

# To push margins, Marico eyes premium launches

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Home-grown FMCG major Marico is eyeing more launches in the premium food and personal-care category as it eyes to shore up margins.

The company will look to first introduce the premium offerings online before extending them to modern trade. There will also be some separation of portfolio between modern trade, e-commerce and general trade.

Operating margin in FY19 was 17.5 per cent. According to Sanjay Mishra, COO, Marico Ltd, the company will look to grow across core categories; and also "through creation of new ones". Investments will focus on "driving growth" rather than just shoring up turnover.

Market sources said that



Sanjay Mishra, COO, Marico

the company has identified five growth areas that include premium categories of hair nourishment, male grooming, food, and skin care.

In places where existing brands cannot be stretched, new brands will be created.

In Q4 of FY19, the company broadened its play in the 'Safola FITTIFY Gourmet' range by introducing a 'power breakfast range' through tra-

ditional Indian dishes (like *upma* and *poha*). It expanded the healthy foods range under the brand Coco Soul with coconut chips, peanut coconut butter and almond coconut butter.

In the male grooming range, Marico launched the charcoal variant of Set Wet Studio X variant to include categories like shampoo, body wash, face mask, face wash and face scrub.

"Our future lies in the growth of core categories and creation of new ones. In the core category there will be volume growth along with premiumisation," he told *BusinessLine*, adding that "the core portfolio is growing handsomely".

According to Mishra, the company focusses on new-age channels that include e-commerce and modern

trade. Sale from these two channels accounts for about 14- 15 per cent of Marico's turnover. In FY19, Marico recorded 28 per cent growth from modern trade.

The company's MD and CEO, Saugata Gupta, in a recent analysis call said that urban general trade (especially in the top six towns) is under stress. Firstly, the growth of modern trade and e-commerce is slowing it down.

Secondly, post demonetisation and GST, the entire wholesale business is shrinking.

In order to grow across the general trade channels, Marico is focussing on chemist, cosmetic and foods, to carry its new portfolio.

"E-commerce is becoming a significant part of the portfolio now," said Mishra.