

**Q & A** GOPAL VITTAL, Executive Director (Home & Personal Care), Hindustan Unilever

# Focus: Return on marketing investments

Barring two years with a leading telecommunication services provider, Gopal Vittal has spent his entire professional career at Hindustan Unilever, where he joined in 1990. Vittal, who took over as executive director of home and personal care (HPC) segment in July this year, talks to Sapna Agarwal on the company's strategy to stay ahead of the curve during an economic slowdown. Excerpts:

## Are there any changes in the consumer consumption habits that are coming to the fore in the HPC segment?

Consumers are likely to be far more watchful and careful with their spends. They are likely to downtrade (buying lower-priced brands) and consider some cutbacks in consumption. We expect the downtrading to be more severe in basic categories like detergents and soaps though we don't foresee any impact on these basic categories. As a matter of fact, consumption will continue to increase in rural markets.

## How are you responding to these changing consumer sentiments?

In terms of our portfolio, we are well equipped as we have brands and propositions across the pyramid at different price points. Secondly, as consumers look at cutting back, there are two things that we are doing: We are tightening our belts by examining our cost base more stringently; and are looking very closely at return on marketing investments (ROMI). ROMI is something that we are looking at across brands, across activities and across all types of spends. Both these will help us stay ahead of the curve even as there are shifts in consumption.



## Any other areas of focus for 2009?

There are four important areas that we will drive. First, our focus on rural markets will continue. We have already made significant investments in this market with our Project Shakti and will continue to extend and leverage this to connect and build consumption among rural consumers even as we improve livelihoods. Sec-

ondly, we will seek to accelerate new growth categories like skin-care, hair-care, colour cosmetics, deodorants and household cleaning products. A third area for focus is simplification. This will mean fewer activities and exploiting them better. Finally, a sharper segmentation. For instance, we will focus hard on building new growth categories with emphasis on new marketing models that look be-

## Can you elaborate on what scrutinising ROMI means?

ROMI has become far more important in the last couple of months given the changes in the economic environment. We will be far more ruthless on cutting back marketing expenditure that is not yielding desired results and will back investments that we are sure about. To give you an example, we are looking very closely at TV expenditure, in particular where there is very high viewership fragmentation. We are not totally sure about the yield in the results of television commercials in the last two years. Hence we will use this opportunity to cut back on TV investments. This may be far more pronounced on some brands and categories where we are more sure about low yields. At the same time, we will evaluate running pieces of creative for longer. The practice of running six-seven communication pieces for select brands within a year will change and we will perhaps just do one or two.

## What does sharper segmentation mean for marketing investments?

We are looking at micro marketing in a big way. We will focus on markets that have stronger growth and profit potential and redirect our investments there. Similarly, for some brands, we

will increase investments behind aspects that may not have been given as much attention in the past. For example, a brand like Ponds may see greater emphasis on point of sale, digital and mobile marketing.

## Does your outlook for the growth coming from the upper-end of the market remains, given the current market scenario?

What we are seeing today is a blip. The long-term outlook for our categories is totally intact. The only blip could be for a short while. But the growth opportunity at the upper-end consumer market is enormous and it will definitely happen in the next six-seven years.

## So you still remain bullish about the growth from the upper-end consumer categories?

The shift in the consumption pyramid from a pyramid to a diamond is happening. Today, about 70-75 per cent of the HPC market is soaps, detergents, and toothpaste (traditional HPC categories). In the next six-seven years about 60-65 per cent growth will come from outside the traditional HPC categories which I talked about earlier. The consumer profile of our customers is also changing. Currently, the low-income and middle-income consumers account for 80-85 per cent of the HPC markets in terms of consumption. This will change in the next six-seven years.