

Marico planning to strengthen focus on health food portfolio

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MARICO IS ALL set to double down on its resources and investments in its health food portfolio. Cashing in on the growing market for healthy foods in India, the FMCG major will be expanding into multiple cities with a food go-to-market strategy and increasing direct distribution in outlets focused on food.

As part of the plans, Marico will also be onboarding significant manpower for exclusively selling the company's food products. At present, the company has salespersons who interact with the trade channels for all the products of the company across categories. However, according to the new plan, this team of salespeople will be responsible only for selling the food products of the company.

The plan is part of Marico's ambitions to double the current revenue of the healthy food portfolio from ₹450 crore in the year ended March 2022, to ₹850-1,000 crore by the end of FY24.

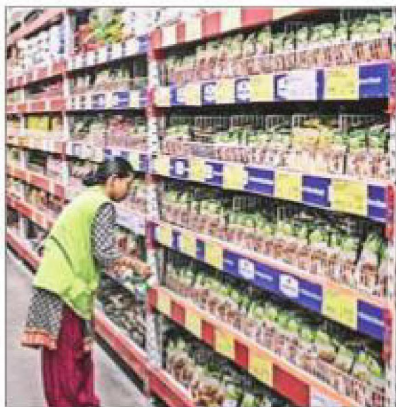
Sanjay Mishra, chief operating officer (India Business) and CEO (new business), Marico, told *FE* that there has been an emergence of stores that are exclusively focusing on selling food products, and the company is targeting them among other strategies to engage more with its target customers for its food offerings.

"These are destination stores. So, if in a neighbourhood, you are looking for an offline store and want to buy good peanut butter, there are chances that not every store will keep it. We are extensively using data science to identify those sets of outlets from the millions of stores that we serve, and have a focused approach in selling through them," he said.

Marico plans to get into multiple cities with its food go-to-market strategy, in at least 50 cities. With a focus on creating exclusive outlets for food, the company plans to double its direct distribution in the food outlets over the next two years.

The move comes at a time when like other FMCG companies, Marico is also feeling the pressure of declining volumes amid adverse consumer sentiments due to rising inflation. "A sharp rise in edible oils is leading to down-trading towards economy brands. The only growth category for the company remains foods business, which has grown at 17% despite a high base," said analysts at ICICI Securities.

A March 2022 study by investing banking firm Avendus Capital said that India is the fastest growing health food market and is growing at 20% CAGR, which is 3x the



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global average and 1.5x India's total packaged food and beverage market. The country's health food market is estimated to be \$30 billion in the next five years. A 2016 study by markets research firm Nielsen had pegged the health and wellness foods market in India at ₹10,352 crore, with a growth rate of about 10%.

With a food-focused strategy, Marico will be making significant investments in setting up the service model where instead of one salesman calling to sell all of its products, there will be dedicated salespersons talking to outlets only about the food portfolio. They will be making sales by increasing awareness about the products in stores, engaging with them to get better displays and promotions, and targeting more customer conversions.

Mishra refused to divulge details of the firm's hiring plans and investments. However, he said the health foods category that Marico is getting into has higher margins compared to the normal staples category. "The products that we are selling are in the premium range, so margins are robust. The margins will be on the higher end of what we make in Saffola as a category," he said.