

For Unilever, India is not just a mkt, it's much bigger: CEO

We Are Upbeat About Prospects & Opportunities In Long Term, But Cautious About Bumps In Short Term, Says Schumacher

Asmita Dey & Sidhartha | TNN

Hein Schumacher, who took over as the CEO of Unilever last year, is seeking to make the elephant dance, with India being a key part of the plan. In an interview, he tells TOI that India isn't just a market for the \$65 billion consumer goods giant, but a large hub for R&D and talent. Excerpts:

Since your last visit in Jan, what changes do you see in India?

I see many dimensions of transformation during my visits to consumers at their home, during store visits. The social transformation for many of the consumers is continuing, and that has lot of consequences for our business. What did strike me is the fast development of the channel landscape. Quick commerce in urban areas is gaining a lot of traction. In the last few quarters, we have seen rural growth coming back, which is pretty much a global phenomenon.

With issues in China, Indonesia and slowdown in India, do you worry about Unilever's short-term growth prospects in Asia?

No. We have kept a guidance for the year and we have increased our operating profit guidance by mid-year and we are holding on to that. We are also making the necessary changes, that will help us to succeed in the medium term. Europe is experiencing a 9% growth this year. US has been very strong with 6% growth in third quarter. Europe will not continue to grow at high-single digits. So, that means in a portfolio like Unilever, I need to balance. I am happy with the progress in North America and Europe for this year, we are making the necessary changes in China and Indonesia. And, we are transforming very quickly here (in India)... including the social transformation, innovation transformation. So, there is a lot happening here to succeed in the medium term.

How do you see the Indian market evolving in next

5-10 years, given that aspirations and income levels are rising?

In India, it is not going to be a linear path. We will double down in every category. I am very upbeat about the long-term (prospects) and looking at the opportunity that is there, but I am also realistic and cautious about bumps that will inevitably happen in the short-term.

So, what will be the growth strategy in India?

We are not complacent (about being the largest FMCG player in India). I prefer the portfolio

40% of people working on digital and AI. If I look at global management, India has been a massive talent exporter to Unilever for years.

Quick commerce is a hot trend now. What are the challenges India poses as a market?

We are seeing a fast-changing channel. We have grown mostly through distributors, kiranas and distributor trade is still very much a part of our ethos. At the same time, there is quick commerce and modern retail, and platforms that are Indian native, like Nykaa, or

because there's a need for consumers to buy from value segment. But if I look at where the innovation, market growth and category expansion happen, that happens with brands.

Geopolitical tensions may stoke inflation and disrupt stability of supply chains...

Economists are pointing towards a return of moderate inflation in 2025. We are seeing spikes (in commodity inflation). When consumer companies are faced with moderate inflation around 2, 3, 4% on an average, that's when we tend to perform the best. We have had deflation here in homecare and that puts some pressure on the overall growth.

Having spent over a year, how difficult is to make the elephant dance?

It is super fun. Unilever is a company that's a lot of fun. It always starts with getting the right team, we have changed quite a bit in the leadership. Second, I want to keep things very grounded and simple. It will be a huge win if Unilever can execute strongly on every dimension. We call it unmissable brand superiority. When you look at our products, our packaging and price versus competition, everything needs to tick and we need to measure it and give that superiority. That was missing a bit and we are putting enormous focus on that. We will come out with a path towards 2030. It means our brands need to have a market making capability, they need to have innovation funnels and not tunnels, for the next three-five years. They need to have good ideas on science and technology that will help us grow, and we have identified them. The changes that I see now in how AI is helping us to drive productivity. We are working with Microsoft, Google, Nvidia to modernise what we do. To drive a strong productivity agenda through AI and digital means capability and culture of our people need to change. But, there is an enormous hunger within the company for success. I feel more energised today than I felt a year ago.

Photo: Piyal Bhattacharjee

'Rural Growth Coming Back'

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CEO, UNILEVER

that we have versus any of our competitors. We have a very good starting point but at the same time changes are taking place very fast. In India, what is unique is that there are two forms of premiumisation happening at the same time. First is pure premiumisation in terms of aspirational products. Think of the prestige beauty (segment) in the US. While it is a small percentage of the population (that uses it in India), but of a very large population (like India's), it makes it attractive market for very high-end products. The other premiumisation opportunity is essentially the rising middle class. For me, India is not just a market. India is a much bigger thing in the company and that's why I am so excited about it. India is the firm's second biggest R&D hub, besides being home to

digital platforms like Amazon. What it means is an opportunity in which we need to think about how we go-to-market. The second one is how do we drive our brands in such a way that you can be applicable to each channel. People go to modern retail to probably buy for a month's stock, people go to quick commerce to buy a week's stock and people go for traditional trade probably for two or three days of usage. That means different assortment (of products), thinking through the price points. The fragmentation has become bigger and therefore it's super important that we de-complex.

How much of a challenge are private labels?

It's sort of plateauing since last year — it's 20% in Europe and 9.5-10% in the US. There is room for private labels