

BRANDS

Why premiumisation will continue to be a focus area and growth driver for Marico

SAMARPITA BANERJEE | JAN 15, 2020, 10:00 IST

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■ **Despite a slowdown in 2019, Marico continued to hold on to market share and refrained from cutting down its marketing budgets.**

■ **Its focus on constantly innovating and coming up with premium products while keeping the consumer at the core of all its strategies helped the brand brave the slow times.**

■ **Koshy George, Chief Marketing Officer, Marico Limited walked us through the factors that helped the brand put up a good show in a difficult year, and its marketing game-plan for the year ahead.**



It's been just about a year since Koshy George came on board as the Chief Marketing Officer at Marico Limited. While 2019 wasn't particularly an easy year for the overall industry, thanks to the economic slowdown, Marico's core brands have managed to hold on to their leadership positions. The reason for this growth is perhaps its strong marketing game and the fact that the brand has been focusing on innovation and premiumisation, to solve consumer pain points.

Before Marico, George spent close to 15 years in Hindustan Unilever, working on prominent brands like Lifebuoy, Pears, Dove, Lux, Lifebuoy and Sunlight, amongst others. In Marico, George is leading the company's core hair nourishment brands that include Parachute, Parachute Advanced, Nihar, Hair & Care, Shanti Amla and Livon, among other brands.

For a while now, premiumisation has been helping bridge the gap between what once could be termed as luxury products and products with a more mass appeal. It is also making products more appealing to millennials and a younger set of audience, that is ready to shell out some extra bucks, to get a better consumer experience.

Despite being a legacy brand, Marico identified this as a growth area and has been focusing on innovating and coming up with premium products under its portfolio.

Why premiumisation will continue to be critical

The last year saw the economy witness a slowdown that led to muted growth across industries and FMCG wasn't untouched by its effects. The effects were most starkly felt in rural markets, which witnessed a substantial dip in sales. However, despite the strong headwinds, Marico succeeded in gaining significant market share in the segments they play in. Its core brands like Parachute and Shanti Amla continued to perform well. "There is a headwind coming in, in terms of the growth of the overall categories shrinking. Competitively, we are doing well, our brands are looking very strong. However, what we need to realize is that the slowdown is here to continue and in such a scenario, how do re-tweak our strategies and get people back to help grow the category," says George.

In such a scenario, what does a marketer do, to protect a brand from being impacted adversely? The answer, George shares, lies in ensuring that consumers get better value from their products.

"One of the things we are looking at differently is how do we pass on more value to our consumers? There is obviously some price or promotions we have initiated in the market that ensure that people get the right value at a time like this. Moreover, if you look at the other spectrum, there are channels like modern trade and e-commerce that continue to grow and premiumise. So at that end of the spectrum, we are looking at getting more premium innovations to drive growth there. So we are looking at very different approaches in different parts of the market," he explains.

Livon and its growth story

When it comes to the hair serum category, Marico had a clear first-movers advantage when it launched Livon. Years after its launch, despite the category getting cluttered with the entry of a lot of national and international brands, Livon has managed to hold its own. Today, the brand holds about 70% of the serum category.

Speaking about Livon's growth trajectory and the factors that have helped the brand hold on to its leadership position, George says, "Livon has done fabulously well and has stepped up growth in the last few years. For Livon, the core task continues to be driving relevance and building the category, considering it's a very different format. Most of India is still rooted to using oils, so it's our job to create the market and educate people on when a serum is used and that continues to be our number one focus. So we have got the product at accessible price points. We also continue to work on upgradations while promoting it around our brand proposition of salon finish hair. Thirdly, we are bringing about a lot of innovation. We now have Livon Colour Protect. We are now looking at opening at sub-segments and targeting modern trade and e-commerce more sharply."

George also says that being the market leader gives them the added responsibility of helping the category grow, which is why he is unfazed by the ever-increasing competition in the category. "Competition coming in is always good because it grows the category faster. We are quite sure that we have a pole position building the category and hence it will always work for us. The trick is to keep innovating and that we continue to drive category upgradation," he adds.

Getting the right marketing mix

While slowdowns usually directly impact advertising and marketing budgets, Marico refrained from cutting down on their budgets. Explaining why, George says, "We haven't really tempered down on our marketing investment because we believe that once you start investing on brands, there will be cycles where the markets fluctuate, but if we continue to invest, we will get the benefits in the long-run."

While TV continues to be Marico's lead medium, Digital has been witnessing a steady growth, in terms of marketing spends. In the last 2-3 years, the brands spends on Digital has almost doubled. However, George explains that the media mix for any campaign would depend on the purpose of the campaign and the kind of audience they want to reach out to. "While for a lot of our mass brands, TV continues to be the lead medium, there will be cases when Digital will take the largest chunk of our investments. Our investments will depend on our brand and the TG we are targeting," he explains.

Moreover, as a part of their digital investments, Marico is also looking at spending more on new-age social media platforms like TikTok.

Marico's marketing game-plan

While premiumisation will continue to be a big focus for Marico, it will also continue to work on bringing people present in the unorganized loose oil category into the organized hair-oil segment.

"We believe there is a huge opportunity in premiumisation in all the categories across personal care and we will continue to focus on that. We will continue to invest in new brands, new formats and new benefits for our consumers. Equally while we do that, our strength lies in playing in the core of the market which we have successfully done over the years in terms of upgrading consumers from the belly of the market. So it will be a dual strategy but both for me will lead to meeting our growth ambitions," adds George.