

'Consumption Levels are Low & there's Plenty of Headroom to Grow'

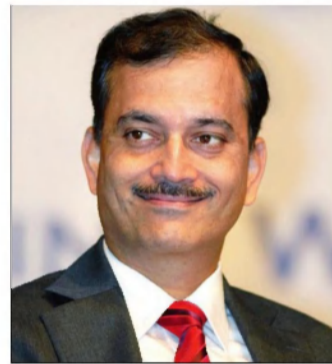
Hindustan Unilever (HUL), which posted its highest sales growth in 11 quarters during July-September, says ability to respond to changing market conditions and consumer demands is crucial in a price-sensitive and competitive market. Hindustan Unilever chief executive and managing director **Nitin Paranjpe** told ET's **Sagar Malviya** the next 6-12 months will determine the course of the Indian market because there is a mix of negatives such as inflation impacting consumer sentiments and positives such as continuing increase in incomes. Edited excerpts of an exclusive chat at the sidelines of a conference to announce the company results:

How do you view the current consumer environment in India?

I think the impact of inflation (and) the interest rate being increased put a lot of pressure on disposable incomes of consumers. That is on the negative side. On the positive side, India continues to see growth, incomes continue to rise, rural incomes have been rising and we have had a great monsoon. The government schemes in rural markets meant that there is more money with consumers in those places. The consumption levels are very low and there is plenty of headroom to grow. Modern trade, too, presents an environment conducive to many categories. So, I see a mix of some positives and some negatives. It's an interesting period ahead in the next six months or maybe 12 months in terms of how things will eventually move.

Does that warrant a newer or fresher strategy from HUL?

More than a new strategy, we have put premium on an organisation that can run its business more dynamically, whose planning cycle is shorter, which can respond faster and is more flexible. Gone are the days when you could put together a plan over 12 months and sit and execute it. For instance, the way we think of prices. Every Monday, there is a meeting to see what's happened in the world in terms of prices and what we need to do. We think about competitive reaction and how we need to respond. We think in terms of our approach to buy the sort of covers that we need to



Nitin Paranjpe

build. All of these need to be tailored in the times that we find ourselves in. Our approach to hedging is crucial, given the volatility in the foreign exchange rates. We are glad we have a fully hedged position.

Will you take a pause from filling up gaps in your portfolio and focus on existing brands instead?

We continue to find white spaces in our portfolio. For example, in our water business, we started with just one device of ₹2,000. Now we have something sub-₹1,000, we have something at ₹3,000 and ₹6,000 and we have recently launched Marvella RO to straddle across pyramid.

What should an Indian consumer expect from HUL going forward?

We want to be a company that is addressing the consumers of today and the consumers of tomorrow. Our strategy is simply: to build a set of brands, portfolio and capabilities that are not just right for the consumers and India of today but also right for them tomorrow.

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