently. Some of our brands are available in more than 40 lakh outlets across the country. We have significantly increased our focus on rural distribution in many large states. One of the reasons for our good performance has been the initiatives taken in improving the availability of our brands.

