

HUL trains focus on premium portfolio

SESA SEN @ New Delhi

CONSUMER goods major Hindustan Unilever Limited (HUL) will continue to take tough calls as it keeps its eye on 'premium' product launches amid rising incomes and higher awareness on premium brands, thanks to Internet.

Apart from switching to premium goods, instead of focusing on bottom of the pyramid alone, HUL will harness innovation to boost sales and margins, the company said in its annual investors' meet.

"HUL has reshaped the market significantly towards premium in all segments. In the laundry segment, the premium portfolio has been increased to 22 per cent in 2018 from 17 per cent in 2011," Priya Nair, executive director (home care), pointed out. Meanwhile, upgrading of its product portfolio in the mid-segment has been deliberately kept low at 21 per cent in 2018 from 25 per cent in 2011.

The maker of Surf detergents has earlier been pushing smaller-and-lower-priced products, especially in the rural hinterland, home for more than 800 million people. In fact, HUL said half its revenue was from low unit packs with price points of ₹10 and below.

Moreover, the firm is resorting to data analytics in forecasting demand. As a result, HUL is looking at e-commerce platforms to push premium products and democratise use. Recently, it bought the skincare brand 'Simple' from the UK. The products are priced at a premium price range of ₹299-399



and have been launched on some e-commerce channels.

"HUL will learn from selling the product online and modify the model for it accordingly. Bringing the brand to modern trade is also on the cards. We believe, at such a premium pricing, it's a niche product that will work in modern trade and e-commerce," said Abneesh Roy, senior vice-president at Edelweiss Securities.

Roy said that India is a value-conscious market and even premium products have to be given at affordable prices, almost akin to the non-premium portfolio. "Over the past few years, we have seen several FMCG majors taking this route. The results are positive," he added.

Nielsen's retail measurement services audit data of September 2018 shows toilet soaps, which accounted for 94.5 per cent of the category value, grew 10.6 per cent, whereas liquids grew 21.6 per cent. Premium variants are growing faster in key categories such as biscuits (9%/17% for popular/premium), instant noodles (9%/16%) and soaps (5%/12%).