## Personal care products fast moving online

While earlier FMCG companies felt the e-commerce route was meant more for electronics and fashion, these are quickly changing their mind

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he change in strategy has been dramatic. Fast moving consumer goods (FMCG) companies who, till recently, felt that e-commerce would be restricted largely to categories such as mobile phones, tablets and laptops, as well as fashion and lifestyle products, have had to rethink in the last few months.

A recent study, by the search and technology major Google and consultancy firm Bain & Company, says that online sales of FMCG categories such as male grooming, beauty, personal care and infant care will constitute \$5 billion (₹30,000 crore) by 2020.

While this number would mean only five per cent of the total FMCG sales, estimated to reach \$100 billion (₹6 lakh-crore) by 2020, it is still significant.

Satyaki Ghosh, director, consumer products division, L'Oreal India, explains why. L'Oreal was one of the early movers online, with brands such as Maybelline. Ghosh says, "It is significant because what we are speaking of here, is the evolution of a new channel of distribution and one that has the potential to grow with the penetration of smartphones and the increased usage of Internet on mobile phones. People are doing a number of things online - browsing, chatting, transacting - implying companies can no longer ignore this medium. Secondly, digital has the potential to give you incremental reach, which is critical. There are so many more people who are able to see your catalogue of products, make a choice, and buy it. This opens up myriad possibilities for marketers.

Ghosh says that in the next five to seven years, e-commerce will constitute not five, but possibly 10 per cent of overall FMCG sales. "I say this because of the behaviour of consumers online. The traction of niche categories is higher because they are not widely available offline. For instance, luxury products such as high-end cosmetics and skincare products are likely to do better online than offline," he says.

The other categories that are taking off in FMCG are the ones where it is more convenient for the buyer to shop online. The Google-Bain study, for example, says that male grooming and infant care would see as much as 25 per cent of purchases on the Internet, while beauty would see about 8-10 per cent.

It also says that a third of the overall FMCG market in five years would be influenced by the digital medium, a point also made by Samardeep Subandh, chief sales officer, Marico. "While e-commerce will see exponential growth, there are some key trends. First, even though traditional channels will be a large part of sales, digital channels will have a large proportion of influence. Second, some categories will be disproportionately large in digital channels like infant care and beauty. Third, e-com-



FMCG categories such as premium cosmetics, regular make-up, personal care and infant care are some of the fastest-growing

merce will evolve in several formats such as multi-category, grocery, click and mortar and also brand's own websites. Finally, a lot of adoption will be driven though mobiles," he says

In preparation, Marico and Godrej Consumer (Godrej) have set up dedicated teams for e-commerce websites. In some categories, these companies have already made decent headway. Marico's Subandh says, "In the case of Bio-Oils, a product imported and distributed by us in India, e-commerce already accounts for a tenth of sales." He adds that in the future, "Our endeavour would be to ramp up presence with products like Parachute Advanced and youth brands such as Livon and Set Wet in personal care and male grooming".

Vivek Gambhir, managing director, Godrej, says, "Right now, e-commerce is a minuscule portion of sales. We, however, expect that number to grow fast, particularly in mobile commerce (m-commerce). Our approach will be to partner with e-commerce marketplaces, rather than launch our own portals."

Paul Polman, CEO, Unilever, on a visit last month to India, said its domestic subsidiary Hindustan Unilever (HUL) was actively working in the e-commerce space, talking to websites to increase its presence on these platforms. "Three to four years ago, many would have said e-commerce

wasn't for India. But surprisingly, it has grown very fast. Surely, we are going to be there. Will 5-10 per cent of business in big cities shift there? It is possible," he said.

Ghosh of L'Oreal says that over 1 per cent of sales of flagship brands – L'Oreal Paris and Garnier – comes from e-commerce. "For Maybelline, 3 per cent of its turnover comes from e-commerce and it looks promising. If there is one category that has grown the fastest, it is make-up. Both Maybelline's and L'Oreal's make-up ranges have done extremely. So, has Garnier for Men. We are also in the process of taking our luxury beauty products (Kiehl's, Lancome, Giorgio Armani, YvesSaintLaurent) and active cosmetics (Vichy, La Roche-Posay) online," he says.

New entrants such as Japanese cosmetics major, Shiseido, have been quick to migrate online. "While it is early days yet to indicate sales numbers, we have received a good response to the ZA range online. Offline, we are available in only three cities – Mumbai, Delhi/NCR and Bengaluru. But online, our consumer base is broader. That makes a lot of difference to new brands such as ours," says Salman Bukhari, marketing director, Shiseido India.

The Japanese major proposes to launch its ZA make-up range in the future for which it is expected to tap the e-commerce space aggressively.