

'Consumer has become an omni-channel shopper'

Godrej Consumer Products (GCP) was quick to tap the emerging hygiene trend last year in the wake of the first wave, launching a series of products. The past year has been about consolidating these gains and expanding distribution footprint in rural areas. **SUNIL KATARIA**, CEO (India & SAARC) of GCP, explains the challenges arising out of the second wave, in an interview to **Viveat Susan Pinto**. Edited excerpts:

How different has the consumer been in the first and second waves?

There are some fundamental shifts that the consumer has made between the two waves. In the first one, the consumer was anxious about Covid-19.

In the second wave, there was fear as the pandemic was devastating for many.

Another point to note is that the consumer was forced to change his or her buying behaviour and understand how purchases were done online.

While online shopping was slowly growing in the pre-pandemic world, Covid accelerated its growth multi-fold and there are more consumers buying online today.

Also, the consumer has become an omni-channel shopper. Their buying behaviour has become complex. For instance, the consumer could be seeing a product on an app,

but may actually buy it from the neighbourhood kirana or supermarket. Or, they may see the product on an e-marketplace and could place the order online itself.

Fast-moving consumer goods (FMCG) companies, therefore, have to be part of this omni-channel journey of the consumer.



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What is GCP doing to tap this omni-channel consumer?

For us, online is not just a channel, we treat it as a business. Two years ago, we put the building blocks in place by carving

out the online piece as a separate business unit within the company. The business head reports to me. The mandate is to create digital-first products and tap emerging trends in the space.

This initiative has added a new dimension to our business. From five per cent now, we SEE online sales

touching eight per cent of total sales in three years. In the next 10 months, for instance, five of our new product launches will be digital-first. If these click online, we may take it off-line too. Also, we are integrating direct-to-consumer and e-commerce initiatives.

Both are part of the online shopping behaviour of the consumer. The two should, therefore, not be seen in isolation.

Commodity inflation has been high for FMCG companies over the last few quarters. Yet, the focus remains on volume growth rather than price-led growth. This wasn't the case earlier. What explains the shift?

Companies have passed on

some of the input cost pressures to consumers in the form of price hikes. However, you have to remember that commodity inflation is cyclical in nature.

While price hikes have to be taken to protect margins, it cannot be reckless. Increase in product prices have to be calibrated without impacting demand. The reason for this is that companies cannot afford to lose their consumer franchise during inflationary times.

Indeed, they cannot afford to lose their consumers any time.

The strategy is to hold on to one's consumer base and keep them involved. This calls for a balanced approach to pricing.

Further, companies are increasingly paying attention to cost optimisation programmes, which help to keep operating margins in a steady zone.

How are you seeing recovery in FMCG following the second wave?

The recovery will be K-shaped. Health, immunity and hygiene products are seeing a sharp comeback. Discretionary products will see a gradual recovery. Basically, the unlock process that is on in some states is telling us that demand has not been impacted severely.

This is despite May being a blip in terms of consumption due to localised lockdowns. If the monsoon stays its course this year, it would be a positive sign for the rural economy. It could add to the overall momentum.

What are you lining up in terms of new launches in the coming months?

We are looking at rolling out new products in another 60 days in household insecticides. This will be targeted at rural areas and consumers sitting at the bottom-of-the-pyramid. In the second half of the financial year (FY22), we are looking at launches in haircare and air care, respectively. We are also monitoring the progress made by our recent launch in liquid detergents, which is Ezee 2-in-1. It is a fabric conditioner-cum-liquid detergent. We are looking to scale it up.

