

Rural Growth Story is Intact, says Manwani

ET EXCLUSIVE Q&A

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HUL CHAIRMAN & UNILEVER COO

A day after Hindustan Unilever announced its strongest sales growth in 11 quarters beating street expectations, HUL Chairman and Unilever COO Harish Manwani says the consumer products maker is more concerned about consistent double-digit growth than the numbers in one quarter. Speaking to **Ratna Bhushan & Rajiv Banerjee** at Ad Asia in New Delhi, Manwani spoke about opportunities and challenges for the Anglo-Dutch maker of Dove soap, Sunsilk shampoo and Surf detergent over the next few quarters as well as the changing nature of client-agency relationship. Excerpts:

How do you see the business environment over the next six months? Do you foresee a slowdown?

Business environment is not easy to predict. A combination of headwinds and tailwinds is what we are seeing. The tailwinds are a good monsoon and rural demand, which continues to be good. The headwinds are inflation and a devalued rupee, which put pressure on commodity costs. So the outlook is a combination

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of opportunities and challenges; it's a bit of both.

What will be your focus during this period?

It will be business as usual on growth, with consistent investments on brands. We have to be an execution and innovation machine – that will continue to be our core strategy. The important thing is not the numbers in one quarter; what's important is consistent double-digit growth. We have to make sure we keep growing profitably and competitively. We want to outperform the market.

Is there too much pressure on India to make up for lack of growth elsewhere?

Asia is a very important market for us, with almost half the world's population here. Business is growing in many developing markets, not just India. We have a very good presence in other Asian markets like Indonesia, Vietnam and Thailand. But we have to be careful – performance is not about numbers; it's about outpacing market growth.

Given the diversity of the Indian market, is it becoming a laboratory for innovations that are replicated in other markets?

The whole advantage of being part of a global group is that we are able to transfer best practices. India generates a lot of those (best practices). This is a great model for low-cost and bottom-of-pyramid business models, go-to-market strategy where one caters to the general trade touching nearly 2 million stores. Pureit (water purifiers) is a great example. Dove and Pond's are other examples of how brands can be transformed; what we are doing is, taking the best of Unilever and using that learning in relevant markets where we feel there could be a natural fit.

Being a leader, do you believe HUL should

be looking more at creating categories instead of tapping into existing ones?

Our big strength is our core businesses. Take Lux, and the renovations the brand has been through. But we are equally focused on categories of tomorrow. Take Pureit, for example. In emerging categories like facial washes, deodorants and hair conditioners, we are actively taking the lead in building not just brands but categories themselves.

When do we see you as the Unilever chief?

Well, my focus is on doing my job now – the focus is on here and now. If you think about what you could be doing, you lose focus.

HUL hasn't looked at acquisitions in the recent past. Balsara, Paras, Zandu were



acquired by your rivals. Are M&As part of your strategy?

We always build on our brands around organic growth. But we constantly look at strategic opportunities for bolt-on acquisitions, as long as these make strategic and commercial sense. Just because we like something, we don't have to buy it.

Nielsen has been updating its panel. Do you agree with their data now?

We only take market growth numbers from them (Nielsen). The growth numbers are always more accurate. For market shares, we always calibrate our performance through multiple sources of data.

Is growth in rural markets showing signs of tapering off?

In the overall environment, we don't look at numbers on a quarter-by-quarter basis. Our strategy does not change by quarters. The numbers may keep shifting... But if we look at the full year, the rural growth story is intact.

Will you move away ad and marketing spends away from traditional media to the digital space?

Of course, we will see shifts in media spends. Media has got very complex. There are 80 million people on the Internet and over a billion in the country. It's not about increasing overall spends, but the aggregate job which has to be done; it's about effectively reaching our target and making sure there is no duplication.

What changes do you foresee in the client-agency relationship?

It will have to be a different relationship. Agencies will have to find a way to build expertise, and how they can be centres of excellence. Agencies are very conscious of trends of digitisation. The relationship between companies, agencies and consumers has to be more seamless. Agencies and companies have to be very close; consumers will get more empowered than they have ever been.

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