

HUL firms up direct-to-consumer play

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Hindustan Unilever Ltd (HUL), India's largest maker of packaged goods, is set to scale up the online reach of several premium brands through standalone branded sites as well as its multi-brand shopping platform UShop.

UShop, a store that allows shoppers to buy goods in the National Capital Region and Mumbai, is set to expand to eight cities soon, a top HUL executive said.

"The digital infrastructure and the physical back-end of UShop will power all our digital-first and high socio-economic class brand such as Love Beauty and Planet, Simple, Horlicks, etc., to have a consumer experience like any other digital-first brand's D2C (direct-to-consumer) site. We

will also expand coverage from the current two to eight cities soon. For this, e-commerce-specialist warehousing partners and last-mile delivery partners carry out the fulfilment leg for us," said Aneesh Chaudhry, chief data officer, Unilever South Asia.

Chaudhry said the company is exploring both the options of launching mono-brand sites as well as listing more products and brands on its multi-brand site.

"Given the diversity and range of our offering, we believe some brands will be better suited for standalone and others for the multi-brand site," he said.

To be sure, UShop as a shopping platform is also operational in other markets where Unilever sells its products. In India, it was launched in the second half of 2020, for which HUL has been working towards setting up the back-end infra-



HUL, which makes Lifebuoy soap, Rin detergent powder and Kissan jams, had a 5-6% share of e-commerce sales in fiscal 2021.

structure.

The move reflects how the pandemic has shifted shopper behaviour and how companies are responding.

"HUL has been on this jour-

ney for a while and at the heart of this is to ensure we provide seamless engagement and shopping experience for our consumers," Chaudhry said.

While the overall share of e-commerce for fast-moving consumer goods (FMCG) companies is still sub-10%, most companies are betting that it could become a significant contributor over the next few years.

In the fiscal year 2021, the share of e-commerce sales for the maker of Lifebuoy soap, Rin detergent powder and Kissan jams was 5-6%.

The company already runs direct-to-consumer brand websites for Taj Mahal Tea and beauty brand Lakme.

Chaudhry said standalone brand sites such as Lakme have received a good response. But given that beauty products have significantly moved

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HUL plans to scale up online reach of premium brands

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online, smaller, more niche brands in the company's portfolio too could build online capabilities.

UShop works as a multi-brand platform, enabling HUL to sell its range of products. Additionally, it provides back-end and fulfilment support for some of its standalone brands, such as Indulekha.

HUL will gradually add more brands—prestige brands to begin with—via UShop.

“Earlier, we used to set up a lot of bespoke capabilities per brand—Lakme and Taj Mahal Tea House, for instance. Every time a new brand wanted to come online, we used to struggle. So, we've taken a more integrated approach,” he said.

The back-end, from fulfilment to logistics, down to the factory, is now integrated into one common pipeline, giving it scale and efficiency.

Other companies have been building direct-to-consumer capabilities, too, especially those offering a range of household goods.

Rival ITC, for instance, offers its range of pulses, flour, soaps and home cleaning products via ITC Store; and Marico launched its own

shopping site Saffola Store last year selling cooking oil, oats and immunity boosters.

Meanwhile, Tata Consumer Products Ltd has been scaling up its Tata Nutrikorner platform.

Analysts who track the online retail market said pre-pandemic e-commerce capabilities were largely dependent



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on their presence on marketplaces. But the pandemic has shifted that.

“It helps companies collate data, see shopper behaviour, as well as extend their entire inventory on their own sites. Meanwhile, their brands are not competing with others as they do on marketplaces,” said Saurav Chachan, engagement manager at consulting firm RedSeer.

He added that over the years, what has also helped companies is the availability of warehousing and delivery aggregators that make it easier for companies to get online directly.

Chaudhry said such initiatives could work for more premium brands, where it is not about just buying a product but building an experience around it.

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