

Marico smells money elsewhere

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When most consumer goods companies have increased their bet on deodorants, Marico, headquartered in this city, has a contrarian view. The maker of Saffola and Parachute will increasingly devote attention on its serums and hair styling portfolios than deodorants, a ₹2,500-crore category. The reason being the growth it is seeing in the former as opposed to the latter.

In the March quarter, Marico saw a 10 per cent rate of growth at the primary sales level (company to distributor/wholesaler) and 14 per cent at the secondary sales level (retailer to consumer) within its youth portfolio (erstwhile Paras Pharma brands). This growth was led largely by serums and hair gels, categories not more than ₹200-300 crore in size, according to analysts tracking the company.

Marico's deo portfolio, on the other hand, led by Set Wet and Zatak, saw flattish growth for the quarter and market share also remained around four per cent, the trend for three quarters.

Serums (under Livon and Silk & Shine) was 82 per cent and hair creams/gels (under Set Wet) was 44 per cent in terms of share for the March quarter. It is the market leader in the last two categories.



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SAUGATA GUPTA

Managing director, Marico

Together, Marico's youth brands contribute four to five per cent to the total revenue, say analysts.

Going forward, Marico hopes to revert to levels of 15-20 per cent in sales growth for

its youth portfolio, led by serums and hair gels, the company said after its fourth quarter results.

It proposes to drive category growth in the two segments. As a market leader, said Managing Director Saugata Gupta, it was in a position to do this.

"In the past four to five months, we have re-invested our monies. We were earlier putting a significant amount behind deos. We have restated the gel (under Set Wet) and the initial results have been good. We will do much more work on expanding this part of the portfolio, where we are market leaders, rather than fight for share in deos. This

part of the portfolio (serums and hair gels), incidentally, has higher margins. It would be prudent not to over-invest on deos. It is no longer a significant growth driver," said Gupta.

According to analysts tracking the nearly ₹3 lakh-crore fast moving consumer goods market in India, while the deo category as a whole initially showed promise, riding on the need for grooming, clutter levels have also significantly increased in recent years.

Most brands, regional and national, have invested significantly behind brand building and product development, a trend showing no sign of abating.

Some of the top deo brands in India include Fogg (from Vini Cosmetics), Engage (ITC), Wildstone (McNroe Consumer Products), Axe (Hindustan Unilever) and Park Avenue (J K Helene Curtis). Marico's deos, in contrast, have strug-

gled to make a mark, analysts said.

The company is expected to launch a new deo variant under Set Wet, called Infinity, in the current quarter. Even so, action will be higher in serums and hair gells.

"Both Livon and Set Wet Ge:) have significant long-term potential," Gupta said, indicating the priorities.