

small is powerful

The Kolkata-based **Emami Group** is busy launching variants and reorganizing its Ayurveda portfolio under the Zandu brand to take on the multinationals

• SUDIPTA DATTA

The glass-and-granite headquarters of Kolkata-based FMCG company Emami off the Eastern Metropolitan Bypass is 'artful' once you are inside. Here's where SH Raza, FN Souza, Manjit Bawa, Ganesh Pyne, Jamini Roy, MF Husain brush shoulders with each other on the walls, especially on the eighth floor where the top managers have their offices overlooking the vast expanses of green and wetlands on the far-eastern flank of the city.

From here, the Emami management has fought every challenge thrown its way; it's where ideas germinate too, like for example launching a whitening cream exclusively for men when there was not a single player in the field. Fair and Handsome not only had the first mover advantage when it was launched nationally in 2005, but it also opened up the fray and saw the entry of big players like Garnier and Nivea. Emami now wants to focus on several of its top brands across categories and grow each: Boroplus, Navratna, Fair and Handsome, Zandu Balm and MenthoPlus.

According to Harsh Agarwal, director and son of Emami chairman and founder RS Agarwal, though both Boroplus and

Navratna are growing at a healthy rate, they have a lot more potential.

"We are fine-tuning our distribution network, laying greater emphasis on advertising and looking for new markets for exports and exiting from those that aren't reaping rewards," says Agarwal. For example, the brand of cool hair oil that Emami is selling has low penetration, about 15-20 percent, and hence there is a scope to grow. "We have to increase consumption since per capita

consumption of our oil is much less. We have to increase penetration and we have a strategy in place to bring in variants. One of the things we are doing is to generate trials by launching ₹1 sachets," he explains.

The Navratna Oil is a ₹600 crore brand and in three years, Emami expects it to become a ₹1,000 crore one. In fact, the variant, Navratna Cool Talc that it launched five years ago, is already a ₹100 crore plus sub-brand, 'and extensions are one way of growing it,' says Agarwal.

Navratna Cool Talc recorded an 80 percent growth in FY13. The brand expects to touch a minimum of 25 percent year-on-year growth despite the talcum powder segment in India having hit a near saturation point, he adds. Navratna Cool Talc has a market share of 18 percent in the ₹430 crore cool talc sub-segment of talcum powder.

"There is potential in launching variants but we won't launch too many because we don't want to dilute the equity of the mother brands," he adds. In FY13, flagship Emami Ltd's turnover was ₹1,700 crore, and down the years the group, with a combined turnover of

THUMBNAIL

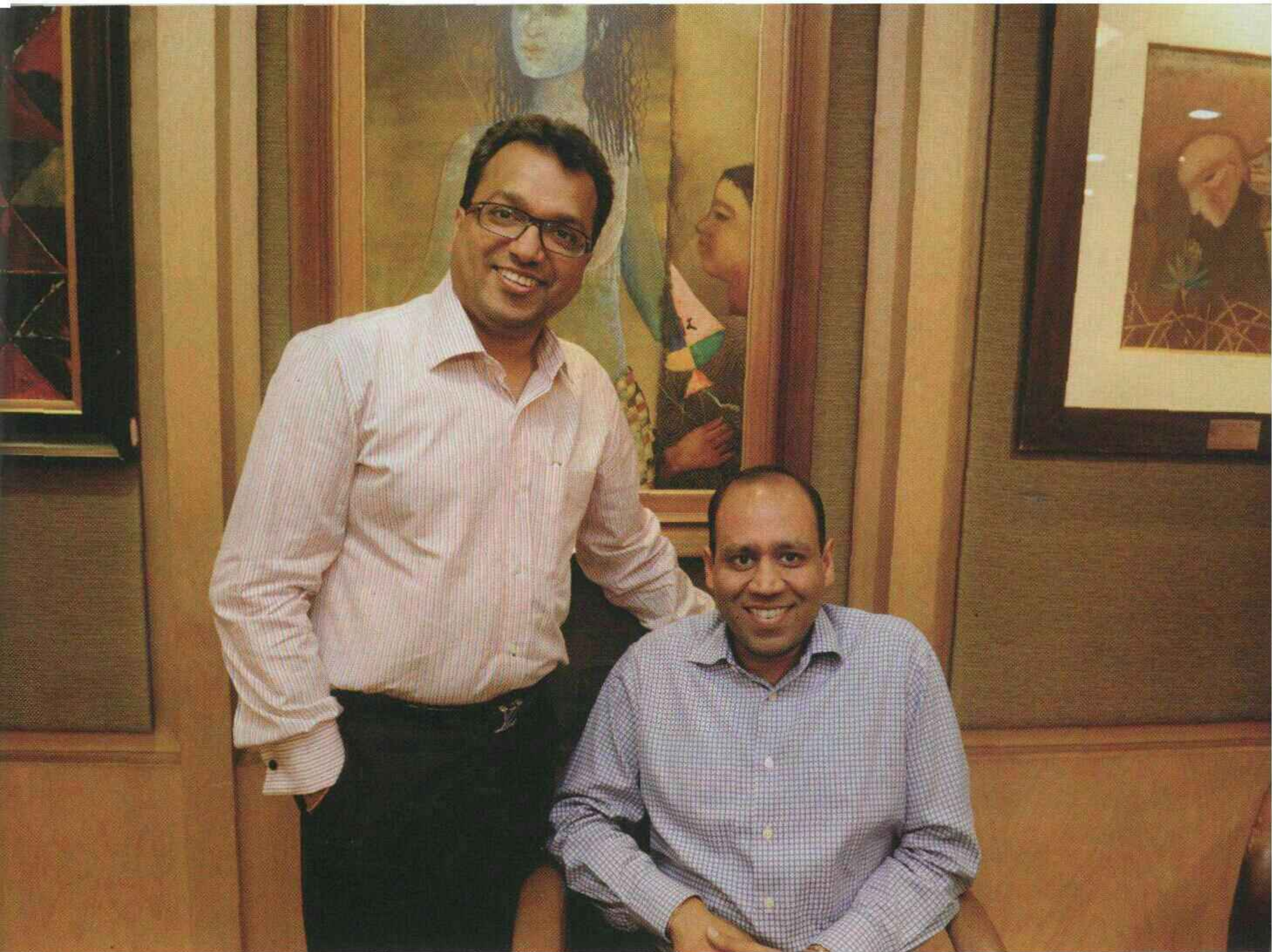
■ Emami Group turnover: ₹ 6,000 crore [FY13]

■ Emami Ltd turnover: ₹ 1,700 crore

■ Established in: 1974

Key brands: **Boroplus, Zandu, Navratna, Fair & Handsome, Mentho Plus**

■ CAGR in last five years: 24%



NEXT GEN: Emami directors Harsh Agarwal (left) and Mohan Goenka

₹6,000 crore, has grown primarily by being present in segments which have little competition to begin with.

Why Boroplus clicked

When Emami launched Boroplus, there was an established brand called Boroline. "It was a monopoly brand but there were lots of gaps in the market and issues of availability. We decided to launch Boroplus in an attractive colourful packaging which would attract the youth," he recalls.

Boroplus, which was launched in the '80s, is a ₹500 crore brand now. As the skin care category is growing, Boroplus has seen extensions in lotion and prickly heat powder. "Boroplus occupies a unique space because no

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— **HARSH AGARWAL**, Director, Emami Ltd.

MNC is present in the antiseptic cream category, and lends a lot to the overall category because it is perceived to be a do-good product," Agarwal points out, "and we do push it with new campaigns."

It was earlier managed by Agarwal and now Priti A Sureka, director, Emami, heads it.

Thrust on promotions

Once Emami finds niche, potential sectors, it also promotes the products aggressively. Almost all the A-listers of Bollywood, from Amitabh Bachchan and Shah Rukh Khan to Kareena Kapoor endorse some Emami product or other. In FY13, Emami spent ₹279 crore on advertising and promotions, which is 16.4 percent of the turnover.

"Though our promotional expenses are high—both Amitabh Bachchan and Shah Rukh Khan endorse Navratna and Kareena, Boroplus—this has helped us to grow the category. If you have to

grow the category, you have to spend but mere association of celebrities doesn't assure you success. You have to make the product relevant to the customer," says Agarwal. For instance, to achieve the targeted growth for Navratna Cool Talc, Emami has rolled out a brand new campaign positioning the brand as *Bina Bijili ka Sabse Chhota AC* with SRK and Junior NTR for the southern markets.

The Zandu effect

In 2007-08, Agarwal's father aggressively pursued the Zandu acquisition despite some misgivings within the Emami family on whether he was spending too much to buy the Ayurveda company. In the end, he spent ₹732 crore to buy Zandu, and Agarwal says it has been the perfect fit. "Our products are based out of Ayurvedic/natural formulations and Zandu is a strong Ayurveda/natural herbal brand," says Agarwal.

"Zandu is a popular brand that we have taken a decision to bring all our healthcare, herbal and natural products under and a foreign consultant is helping us do that," he points out. Emami has products like Sona Chandi Chyawanprash and Himani Fast Relief, which would once compete with Zandu Balm, the undisputed leader in the category.

Like all the other Emami power brands including Boroplus, Navratna and Fair and Handsome, Zandu too will see an aggressive adspend. "We want to promote and consolidate the Zandu umbrella and make it a national brand," says Agarwal.

Mohan Goenka, director and son of co-chairman RS Goenka, points out that Zandu is the single largest pain reliever brand in India despite the presence of products like Moov and Iodex. "Zandu was losing focus before the takeover,

POWER BRANDS



Navratna Oil

₹ 600 CRORE

Its brand extension, Navratna Cool Talc, has crossed the ₹100 crore mark



Boroplus

₹ 500 CRORE

Positioned as an antiseptic cream, where no MNCs have a product, it has a market share of over 70%



Zandu

₹ 270 CRORE

Consolidating Emami's ayurveda products under the Zandu name



Fair and Handsome

₹ 200 CRORE

but now it has been re-energized," he adds. From sales of ₹140 crore in 2007-08, it has nearly doubled to ₹270 crore already by FY13.

The other brand which is growing aggressively is MenthoPlus, especially in the rural market, says Goenka. It is worth ₹98 crore now, but it has a potential to grow as 90 percent of the sales come from only three states—Andhra Pradesh, Karnataka and Tamil Nadu.

Fairness cream gamble

In 2005, Emami entered another uncharted territory. "In 2005, we launched a fairness cream for men because market studies showed that 30 percent of males were clandestinely buying fairness creams for women. We launched in 2005 and the competition in the form of Lever, Garnier and L'oreal joined the fray from 2006. The market is growing faster than the female creams but that's perhaps because of the low base," says Goenka. Fair and Handsome is a ₹200 crore brand now. Emami has 60 percent market share followed by Lever (30 percent) and Garnier (20 percent), according to market estimates. The category got a huge boost when celebrities were roped in to showcase the product, from SRK for Emami, John Abraham for Garnier and Arjun Rampal for Nivea.

There's a lot of potential for growth because recent data shows that 22 percent males still use female fairness creams, says Goenka. The brand touched ₹100 crore in the first 3-4 years. "The entire male grooming sector has opened up and the celebrity endorsements have a lot to do it. We have spent ₹45 crore on Fair and Handsome last fiscal for ads and celebrity appearances. It's a new category, so investments are required to build the brand," adds Goenka. ■