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HUL walks the premium-mass tightrope

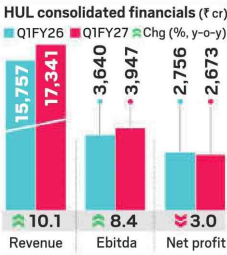
VIVEAT SUSAN PINTO
Mumbai, July 28

INDIA'S LARGEST CONSUMER goods company, Hindustan Unilever (HUL), is sharpening a strategy that has become critical in an uneven consumption environment: nudging consumers up the value ladder while ensuring entry-level products remain affordable. As commodity inflation resurfaces amid the West Asia crisis, HUL is relying on premiumisation, calibrated price hikes and its wide portfolio to serve both aspirational and value-conscious shoppers.

The strategy comes as companies navigate a mixed fast-moving consumer goods (FMCG) market, wherein rural growth continues to outpace urban growth and inflation has returned to categories such as soaps and detergents. HUL, however, says its breadth of brands across price points gives it an advantage in protecting volumes even as it nudges consumers towards higher-value products.

"We are obsessed with volume-led revenue growth. That continues to be our priority," HUL Chief Executive Officer and Managing Director Priya Nair said in a post-results media interaction on Tuesday, underscoring that growth — not margins — will continue to dictate pricing decisions. HUL reported

PROFIT SLIPS 3%



PRIYA NAIR, CEO & MD, HUL

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a 10% underlying sales growth in the June quarter, its strongest in 13 quarters, with growth evenly split between price and volume (5% each).

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HUL walks the premium-mass...

THE COMPANY EXPECTS commodity inflation to remain volatile, estimating sequential inflation, or price hikes, of 2-5% in the September quarter owing to crude oil-linked inputs and palm oil.

In the June quarter, HUL reported a 3% year-on-year decline in consolidated net profit to ₹2,673 crore, impacted by a one-off tax credit in the year-ago period. Revenue for the period stood at ₹17,341 crore, up 10.1% from ₹15,757 crore in the same quarter last year.

Instead of fully passing on higher costs, HUL is taking what it calls a calibrated approach. Chief Financial Officer Niranjan Gupta said the company passed on only about half of the inflation through pricing in the June quarter while maintaining Ebitda margins at around 23%, within its guided range. "We'll continue to take some calibrated, measured steps on pricing and continue to drive savings as well," Gupta said.

The balancing act is most visible in personal care. Pre-



mium soap brands Dove and Pears continue to post double-digit growth, while body wash — penetration of which in India remains in the low single digits — is emerging as HUL's next premiumisation opportunity. "We are extremely well placed to keep moving consumers up that value ladder," Nair said of soaps.

Yet, the company acknowledges that a large part of India's consumption still sits at the lower end of the price pyramid within soaps. Rather than sharply increasing prices on

entry-level products, particularly those sold at fixed price points such as ₹10 and ₹20 packs, HUL opted to cut gram-mage to preserve affordability in the June quarter.

"Our portfolio straddles across the price pyramid and benefit pyramid," Nair said. "Our portfolio insulates us, whether it's the breadth of our portfolio across categories or the depth of our price-brand architecture."

That strategy extends beyond soaps. In beauty, HUL is scaling up premium brands

such as Minimalist and Simple while extending legacy brands including Dove and Vaseline into higher-value categories. Minimalist is now approaching an annual revenue run rate of ₹800-900 crore and is growing 40-50% year-on-year, according to Nair.

At the same time, HUL is attempting to democratise premium categories rather than keeping them exclusive. It recently introduced ₹10 sunscreen packs as part of its effort to expand a category whose penetration remains low.

"Penetration of sunscreens in India is under 2%. Our opportunity is to democratise sunscreen at scale," Nair said.

The strategy reflects HUL's broader view of the Indian market. While premiumisation remains a long-term structural trend driven by rising incomes and changing consumer preferences, the company believes growth will come only if it can simultaneously serve the country's vast mass market.