

HUL Grabs 6th Spot in Forbes List of Most Innovative Cos

HUL has been ranked sixth in the list of The World's Most Innovative Companies published by Forbes in its latest issue. "HUL developed an innovative network-marketing approach to sell its goods via thousands of underprivileged rural women ... thereby becoming the most trusted brand in the nation," Forbes wrote.

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Hindustan Unilever is World's 6th-most Innovative Company

Co finds place in the Forbes list for its rural distribution model

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India's largest consumer products firm Hindustan Unilever (HUL) has been ranked sixth in the list of 'The World's Most Innovative Companies' published by *Forbes* in its latest issue.

Forbes wrote: "On the other side of the world, India's consumer-products powerhouse Hindustan (Uni)Lever developed an innovative network-marketing approach to sell its goods via thousands of underprivileged rural women throughout 1,35,000-plus villages, thereby becoming the most-trusted brand in the nation." For more than 75 years, Unilever's Indian subsidiary has been making a fortune selling products across home, personal and food categories, straddling across price points.

"We are driving innovation, not only in our products, but across the value chain of our business. For example, Project Shakti is an innovative win-win distribution model, which helps us to reach consumers in remote villages across the country... while enhancing livelihoods of rural women," said HUL's spokesperson.

But here's a rider. While with annual sales of ₹20,000 crore, HUL is by far the market leader in most product segments it operates in. Its global rivals, including P&G and L'Oreal, have been aggressively flooding retail shelves with similar innovative products in the past few years.

No wonder, the sense of aggression has changed drastically, especially, after the entry of Unilever's CEO Paul Polman. When he took over as the CEO in January 2009, Unilever was under pressure as customers went easy on spending on branded consumer goods. Mr Polman, the first outsider to head Unilever, injected a sense of aggression in the consumer goods maker. The former Nestle CFO put in place a performance culture across Unilever globally, linking rewards to results.

Those results are visible at HUL, which has been witnessing double-digit volume growth for at least five quarters now after a year of single-digit growth. However, profits at the operating level have not been keeping pace because of high costs and discounts that are being given to fuel volume growth.

But now, it's more of customer-centric innovation, too. Mr Polman and top honchos of its Indian subsidiary Hindustan Unilever have even spent days meeting consumers and dealers as India's largest seller of consumer goods, soaps and toothpaste seeks to fulfil its parent's mandate to ratchet up growth rates. The maker of well-known con-



sumer brands such as Dove shampoos, Lipton tea and Surf detergent has initiated innovation across categories to drive growth to tackle the intensifying competition in the country and to double turnover.

No wonder, there is a sense of appreciation now. Just last year, Mr Polman rattled HUL executives when he described India as an 'underperformer' while unveiling Unilever's fourth quarter results. But now, Indian business has become one of Unilever's best performing markets with volume growth at 13% in fiscal ended March this year, highest in more than two decades.

"HUL is like an oil tanker. Difficult to move and maneuver initially, but once it gains momentum and inertia, it's very difficult to stop them," said Nabunkar Gupta, founder of Nobby Brand Architects.

"The company is so huge and robust that it's almost impossible for it to sink easily."

Meanwhile, HUL has been trying newer innovations too, such as Pureit, which provides safe drinking water at an affordable price, and Surf Excel Quick-wash, which saves water while washing clothes.