

'Driving premiumisation is our biggest focus'

Marico has been putting a lot of emphasis lately on premium haircare, personal care and food products on e-commerce platforms to drive growth. Koshy George talks to Venkata Susmita Biswas about marketing during the slowdown, the company's focus on millennial consumers, private labels in modern trade, and more.

What have been your key focus areas since taking over as the CMO of Marico last year?

My single biggest focus has been driving premiumisation, for two reasons: one, this is a trend that is being seen in many categories in India as consumers are aspiring for better products. Second, the hair care category, for instance, cuts across all demographics, and the challenge here is to provide access, both in terms of formats and new-age channels, to consumers. Addressing this threat will be a significant growth and value driver for us.

Additionally, there are segments of consumers like the millennials who are willing to pay a premium if they are provided the right benefit in the right format. Value and volume growth go hand in hand, and are not mutually exclusive. In some urban areas, a lot of the focus is on premiumisation as there is a need for benefits and convenient formats of products.

How are you tweaking your marketing strategy to suit the slowdown?

Value is surely critical for consumers at a



time like this. One of the strategies that drives consumption at such times is passing value back to the consumer, particularly in the rural markets. We are passing on value in the form of benefits and price.

Private label products from retailers now share shelf space with brands like Parachute and Saffola in modern trade stores. The competition surely has intensified...

Irrespective of who the competition is — private labels or regional brands who have significant cost advantages over us — a strong brand eventually wins. For instance, some of our brands do fight in categories where there are price warriors. There is a different rendition of the war when we compete against private labels in modern trade, but we have had great success in the past by creating strong brands and that does not change.

Saffola's Fittify, a gourmet food range, has hardly been advertised on mass media. What's your strategy to promote your non-flagship brands?

Five years ago, a brand launch would need an investment of Rs 20-30 crore on mass media. The consumers we are reaching out to, today, are no longer won by advertisements on TV. Many consumers buy brands that have never been advertised on mass media from e-commerce websites. This is because the millennial consumer is willing to experiment; you don't need to win trust through mass media advertising. Apart from digital marketing, we have used sampling in malls and activations in gyms to promote Fittify. For a brand like Fittify, using mass media amounts to wastage of marketing resources.

We need to talk differently to different consumers. For instance, for a campaign for Hair & Care recently, we used TikTok because many new-age consumers are not spending a lot of time on television.

How much of your spends on marketing goes into digital marketing, analytics and automation?

We spend nearly 17-18% of our marketing budgets on digital. The challenge with digital is that we cannot have the classic approach of running one piece of advertising across all channels. You need to rely a lot on content and influencer marketing, and other avenues.

We now have an in-house content studio because the rate at which we need to churn out content is much higher than ever before. In addition, wherever we see value in speed and agility, in terms of engaging with consumers, we are moving the function in house. Our data analytics work is also done in house now.

E-commerce currently contributes 5% to Marico's India business. Is most of it coming from highly priced products?

The reason for this surely is premiumisation. Currently, 43% of Marico's e-commerce business comes from premium products and new products in the food and personal care categories. E-commerce lends itself to a premium portfolio. Marico's products in its healthy foods, premium hair and skincare ranges such as Saffola Fittify, Coco Soul, Kaya Youth O2 and Set Wet Studio X are primarily driven through the alternate distribution channels of modern trade and e-commerce platforms such as Amazon, Flipkart, Grofers and BigBasket.