

'Can Make the Elephant Dance by Pulling Two Levers in India'

1 Co sees return of rural growth, moderate inflation; to stay with mass+premium plan

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& Chaitali Chakravarty

New Delhi: Unilever chief executive Hein Schumacher said India was of "pivotal importance" to the Anglo-Dutch consumer goods giant, adding that the company sees rural growth returning as well as moderate inflation and was cautious in its short-term guidance.

"I want to be careful in overesti-

ating, you know, something extraordinary in the short term," said Schumacher, who's on a two-week trip to India, Unilever's second biggest market after the US in terms of revenue. "India is a story that will be talked about for centuries with what's happening today."

The maker of Surf and Dove said India's consumption is mimicking global trends, especially that of the US, where consumer confidence is back, but wages have been behind the rate of inflation, resulting in lower savings.

"In terms of the growth potential and in terms of where my attention is, India is of pivotal importance to Unilever, and we are absolutely unblinking in our support to grow it," said Schumacher.

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INDIA KEY

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AMRENDRA

'Growth Not Going to be Linear in India'

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"The first word that comes to my mind for India is transformation," he said. The local unit, Hindustan Unilever (HUL), is India's biggest consumer goods company. Unilever doesn't expect massive volume and pricing growth in India in the short term. The guidance by Schumacher comes against a backdrop of slowing consumer demand, especially in Indian cities.

"We see rural growth returning. We see moderate inflation returning, and that's something that we will respond to," Schumacher said. "We see the transformation happening. So that's something that we will, of course, double down on, because that's where we want to compete."

The 53-year-old Dutchman said Indians have plenty of choice, which meant competing for consumer wallets across categories beyond daily home and personal care goods.

"The aspiration level is going up, and that has consequences at the end of the day on where people spend their money. The other one is travel and every consumer is keen to start seeing the

world. The third one is that people in urban areas are prepared to pay for convenience," he said. "So with everything happening, there are many more ambitions and many more aspirations to fill. And you are competing at the end of the day."

HUL, regarded as a proxy for consumer sentiment in the country, posted 2% growth in sales during the September quarter with 3% growth in volume, or the products consumers buy in terms of units.

"In India, the growth is not going to be linear. We are seeing a few quarters, quarter three and quarter four as well, will not be stellar in terms of growth," he said. "But it's a time in which we transform the company. The parts that are really growing unbelievably fast are the parts that we actually transform quickly. So if you look at the growth in the ecommerce and quick commerce, it's stellar. If you look at the luxury segment, it is very fast growing. If you look at the whole premiumisation, those things are going very fast."

Schumacher said the Indian government is setting up the right conditions

 CORE IS HERE

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HEIN SCHUMACHER
Global CEO, Unilever

and infrastructure to create demand and help in digital innovation apart from managing inflation especially during the pandemic.

"What makes India unique versus any other geography is that all our core, whether it's beauty, home care, personal care, ice cream and nutrition, every category that is core to Unilever is here," he said. "So our core is Hindustan Unilever core and we will do

uble down in India which in totality is a huge choice for the company."

Unilever's Indian employees account for 40% of its global research, innovation and artificial intelligence workforce.

HUL, with annual revenue of ₹60,500 crore, built its leadership position by selling mass-priced brands from Sunsilk and Clinic Plus to Lux and Rin. However, its premium portfolio contribution has increased from less than 20% a few years ago to nearly 35%. Despite uptrading across segments, HUL will not lose focus on its mass-priced portfolio, Schumacher said. The strategy would be "and also," not "either-or," the CEO said.

"We can make the elephant dance by making very clear choices for India," he said. "At this point, 70% of our business is going to general and distributive trade but we are also uptrading. The affluent and the aspiring group of consumers is already (as big) a country like France. But at the same time, I don't want to say with the portfolio and the presence that we have as a country, let's forget about where we came from. You cannot do that."