

Marico to focus on youth products, high-margin segments

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Deodorants will no longer be a priority segment for Marico, which is revamping its youth portfolio at a time when urban demand has been slowing. It has decided to focus on high-margin categories such as gels and serums instead of deodorants, with youth-oriented brands such as Zatak, Livon and Set Wet.

"We are in the process of revising our strategy for the youth portfolio. Growth has been flattish in the first and third quarters but our endeavour is to get it back at 20 per cent for the youth category. We will focus on gels and serums instead of deodorants, which is already a cluttered segment," said Saugata Gupta, CEO & MD, Marico, during an analyst meet.

The FMCG major will stay away from investing in deodorants unless it has a differentiated proposition as it has been losing share in the category.

Differentiation

"Investing in deodorants has not been the right strategy; at the same time, we want to hold on to the category and our share. There has to be something different from the rest of the brands as it is a heavily cluttered category," added Gupta.

Marico's deodorants under the Zatak and Set Wet brands have a 4 per cent market share.

The deodorant category is estimated at ₹2,200 crore, with more than 200 brands.

It will now invest in Livon's Moroccan serums and hair gain variants as such products have higher potential. Marico's focus is on building its brands with high margins in the premium segment. For instance, its flagship Parachute brand is being extended to premium variants such as aromatherapy and ayurvedic oils.

Better margins

"We are looking at better margins and realisations from our hair-oil portfolio. There will be a bias towards premium brands and variants through new launches as we follow a premiumisation strategy," he added.

However, consumer demand continues to be muted in urban markets. "As of now, consumer spending is down but demand will pick up with higher GDP growth and lower inflation," said Gupta.

The Mumbai-based company will also look at organic growth rather than trying to acquire more companies. It will spend on market development in countries such as Myanmar, Egypt and Sri Lanka, where it has acquired companies.

Marico has recently hired a global agency to outsource and automate some of its processes in the areas of demand generation and inventory control.