

'Classic marketing models will be replaced by digital'

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India's largest hair-oil maker Marico Ltd is taking lessons from nimble startups on identifying emerging trends and mapping niche offerings to cater to the taste of new consumer cohorts. The maker of Parachute hair oil and Saffola cooking oil has set up an incubation team and an in-house creative studio to create content and campaigns for digitally native brands. In an interview, Koshy George, chief marketing officer, Marico, shares his views on India's fast-changing landscape. Edited excerpts:

Marico spent less on advertising and marketing in 2020-21. Have the spends increased in the current fiscal?

During the covid year, there was a lot of uncertainty as to what happens to consumption. But to be fair, we were surprised by the pace of growth, especially from rural and small towns. And that obviously gave us a signifi-



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cant fillip. I think the task ahead of us is about creating categories, which will require investment. However, here's a word of caution—in the short term, we are seeing some unprecedented inflation due to the Russia-Ukraine crisis. Commodity prices have shot through the roof everywhere, and some short-term cost management may be required, which will put pressure on profit and loss. Otherwise, the fundamentals are really strong. We see growth coming back in the medium to long term and, hence, our (marketing) spends will come back to normal. But in the short term, we will have to weather the unprecedented cost inflation. **You have launched and invested in digital-first brands. Is marketing new-age brands different from core FMCG brands?**

Yes, these are very different. Frankly, we borrowed and learned a

lot from some startups. What some digital-first brands have done really well is they've caught on to trends very fast. Second, a large FMCG organization like ours, and that's true for most incumbent FMCG organizations,

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Koshy George
CMO, Marico

Now, with the digital ecosystem, the ability to cater to very niche segments has evolved.

One key thing is you have to get on to trends very fast. We've now developed our own trend spotting tool,

which will help us identify trends almost a year or two in advance before they become big, so that we can participate in them. The second need is the pace and agility to execute. There's also a huge premium in terms of packaging, bringing in the right aesthetic value—we've invested in capability to dial that up.

Then you have to have the right unit economics if you're catering to digital. You need a certain pricing threshold because there is a certain cost in acquiring customers. So, I think that's a model we've shifted to completely, and we've created an incubation cell which looks at catering to these niches and marketing them very differently. A lot of it

is dependent on performance marketing, influencers and advocacy, rather than the classic brand building models.

The advantage we have is that we've got very good learnings from companies we've acquired like Just Herbs and Beardo. We built our own in-house creative studio, our own performance marketing team—the whole idea is to create the pace and agility.

We've started with some of our more premium brands, but we do work on Parachute hair oil as well. We also work with mainline agencies like Ogilvy. But with brands in the premium and digital-first space, in particular, we have moved completely to an in-house creative model. There is a certain set of brands we are working on right now, where everything end-to-end has been done in-house. We formally set it up three to four months ago.

How do you see the media mix changing for Marico over the next four to five years?

We have segregated the portfolio into three archetypes of brands. One is what we call a core legacy brand such as Parachute—it still has a huge overlay in small towns and rural areas, and is still TV-dependent.

Then we have the digitally-skewed brands, where TV is still there, but not as the lead media; instead, digital has taken over. Third, is what we are calling digital-first brands where there is no TV. It is all digital content and influencer-led marketing.

So, in the digitally-skewed brands, 40-50% of the spends are already towards digital. Within digital-first, nearly 100% spends are on digital. For core brands, we will be anywhere between 10% to 15%. Going forward, I believe 30-40% of our spends as an organization will eventually move into digital.

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