



GUPTA'S MANTRAS

- ◆ It's better to have a good brand equity that is badly managed rather than a well-managed mediocre brand
- ◆ Don't enter a category which is a "red ocean" (high penetration and more than 2-3 players having market share of 80 percent)
- ◆ Choose categories where you believe you have a 'right to win' (already have won market leadership and is expanding)
- ◆ Enter a less crowded "blue ocean" area and own it, instead of fighting tooth and nail in a market which already has dominant players

still-vastly-under-penetrated male grooming segment both in India—through Set Wet and Beardo—and overseas with Isoplus (South Africa) and X-Men (Vietnam). “There is no mass, broad spectrum (beard, hair care, face, body, skin care) player which participates in all segments of male grooming,” says Gupta, adding that Marico plans to strengthen its position there. It does not rule out “Beardo-type” small acquisitions in the coming years.

Rakshit Rajan, portfolio manager at Marcellus Investment Managers, says Beardo's acquisition might not dramatically change fortunes for Marico. “It has helped it get a foot into the door [of male grooming],” he says. However, Ranjan adds that Marico could see a huge opportunity in the packaged foods space as healthy, well-packaged and safe foods continue to gain popularity. Marico's recent innovation, Saffola Oats, has been growing and commands a 79 percent value market share.

The foods segment is now worth ₹200 crore in sales for Marico and it intends to grow it to ₹500 crore. A similar growth rate is targeted for the male grooming segment. Marico has been high on innovation, but low on retaining focus to make the products a success. Gupta admits they need “scale in their innovations”.

Niche products such as its Saffola

fortified cholesterol management atta and diabetes atta mix could not be scaled up. “We realised that people are not willing to compromise taste for health. So create foods which are ideal for diabetics, but not diabetic food,” says Gupta.

Its other flagship brand Saffola—where growth has remained flatish, up just 1 percent in volume terms in the September-ended quarter—faces growing competition from rivals such as Emami's refined rice bran oil, Con Agro's Sundrop Lite, Adani Wilmar's Fortune Sunlite, rice bran and Vivo brands.

BUILDING LEGACY

Gupta, like Mariwala, is ready to experiment. The company is evaluating a scenario where private supply chain logistics agencies carry out supplies and distributors have zero stock. Gupta is one of the longest serving corporate heads at Marico and is looking to build a strong legacy, much like Mariwala did in the 2000s. A group of at least 20 young leaders are being groomed under Gupta by evaluating how they execute tasks, their learning ability and the way they nurture talent, appreciate shareholder value and imbibe the owners' mindset to their business.

Marico today is a lot more institutionalised than some of its competitors. This is what makes it one of the more attractive FMCG companies for sales and marketing executives to work with in India apart from its work culture and empowerment opportunities. Marico now has outside coaches to train its staffers and provide development tools to assess its young leaders.

Gupta wants to continue pressing the innovation button, alter distribution schemes for new growth engines, and embrace digital technologies in marketing. In those terms, in just over a decade, he has already created his own legacy. **1**

where Marico's value-added hair oils (Vaho)—Parachute Advanced Beliphool, Nihar Naturals Shanti Badam Amla and Parachute Advanced Extra Care—have a stronghold.

The impact on Vaho was sharp in the September-ended quarter, with zero volume growth and a 4 percent fall in value growth.

Gupta says the current consumption slowdown is neither cyclical nor structural. It is “temporary” and he hopes to get Marico back to mid-single-digit growth in the second half of the fiscal (October 2019 to March 2020) in India. Marico could clock at least 8-10 percent constant currency growth in the international business, he adds.

NEW DRIVERS

Not wanting to make Marico a two-trick pony which is excessively dependent on Parachute and Saffola (and thus coconut and safflower oil commodity prices), Marico has been innovating aggressively. Besides the core segment—the basic model for growth, which has few but big innovations—Marico has two more drivers: Engine 2 (premium personal care, which includes skin care and male grooming brands) and Engine 3 (healthy gourmet foods such as Saffola Fittify power foods, Coco-soul spreads and crème oil).

In 2019 alone, Marico has introduced four flavours among its Saffola masala oats, green teas, coffees and superfoods, Livon serums, Set Wet Studio X range and Serums and Kaya Youth O2 range of products.

A significant contribution to the availability of Engine 2 and Engine 3 is modern trade and e-commerce, including supermarkets. Engine 2 is also being sold through chemists and cosmetics stores while Engine 3 finds its way through speciality food outlets. “Much of this learning was after we acquired Beardo,” explains Gupta.

Marico is well-placed in the