

Marico Enters Soup Segment, Plans Healthy Snacks Too

₹450-crore soup segment in India is dominated by HUL and Nestle brands

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Mumbai: Marico started selling Saffola soups last week, entering a ₹450 crore segment that is dominated by Hindustan Unilever and Nestle.

The move is part of its strategy to launch healthy, in-between snacks and at the same time, add premium products to its portfolio as it targets a 70% increase in revenue to ₹10,000 crore by 2020.

The company said it has created a new business team, internally called Engine 2, which will help create and incubate new categories including healthy foods, nutraceuticals, male grooming and other personal care products.

In foods, Marico will enter in-between healthy foods that will benefit heart health and weight management, which Saffola caters to, said Saugata Gupta, managing director at Marico. "What will really accelerate our growth is having far more velocity of innovation and experimentation without disturbing our current model," he said.

The maker of Parachute hair oil has carved out an independent team that will run like a new entrepreneurial company. Saffola, which crossed ₹1,000 crore in sales in the previous financial year, has been driving the company's innovations within food — from salt and oats to



and heavy marketing, penetration is less than 5%, significantly lower than in western countries. Hindustan Unilever controls a majority share in the market with its Knorr brand of soups, followed by food giant Nestle's Maggi soups. Marico said this could change with a healthier perception of overall packaged foods.

"Saffola Active soups has five times more fibre and is much healthier than other brands," Gupta said.

Marico quit the crowded traders la-

ne on Masjid Bunder in Mumbai more than 45 years ago with an ambition to make two highly commoditised products — edible and coconut oil — national brands. Today, Parachute and Saffola are among the biggest oil brands in the country, although their contribution to Marico's overall sales is below half now.

Within personal care, Marico said the company has been introducing premium products — from basic coconut oil to value added ones — and now expects innovations such as serum and cream-based hair products to drive the portfolio.

"The quest for other growth options has led Marico to pursue opportunities in health and wellness and male grooming, which are underpenetrated and, if Marico succeeds, could potentially offer growth and margins that can compensate in part for the lack of growth in the core Parachute portfolio," HSBC said in a recent report.

Marico bought personal care brands, including Set Wet, Livon and Zatak from Reckitt Benckiser five years ago. In March, Marico bought a 45% stake in Zed Lifestyle, which owns and sells a range of products under the 'Beardo' brand in categories such as oil, wax and balm for beards as well as scalp, hair, face and skin products. One of the biggest drivers for male grooming categories has been ecommerce and the Beardo model is based on that.