

FOR FMCG FIRMS AND CONSUMERS, ₹10 PACKS FIT THE BILL

Suneera Tandon

suneera.t@livemint.com

NEW DELHI

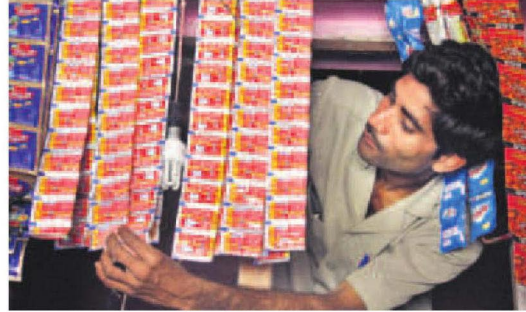
Indian consumers need little convincing to embrace products at cheaper price points; after all, good things come in small packages.

The nation's largest household goods makers are introducing cheaper packs—₹10 is the popular choice—of products ranging from soaps to chocolates to attract new consumers as an economic slowdown in Asia's third-largest economy depresses demand.

Over the past few quarters, brands such as Doritos, Dabur Amla hair oil and Babool Ayurvedic toothpaste have all released products in ₹10 price

packs. Lower prices are expected to help companies reach newer consumers, especially as they expand their reach in rural markets. Moreover, with exposure to the internet, even rural shoppers are aspiring to buy premium products, albeit at an affordable price, said top executives at consumer product companies.

"The ₹10 price point is required because we have to increase consumption. For doing that, we have to increase penetration," said Mohit Malhotra, chief executive of Dabur India Ltd. "So, if you look—whether they are economy brands or premium brands, they are all reaching out at that price point."



Even rural shoppers are aspiring to buy premium products, albeit at an affordable price. REUTERS

In recent quarters, Dabur India has introduced a Real Koolerz drink at ₹10, and even rolled out its Amla hair oil priced at ₹10 (30ml). The company recently launched a

₹10 Babool Ayurvedic toothpaste and is pushing its oral care brands such as Red toothpaste and Babool's ₹10 packs as it expands its rural reach.

To be sure, India is a large value market, which means that biscuit packets priced as low as ₹2 and one-time shampoo sachets priced at ₹1, as well as chips and chocolates at ₹5 and ₹10 draw big numbers for companies. This is especially true for categories such as salty snacks, chocolates and biscuits.

However, companies said that over the last two-three years, the ₹10 price point has been growing at a faster clip. "Small packs and sachets are an important part of our portfolio," said a spokesperson at Hindustan

Unilever Ltd that launched a ₹10 pack of Surf Excel detergent a few years ago. "Such packs allow us to reach first-time users more effectively, introducing our offerings to

FMCG companies are launching cheaper packs to attract new consumers as a slowdown hurts demand

them. They are particularly useful to drive market development of nascent categories. Apart from this, small packs and sachets allow us to make available quality and aspirational products at affordable prices to consumers."

In the biscuits category, for instance, ₹5 and ₹10 price

TURN TO PAGE 6

For FMCG companies, ₹10 packs fit the bill

FROM PAGE 1

packs constitute over 60% of the overall market.

Parle Products Pvt. Ltd has seen contribution of ₹10 packs to sales jump from less than 15% a few years ago to almost 25% now as it introduces trial packs for some of its premium cookies across rural and urban markets. The ₹10 pack, said Mayank Shah, category head at Parle Products, has been growing at a faster rate over the past two-three years, though ₹5 packs lead sales for the company.

“Ideally, it makes sense to gradually move the consumer to a price point, which would be convenient for you to cater to as well as affordable for consumers, and ₹10 fits in very well there,” he said.

For Mondelez India, which sells the country’s largest chocolate brand Cadbury Dairy Milk, the ₹10 price point for the brand has been growing at a faster pace and has trumped the ₹5 pack over the last few years. Close to 80% of



In the last two-three years, the ₹10 price point has been growing at a faster clip than ₹2 and ₹1 priced packs.. HT

units sold under the chocolates and confectionery category in India fall in the sub-₹10 price point.

“For the longest time, the category was heavily dependent on ₹5,” said Anil Viswanathan, director of

Over the past few quarters, brands such as Doritos, Dabur Amla hair oil have all released products in ₹10 price packs

marketing (chocolates) at Mondelez India. Today, the ₹10 Dairy Milk is available in more stores than the ₹5 pack, he added. However, for some of its other brands such as Perk and Gems, the ₹5 pack continues to lead

growth.

Earlier this year, PepsiCo launched its premium nachos brand Doritos at ₹10, apart from its Lay’s Maxx, to make it more accessible to urban consumers. Recently, it even launched a Lay’s south Indian chips at that price.

“The ₹10 pack is growing quite fast for us, in both urban and rural; of course led by urban,” said Dilen Gandhi, senior director of marketing (foods category) at PepsiCo India. “It is a more sustainable price point from a manufacturing standpoint, and overall consumer affordability is increasing; it is also partly driven by the fact that a lot of innovations are coming at ₹10.”

For wholesale retailer Metro Cash and Carry, the ₹10 price pack has seen a 150% jump in sales on an annual basis in May. “The ₹10 is a very attractive price point, which allows for easy distribution and penetration into the market,” said a company spokesperson.