

HUL Tests its 'Magic' Formula to Reduce Water Usage for Laundry

Testing the Waters

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Unilever targets 50 m households in water-scarce countries with products that deliver cleaning with less water

Per capita consumption of laundry products in India is just \$2, almost half of China

India's laundry market has annual sales of over ₹13,000 crore



Magic's the first product to have emerged from India as part of Unilever's global sustainable living initiative

SAGAR MALVIYA
MUMBAI

Hindustan Unilever (HUL) is test-marketing an after-wash laundry brand known as Magic liquid that the company claims will reduce water usage by two-thirds. Magic is used for rinsing clothes and is the first product to have emerged from India as part of an initiative called the global sustainable living plan launched by parent company Unilever. It also becomes the second indigenous brand launched by HUL in the past seven years, the first being water purifier Pureit launched in 2005.

"It is estimated that by 2030, the supply of water in India would be half of the demand for it. Laundry is the easiest area to reduce water usage," Priya Nair, vice-president-laundry category at HUL, said. "We have launched Magic in the test market in the water-scarce state of Andhra Pradesh."

Globally, the parent company, Unilever, has so far launched a dry shampoo that doesn't need water, a hair conditioner that doesn't need to be washed away and detergents that clean at room temperatures — doing away with the need for hot water at 70 degree Celsius in washing machines — all part of the Anglo-Dutch firm's commitment to halve the water associated with the consumer use of its products by 2020. An analysis by Unilever shows that around 38% of its water footprint comes from the laundry process — and a significant proportion of this on account of hand-washing clothes, a practice widely prevalent in the developing world. Unilever has set itself a target to reduce the water required in the laundry process by making rinsing products more widely available and by providing 50 million households in water-scarce countries with products that deliver cleaning but use less water

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Corporate social responsibility is not the only motivation driving the country's largest consumer products company. HUL's largest business — soaps and detergents — is fast reaching maturity in terms of penetration, forcing it to drive up trading — or persuading con-

sumers to buy more expensive or new products — within these segments for a long-term growth, say analysts.

"Penetration in the core detergent segment is as high as 90%. HUL is trying to create newer consumption opportunities in the laundry portfolio in the post and pre-wash space and expand the consumption spends," said Anand Mour of Ambit Capital.

Per capita consumption of laundry products in India is just \$2, almost half of China. India's laundry market is the largest category in the home and personal care basket with annual sales of over ₹13,000 crore. Companies such as Procter & Gamble and Henkel compete with HUL.

Within the detergent segment, HUL has recently added newer categories such as fabric conditioner Comfort and Rin Perfect Shine, which was launched earlier this month.

In fact, HUL has significant exposure to highly-penetrated and low-usage categories. Hence, the company has been adding newer products that it claims provide enhanced benefits. At the same time, HUL has been introducing more expensive products to earn higher margins. A case in point is the sharp growth of liquid soap, shower gel, skin cleanser, fabric and hair conditioner products in its portfolio.

sagar.malviya@timesgroup.com