

# We see massive shifts in shopping behaviour, product distribution in 6 months: Marico MD

NANDANA JAMES

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The FMCG sector was already grappling with the economic slowdown when the pandemic struck. While its volume growth has dipped, the sector is less impacted than other beleaguered industries because of the inherent need for essential goods. In an interview with *BusinessLine*, Saugata Gupta, MD & CEO, Marico Ltd, spoke about how the company is faring amid the pandemic, its strategy, changing consumer habits and shopping behaviour. Excerpts:

**What are the changes you are seeing due to the Covid-19 situation?**

I think compared to other industries, our sector (FMCG) is significantly less impacted. There would be a squeeze in the disposable income at the bottom of the pyramid of the middle class. You also see a shift towards health and hygiene, immunity and well-being. As people are going out less, there would be a little less (focus on) grooming. The

other would be the shopping behaviour — people are going to use more e-commerce, the neighbourhood kiranas and home delivery. So, the omnichannel will grow. There will be fewer footfalls in modern trade because of social distancing. Another reason is people are not going to travel long distances to shop. You have to adapt to those changes.

There will be a huge impact in the middle income and the bottom income groups. The urban bottom of the pyramid will be far more impacted than rural, maybe. If the harvest is fine, I think the rural (demand) will be much more in control.

**Marico has experimented with new forms of distribution and delivery. Do you think it's a long-term thing, where you yourself connect to the consumer directly?**

People with direct distribution or alternate channels of fulfilment are more likely to

do well. People are looking at, first, availability, second, trusted brands. And third, as things normalise, people are going to look for value, because right now, they are doing pantry loading and buying large packs, but as it normalises, they are going to look for value. So, I would say that amongst all the experiments we are doing in distribution, some will obviously get scaled up and will become the new normal. We would like to continue with direct-to-consumer because that gives us direct contact and access to data, which is very good for consumer engagement.

We will look at multiple fulfilment, and I think the omnichannel is here to stay. A lot of transformation in what I would call the go-to market

or the shift to e-commerce — what would have happened in two-three years — will now happen in six months.

Earlier, you would have seen a lot of promoters in a supermarket. They used to give samples and detail out products. Now, with social distancing, that will go out. For example, the entire way personal care or beauty is sold will change. In beauty outlets, there used to be these beauty

advisors who would help you buy a product. All that will now go because of social distancing and will move to online maybe. I think, in shopping behaviour and distribution, things that would have taken three-four years to change, will happen in the next six months.

**How are you operating your factories with all the restrictions in place?**

We are hand-to-mouth and are operating with zero inventory of products. We are rejigging some of the supply and factory lines so that they can accommodate social distancing without a significant loss in productivity.

**Are you looking at a rejig in the product portfolio?**

*Then there is the return of the neighbourhood kiranas...I think these small format, open format stores have made a great comeback during Covid-19 times.*

SAUGATA GUPTA,  
MD & CEO, Marico Ltd

Last year, we were focussing on male grooming, skincare and some of the premium part of our hair nourishment and skincare. Although, in the long term, we will stay invested (in these categories), we will lie low on it for the next 12 months. I believe discretionary purchases will get impacted and, therefore, we are diverting some of our spending towards health and hygiene and food.

**Do you think the measures announced by the government so far would be enough to trigger demand?**

Some of the measures will give liquidity, but some of the measures will take medium-term to long-term to pan out. For example, the decision on MNREGA is going to give cash directly to consumers, which will improve liquidity.

But will it improve sentiment for spending? I'm not sure. Whatever the government has done, they have tried to do their best based on the current situation.

Maybe a little more to spur direct consumption would have helped.



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