

# Godrej bets on e-comm for wider distribution

## Invests in building supply chain tuned to digital platforms

**AYUSHI KAR**

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While direct-to-consumer expansion is a core strategy for most FMCG companies for digital expansion, FMCG major Godrej Consumer Products Ltd (GCPL) is betting on e-commerce channels for wider distribution.

In an interaction with the *BusinessLine*, Sunil Kataria, CEO, India and SAARC, GCPL, said: "D2C is not a major initiative for Godrej. While we have a few pilot projects running, for D2C, we require a different portfolio. Our major thrust in digital expansion is going to be in e-commerce, where we are investing to build a supply chain that is more conducive for e-commerce and develop products that will sell well on digital retail platforms."

In the past three years, GCPL's e-commerce business has grown from 1.5 per cent to nearly 5 per cent of its overall business. "We are growing at an annual rate of 70 to 80 per cent," said Kataria.

GCPL is investing in hiring talent for a full-fledged e-commerce team, particularly for marketing and process enhancement to expand its e-commerce business.

The team is also building a product portfolio specifically aimed at online retail.

### **Inflation concerns**

Inflation continues to create major headwinds for the FMCG major, with crude and palm oil being major areas of concern. "I expect the situation to not be resolved for another five to six months," said Kataria, as a result of which consumers should expect a sequential year-on-year price increase of nearly 10 per cent. The key strategy to mitigate effects on inflation for GCPL re-

mains judicious pricing and cost optimisation.

"We don't want to touch investment behind brands, especially since demand is picking up after the pandemic. It needs to be a balancing act between protection of margins and volumes," Kataria said.

### **Growth despite pandemic**

Godrej's discretionary portfolio, which took a major hit during the pandemic, is back to pre-Covid levels. Its portfolio mix — split between essentials, especially Covid-specific essentials, and discretionary categories — ensured that the major grew across the six quarters, according to its latest numbers.

For the quarter ended September 30, Godrej saw a year-on-year growth in consolidated revenue of 8.7 per cent to ₹3,186.29 crore. According to Kataria, 60 per cent of the portfolio saw tailwinds from the pandemic.