

# Marico Plans to Scale Up Synergies for Better Reach, Higher Agility

Sagar.Malviya@timesgroup.com

**Mumbai:** Marico is attempting to build a Thrasio-style model where it will create synergies and scale up direct-to-consumer brands by having a common tech platform, supply chain and customer relations management.

This is also part of a wider strategy by the consumer goods company to enter new segments, especially in the online space, and have higher agility for its overall operations without disrupting the existing traditional system. The owner of the Parachute and Saffola brands has acquired Just Herbs, Beardo and True Elements in the direct-to-consumer space and announced plans to enter more categories by buying brands. It aims to build a ₹450-500 crore portfolio of digital brands by the end of next fiscal year through a mix of organic and inorganic growth.

US-based Thrasio Holdings has pioneered such a brand roll-up model in consumer business. "There are a lot of synergies in terms of common tech stack and common logistics, an advantage that many people standalone don't have. We are a go-to people for founders who want to scale up, who want to build to last rather than build to sell. We are the strategic investor of choice for them," Marico managing director Saugata Gupta told ET. "Because we are coming with this kind of infrastructure, which others might not have, it is like almost building a satellite of a string of pearls."

At present, each of its digital brands is operating as a separate unit. These brands posted annualised revenue of ₹180-200 crore last fiscal year. Unlike several other companies that get about 6% of their sales from online business, Marico's online channel accounts for 9%.

The company's business team for the digital range, internally called Engine 2, runs like a new entrepreneurial company, Marico said. "We feel we have a successful operating model to operate with our ability to get a fair share of the digital market there and therefore, be relevant and be future-ready, and percolate into the core in some ways," said Gupta.

According to data analytics



## IN DEMAND

We are a go-to people for founders who want to scale up, who want to build to last rather than build to sell. We are the strategic investor of choice for them

**SAUGATA GUPTA**  
Marico managing director

firm NielsenIQ, consumption in India's fast-moving consumer sector fell 0.7% in the April-June quarter, mainly due to a 2.4% drop in the rural market. Marico saw its domestic volumes fall by 6% due to a 27% volume decline in Saffola oil. The company is hopeful of a recovery in the second half of the fiscal year, in both value and volume terms.

"As you go down the population strata, if there is food inflation, then people tend to titrate on FMCG buy and either down-trade or downgrade. Now, that food inflation is broadly getting under control. Also, the FMCG industry is entering a low base. We might see some uptick in rural consumption in the second half with the inflation going down," said Gupta.

Marico's founder Harsh Mariwala quit the crowded traders lane on Masjid Bunder in Mumbai nearly five decades ago with an ambition to make two highly commoditised products — edible oil 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 less than half now compared with three-fourths a decade ago.