

'Commodity prices likely to remain high for 4-6 months'

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Godrej Consumer Products Ltd (GCPL), the maker of Cinthol soap and Good-knight mosquito repellents, has raised products' prices by 9-10% during this quarter, which will reflect in a few weeks. It expects inflationary pressures to remain for 4-6 months, Sunil Kataria, chief executive, India and SAARC, GCPL, said in an interview. The company has also increased its focus on building core categories and launching strategic products. Edited excerpts:

Last year, you had launched dish wash liquid, a surface disinfectant spray, vegetable wash and anti-bacterial wipes under the Protekt brand. Will you consolidate that portfolio?

There are two parts to our portfolio expansion. One was obviously some very tactical launches to take care of the covid-19-linked demand, such as vegetable wash and disinfectant sprays. At the same time, in our hygiene portfolio, we have had some very strategic launches, which happened even before covid, such as Protekt Magic hand wash to actually drive hand wash penetration in this country. Covid has given a fillip to this category of hand washes. We are rightly placed to democratize the category and drive further penetration with this ₹15 hand wash. That is a long-term bet for us and strategic because hand wash use is still in the mid-teens. Some tactical launches were eventually not good enough for us, such as the veggie wash. Whatever stocks we had, we have liquidated.

What will GCPL focus on?

While we continue to focus on innovation, we are more and more focused on building the core. Household insecticides will continue to be a focus area. We have launched Jumbo Fast Card, a paper-based mosquito repellent. It is a core household insecticide product in a burning format that has the ability to



drive category penetration. We will also invest in some strategic new product developments that we have launched. The mix will be a huge focus on the core categories to drive penetration, along with the launch of strategic new products that we have identified.

Will GCPL increase prices? By when do you see inflationary pressures cooling down?

We have already taken 9-10% price hikes, which will play out in the coming quarter (January-March). Right now, it is very difficult to predict this commodity (cycle). We have seen some correction in crude recently, though it has been marginal. I don't expect too much of a fundamental correction happening maybe for another 4-6 months. It is very difficult to predict what will happen after that. My sense is Omicron may not play out as badly as the Delta variant (in terms of severity). However, suddenly this new variant could come in and change the sentiment of the global commodity markets.

Whatever visibility we have, maybe

in 4-6 more months, prices will remain high. After that, we cannot say how the commodity markets will play out.

Which product categories have you raised prices for?

It's been broad-based. We have been very judicious. The commodity inflation is at a four-decade high; there is no way you can pass it on to consumers. We have to balance it out between strategic stock-keeping units and categories, and ensure the right balance between margins and growth.

As new go-to-market channels emerge, what is GCPL doing to maximize coverage in the market?

One thing that we have been consciously working on is direct reach. For rural distribution, just the month before the outbreak of covid, we had 10,000 rural sub-distributors who we directly supply to. They, in turn, cover

65,000-70,000 villages for us. In the last 18 months, that number has moved up by almost 35%. From 10,000 direct rural sub-distributors, we are sitting on 13,000-13,500.

We have focused on the go-to-market (GTM) 3.0 kind of work in the last 18 months partnering with Accenture. First, how to look at our e-commerce play. Second, how do we strengthen GTM in urban areas.

Another interesting piece that has played out for us in the last 18 months, considering the huge shift happening towards hygiene as

a category, is that we have actually built an exclusive chemist distributor channel. We have appointed nearly 450 pharma distributors who then supply a limited range of our products directly to chemists. This has led to an increase of direct chemist coverage by nearly 60,000 outlets.

In hygiene, we have had some strategic launches, which happened even before covid, such as Protekt Magic hand wash

Sunil Kataria
CEO, India & SAARC, GCPL



INTERVIEW