

With Exotica, HUL to brew premium-coffee category

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Hindustan Unilever Ltd (HUL) has entered the premium-coffee market with the launch of its latest offering Bru Exotica. The premium-coffee category currently comprises imported brands with just a single Indian brand — Nescafe Gold from Nestle, HUL's nearest competitor.

Speaking to *Business Line*, Mr Arun Srinivas, Vice-President, Beverages, HUL, said, "It is a two-player market today in the premium-coffee category. There has been no market development and we will be building this category for the next five to ten years."

Mr Srinivas said, "The challenges in establishing the category would be similar to developing any new category like hand sanitisers or fabric conditioners, categories which we ourselves and our competitors are already developing."

However, low penetration of coffee (compared to tea) will help HUL and its competitors tap into the segment that is growing at nearly 20



A mannequin displaying Hindustan Unilever's premium coffee, the Bru Exotica range, at a store in Mumbai. — Shashi Ashiwal

per cent, according to estimates.

Tea dominates with 96 per cent penetration, while coffee penetration in the country is as low as 12 to 15 per cent. However, penetration of coffee is high in the South at nearly 40 per cent.

With Bru Exotica HUL intends to tap into the in-home

consumers segment with international flavours from countries such as Brazil and Colombia.

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"These are the first set of variants from Bru Exotica for consumers looking for global experiences in coffee from the comfort of their home,"

says Mr Srinivas. The company plans to add more international flavours to the category. HUL has also launched an ad with actors Priyanka Chopra and Shahid Kapoor.

Though it has priced the new offering two to three times higher than the Bru franchise, HUL believes that consumers are ready to pay a premium. "We have adapted these international coffees to suit the Indian palate, and today consumers have the ability and willingness to pay for them," said Mr Srinivas. While Bru Instant is the largest selling coffee within the Bru franchise, variants such as Bru Lite, Bru Cappuccinos and now Bru Exotica are attempts to segment the coffee market. "Today we straddle every point in the Bru franchise and have segmented the market based on taste, origin and flavour. HUL will continue to invest in and build the Bru brand," added Mr Srinivas. HUL is the second-largest player (after Nestle's Nescafe) with a 44 per cent value-share in the Rs 900-crore coffee market.