

# Marico looks to expand reach via pharmacies, beauty stores

Suneera Tandon

suneera.t@livemint.com

NEW DELHI

**P**ackaged consumer goods company Marico Ltd is working on expanding its distribution network across pharmacies, beauty stores and specialized food outlets in villages and adding a slew of new products, including honey and virgin coconut oil, to its portfolio.

The company, which sells its products through 5.3 million retail outlets, is planning to expand its stockist network in rural India by 25% over the next two years.

"We have started doing a lot of investment in expansion of distribution, whether it's rural direct distribution or prototyping separate food distribution. We want to do it through chemist and cosmetic channels, because we might have the portfolio but unless we get the go-to-market right, that might not happen," Saugata Gupta, managing director and chief executive officer, Marico, said in an interview.

It is "significantly" investing to increase capability, technology and people in distribution, and has increased its reach in pharmacies five-fold, he said.

Gupta said the importance of wholesale as a channel has been dwindling for the last few years as the disruptions caused by demonetization and the implementation of the goods and services tax have affected the unorganized consumer goods distribution network.

The implementation of goods and services tax (GST) mostly affected small retailers and wholesalers, driving them out of business, *Mint* had reported.



The company is planning to expand its stockist network in rural India by 25% over the next two years.

MINT

In the absence of a strong wholesale network companies have been expanding their direct reach.

While Marico reaches a fair share of general trade outlets, Gupta said its products are under-indexed in pharmacies and cosmetic stores.

The company has also been rolling out new products, with the pandemic driving demand for some of its food products.

Its launches include Med-iker hand sanitizers, protect disinfectants, Saffola Oodles, Saffola Honey, Saffola Arogyam Chyawan Amrut and Saffola Immuni Veda Kadha.

Marico plans to expand its foods business, which crossed the ₹300 crore mark in revenues in FY21.

"As far as urban sale is concerned, the new portfolio that is going to drive our growth and diversification, there are three areas where we are under-indexed—speciality food outlets, pharmacies and beauty stores. Here we have a job to do," he added.

For the next one-year Marico will "exponentially" grow these channels, he said.

"They need separate skill set and capabilities because it needs far better demand generation, stock management, promoter-based selling, visual merchandising, etc. So, the capabilities that are required are different from grocery and that is what we intend to develop and invest in over the next one or two years," he added.

In all, the maker of Parachute coconut oil and Saffola cooking oil covers 58,000 villages in India and almost every town with a population of over 5,000. The com-

pany has continued to expand direct distribution and now serves about a million outlets directly.

Marico has also identified rural as a "growth engine" over the last two years. Gupta said Marico's intent is to continually improve the quality of rural distribution through automation and by appointing new stockists.

**The company has also been rolling out new products, with covid driving demand for some of its food products**