Hindustan Unilever Limited
Winning in the India of Today & Tomorrow
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1. Trends that are shaping India

2. Winning in India – *The HUL experience*
1. Changing attitudes and rising aspirations

**Traditional**
- Address basic necessities

**Contemporary**
- Experimentative, aware & discerning
2. Growing incomes amidst continued disparity

Affluence will keep rising
- New categories
- New benefits

BOP will remain large
- New consumers
- Extending reach

Source: Unilever LSM Profile on Consumer Panel
3. The changing landscape of Urban India

Rapid Urbanization
Growing at 2.4%

Emergence of the Urban Poor
Over 20% of population in Cities live in slums

Source: CIA World Factbook
Source: Census 2001 & 2011 projections
4. Rural whilst evolving will continue to remain large

- **Sizable Footprint**
  - Majority of India will continue to live in Rural

- **Rising Income**
  - >3X increase in government expenditure*

- **Diversifying income**
  - Significant diversification in Rural income

- **Consumption and uptrading**
  - Strong growth in emerging categories

* Over the last 5 years
Source: NREGA Implementation Status Report
5. Technology creating a wave of change
...and they come with a set of opportunities and challenges

**Trends**

- Changing attitudes and rising aspirations
- Growing incomes amidst continued disparity
- The changing landscape of Urban India
- Rural whilst evolving will continue to remain large
- Technology creating a wave of change

**Implications**

- Emerging segments of future
- Explosion of choice
- Opportunity across the pyramid
- Headroom for growth
- Hybrid trade structures to exist
- Pressures on Urban Infrastructure
- Connected 24X7
1. Trends that are shaping India

2. Winning in India – *The HUL experience*
Driven by a clear and compelling strategy
Driven by a clear and compelling strategy

We focus on consumers and customers with a bias for action.

**Our first priority is to our consumers, then customers, employees and communities.** When we fulfil our responsibilities to them, our shareholders will be rewarded.

We will win through a growth mentality and a positive approach to all our stakeholders, based on clear accountability and bias for action.
Embedding consumer and customer centricity

- Consumer
  - Blind Product
  - Win
- Customer
  - Credo

Consumer & Customer License

- Consumer Shoes
- Popeye
- Colns

Lever Care
Our approach to Winning

1. Winning with brands and innovation
2. Winning in the marketplace
3. Winning through continuous improvement
4. Winning with people
Our approach to Winning

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Portfolio that straddles the pyramid

> 60% of the portfolio was touched by innovation during 2011-12
Better quality products, stronger brands

Tripled blind product wins %
- 2009: 3X
- 2010: 2X
- 2011: 3X

Improved brand equity scores
- 3/4th of portfolio holding/gaining *

Measured for the top 25 brands; *Exit 2011 Vs second half 2009
Driving premiumization

Skin care (Face)

**Segments**

- **Premium**: Market construct (%) = 20, Market CAGR 2009-11 (%) = 40
- **Mid**: Market construct (%) = 30, Market CAGR 2009-11 (%) = 35
- **Mass**: Market construct (%) = 50, Market CAGR 2009-11 (%) = 10

Moving up the ladder
Building segments of future

**Facewashes**
Size: >Rs. 900 crs.
Growth: c. 50%

**Hand & Body**
Size: >Rs. 2300 crs.
Growth: c. 30%

**Conditioners**
Size: >Rs. 250 crs.
Growth: c. 30%

**Tea bags**
Size: >Rs. 140 crs.
Growth: c. 40%
Connecting with the evolving Indian

**Digital Readiness**
- Building capability
- More brands, more platforms, always on
- Significant step up in investment

**Engagement based communication**
- Focus on earned media
- 4.2 Mn Social networking fans added in 2011
- >1 billion social impressions generated

**Mobile, Social search, gaming and DTH**
- 500% increase in search, 100% in social and 90% on mobile
- Online video is 10% of total digital spends

**Consumer insights, analytics, ROI**
- CMI integration on DTH, mobile and display
- Pre-testing of digital creatives
- Digital campaign effectiveness

**Build consumer centric platforms**
- Axe Angels Club - Top 10 FB page in India
- 2nd largest Unilever FB page
- JammyArt.com: India’s largest Kida UGC platform
- BeBeautiful.in: India’s largest beauty platform
Newer ways of engaging consumers

Integrated video plus social networking

3.3 lakhs channel views
126 subscriptions
60 videos

1st ever FMCG campaign from India to enter the ‘Facebook Studio hall of fame’
Leveraging technology to activate and connect

Mobile activation

OVER 5 MILLION MISSED CALLS IN JUST 3 MONTHS!

KEY HIGHLIGHTS!

5,280,756  Missed Calls in 3 Months!
781,195    Unique Numbers (UP & Bihar only)
150        Secs of effective engagement
80%        % of callers listening to entire content
6          Average missed calls per number

SO WHAT ARE YOU WAITING FOR...
MISSED CALL DJIYE, MUSKURATE RAHIYE!*
Our approach to Winning

1. Winning with brands and innovation
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Differentiated focus on channels

**General Trade**
*Perfect stores program*

- **Proposition**
- **Product**
- **Place**
- **Pack**
- **Price**
- **Promotion**

**Modern Trade**
*Focus on customer service*

- **No.1 Supplier of Choice**
  - eQ^ scores highest in industry

**Growth in perfect stores significantly higher**

- **Average 2011**
- **Perfect stores**

**Contribution and growth**

- **2010-11**
- **2011-12**
Building the gateway to Rural

**Project Shakti**
*Expanding presence*

- 45,000 Shaktiammas
- 30,000 Shaktimaans
- 100,000 Villages

**Khushiyon Ki Doli**
*Increasing consumer awareness*

- 70,000 Villages
- 25 mln Consumers
- 400,000 Retailers

**Project Express**
*Leveraging partnerships*

- HUL - TTSL Alliance
- > 20,000 markets across India
- Rolled out in 4 states
Our approach to Winning

Winning with brands and innovation

Winning in the marketplace

Winning through continuous improvement

Winning with people
Deploying Segmented Business Models

**Business Imperatives**
- Higher GM
- High Innovation Intensity

**Supply Chain Characteristics**
- Air Freight
- Range Availability
- Higher Service

**Differentiated Consumer and Customer Needs**
- Cost Challenge
- Direct to Customer

**Lower GM**
- High Competition
With a relentless focus on costs and savings

Indexed CEPs

Operating Leverage

Indexed Overheads as % of turnover

ROMI - Step up in green box activities

CEPs - Cost effectiveness programmes; ROMI: Return on marketing investments
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Building a talent powerhouse

# 1 Dream employer across campuses
Survey by Nielsen

# 1 Best employer in India, 2011
awarded by Aon Hewitt

# 1 Employer of choice by Nielsen
Campus track

# 1 Dream employer across campuses
Survey by Nielsen
Strengthening Performance culture

Aligned goals

Sharper differentiation

Reward linked to performance

Performance culture index is up by 14% in 2011
At the heart of our strategy is doing business responsibly

*Sustainable living plan with ambitious goals*

- **HELP 1 BILLION PEOPLE IMPROVE THEIR HEALTH & WELL-BEING**
- **HALVE ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTS**
- **SOURCE 100% OF AGRICULTURAL RAW MATERIALS SUSTAINABLY**
And we are making steady progress

30 million people reached with Lifebuoy soap handwashing programmes in 2010-11

30 million people have gained access to safe drinking water by using Pureit in-home water purifier, since 2005

Around 60% of our major food and beverage brands – Brooke Bond, Bru, Knorr, Kissan and Kwality Wall’s – comply with the ‘Healthy Choice’ guidelines

Reduced CO₂ emissions by 14.7%, water use by 21.5% and waste by 52.8% in our factories, over 2008 baseline

Improved CO₂ efficiency in transportation by 17.8%

60% of tomatoes in Kissan Ketchup are sourced sustainably
Water conservation projects 180+ villages in India

1,000,000 people to benefit

over 100 billion liters of water to be harvested

50% expected rise in crop production
Winning in India

*Driven by a clear and compelling strategy*

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**Strategic framework**

- THE COMPASS
- WE ARE UNILEVER
- WHERE WE WILL WIN...
- HOW WE WILL WIN...

**Sustainable Living Plan**

- Our Goals
  - Consistent **Growth**
  - Competitive **Growth**
  - Profitable **Growth**
  - Responsible **Growth**
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