THE TIMES OF INDIA

Copyright © 2014 Bennett Coleman & Co. Ltd. • All rights reserved

Sat, 20 Jan-18; Times Of India - Delhi; Size: 282 sq.cm.; Circulation: 972180;

Page : 25

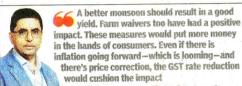
Worst is behind us, says HUL chief

FMCG Giant Investing In Mkt Development To Future-Proof Biz

Namrata.Singh@timesgroup.com

Mumbai: After a year of turbulence that upset growth forecasts of several organisations, there are clear signs of an uptick in demand in the fast-moving consumer goods (FMCG) industry, which is considered to be a barometer of the economy. Acknowledging this, Sanjiv Mehta - CEO & MD of the largest FMCG company, Hindustan Unilever (HUL) - told TOI in an exclusive interview, "The worst is behind us. The trend would take a couple of quarters more to get established."

Over the last three years, the FMCG industry averaged a volume growth rate of about 3%—a sharp decline from the preceding years, while the GDP



- Saniiy Mehta | CEO & MD, HUL

grew at an average of 6%. Radical changes like demonetisation and GST impacted the FMCG industry, even as rural markets had slowed down due to two consecutive years of drought. The subsequent sops offered by the government in November, where GST rates across consumer products were reduced from 28% to 18%, has augured well.

"What makes us more opti-

mistic about the future is the commitment of the government and the pronouncements of the finance minister that growth has to be inclusive. A better monsoon should result in a good yield. Farm waivers too have had a positive impact. These measures would put more money in the hands of consumers. Even if there is inflation going forward — which is looming — and there's price cor-

rection, the GST rate reduction would cushion the impact," said Mehta, who has been leading HUL at the helm for over four years now

To harness the opportunity from the demand pick-up, HUL, which has been growing ahead of the market, is preparing by investing in categories of the future."We are future-proofing ourselves. Big investments are going into market development to feed the categories of future. We have a mechanism wherein we will have about 200 million brand consumer interactions every year. Whether it is green tea, fabric conditioners, liquids or naturals - we are opening up the markets," he said.

▶ Continued on P 26

'HUL will disrupt own biz model'

▶ Continued from P 25

or this, Mehta said the organisation is conducting various experiments.

"We'd rather disrupt our own business model than let someone else disrupt us. We have 20 experiments running within the company by young people where we are using big data, analytics, artificial intelligence and robotics. We re-imagining what HUL of the future would look like. These experiments are under different stages. Many of them are at a stage where we are proving the concept and moving it out into the market. We have just commissioned a warehouse close to Delhi.

which is fully robotised," he said.

Mehta believes, apart from meeting the fiscal deficit target, it is important to deliver inclusive growth. This is because Mehta understands the value-conscious consumer well. HUL has just rolled out its premium soap brand Dove at a popular price point of Rs10. The move is unique to India.

At the same time, the maker of Surf Excel detergent and Kissan jams is fighting market disrupter Patanjali Ayurved on two price planks — Ayush, positioned for the belly of the market, and Indulekha at the premium end. "When there's more money in the hands of consumers, they

will migrate to larger packs," reasoned Mehta.

HUL draws inspiration from the fact that rising per capita incomes would help consumers move up the price points within the company's portfolio of products, rather than a competitor's, "Our per capita income has now crossed \$6,000 and it's a big achievement. Even if we are able to maintain a 6% growth, but have a more equitable and inclusive growth, in the next 30 years we would be reaching the middleincome countries," said Mehta. "But again, it should not be that the spoils of growth are going to a very small fraction of population. It has to go to a larger section of the population." said the 57-year-old Mehta.