

Time to rewrite some brand rules!

Damodar Mall
Food Forum 2009

FMCG 101

- All functional needs are basic & 'equal'
 - daily bath... 4 gm of soap
 - daily meal... 300 gm of rice
 - daily laundry.. 40 gm of detergent
- But all brand that fulfill the same needs are not created equal.

.. all 'soaps' are not created equal..

Need	100 g soap	
Fulfillment	100 g pop soap	100g prem soap
Topline	100	237
Margin %	100	200
Bottom line	100	475

Every 'Lux' in customer's list that's converted to 'Dove' in the store means 2.37x topline and 4.75x bottomline

..all channels are not created equal

	General Trade	Modern Trade
100gm soap sold	1 g prem soap	9.5 g prem soap
Bottomline / 100gm sold	100	131

Every extra gram, kilo, ton of soap sold in MT generates 31% additional bottomline for us to share

Modern Trade is juicier for brands;
Is already significant for value added and emerging categories
... Categories where we all want to be ..

India : A Huge under-branded opportunity

- No. of aspiring households will double in 5 years – they are not even playing, yet.
- Most large categories have very high share of the unorganised labels
- Leading brands tend to address a small part of the market
- Even when present, consumption tends to be very shallow

Traditionally

- Manufacturers created brands, and built them gradually over a period of time
- Retailers provided distribution access to manufacturers' brands, and concentrated on providing efficient availability and shopping service

Let's call it, the Type I way

The world has changed

- ‘Manufacturers’ don’t really make things anymore
- Consumers are changing much more quickly and need brands that keep pace

- Indian consumer is more confident; asserts her way
- Most large brands so far have not been created for India

A bunch of new folks have joined in

- Placed closest to the consumer
- Real time intelligence across consumer constituencies and categories
- Investment in understanding cultural nuances of the local consumer
- Demonstrated in the uniquely Indian nature of our retail formats

Let's call them the Type II folks

New folks with expertise

- Retail in India is full of people from the finest brands schools in India
- They work with partners who represent India's finest talent in this space



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Need winning brands, faster

Type 1



Cost -10X

Type 2



Cost-X

New folks with courage

- The ability to think disruptively
- To back beliefs with swift action

- “Kya proof hai?”

MORE TASTE > MORE MASTI > MORE MUNCH

Tasty treat

Tasty Treat	Share	Rank
Chips	18%	2
Namkeen	21%	1
Fruit Drinks	21%	2



Fresh n Pure	Share	Rank
Atta	11%	3
Cooking Oil	9%	3
Ghee	31%	1
Cheese	7%	3
Honey	11%	2



Clean Mate / Care Mate	Share	Rank
Diapers	36%	1
Floor, Glass Cleaners	31%	2
Dishwashers Bar, Scrubbers	17%	2
Tissues	38%	1



- Top selling brand in PLASTICS – 20% share
- Top selling brand in CROCKERY – 20% share
- 3rd highest selling brand in UTENSILS – 11% share
- 2nd highest selling brand in HOME DÉCOR – 18% share



future group 



May a 1000 new brands bloom ..



Modern Trade's Role to grow *future group* categories

While MT is 5 % of Total Trade *

CATEGORY	SUB CATEGORY	MT SHARE %
Home& Personal Care	LIQUID TOILET SOAPS	31%
Home& Personal Care	HAIR CONDITIONERS	19%
Home& Personal Care	TOILET CLEANERS	18%
Home& Personal Care	AFTER SHAVE LOTIONS	17%
Home& Personal Care	DIAPERS	12%

There are categories where MT is driver of growth for the category – for sake of discussion refer as MT led categories.

* AC Nielsen Data

Modern Trade's Role to grow *future group* categories

While MT is 5 % of Total Trade *

CATEGORY	SUB CATEGORY	MT SHARE %
PROCESSED FOODS	BREAKFAST CEREALS	27%
PROCESSED FOODS	CHEESE	20%
PROCESSED FOODS	KETCHUP/SAUCES	11%
PROCESSED FOODS	JAMS/JELLIES	11%

There are categories where MT is driver of growth for the category – for sake of discussion refer as MT led categories.

International Players and their Own Brand Power

Retailer	Sales (\$ billion)	Own Brand Sales % (\$ billion)	Company	Sales (\$ billion)
	316	40% (126)		75
	94	25% (24)		69
	73	35% (26)		57
	71	50% (36)		51
	61	24% (15)		50
	56	48% (27)		33
	53	32% (17)		23

Lots of Market creation, yet to be done!

- 50% customers of 2015 are not in the market, yet. They have no formed habits: set preferences.
- Almost all categories are under consumed by today's consumers.
- Early adopters of emerging categories already shop at modern trade.

1. Modern Retail is juicy for all brands (profitable opportunity)
2. Lots of market creation is yet to happen (Greenfield unlike the rest)
3. There are new ways to build brand of tomorrow (new paradigm)

New Paradigm

Large market creation opportunity

Type 1 marketers (“manufacturers”)

Type 2 marketers (“retailers”)

Level playing field for brand creation

New ‘routes to market’ round the corner

May a thousand brands bloom.

The Strategy

- Brand conception in Indian consumer insights
- Brand incubation in our stores
- In-Store promotions and activation
- Distribution from modern trade to general trade
- Mass media investment in brand building

Stores as Marketing Labs

- All segments
 - Food, Lifestyle, Value, Hypermarket, Ration Shops etc
- All geographies –
 - India: Largest modern trade footprint- Future Group
 - Bharat: Under 3 lakh pop town focus – Godrej Aadhara
- Multiple in-store communication channels
 - Future Media, Brand Activation, Sampling & Trial generation

Build strong brand ideas across categories and price points

- Already present in Fashion, FMCG, Consumer Durables and Home
- Ready to enter Sportswear, Lingerie & Beauty with distinctive brand ideas
- New models of co-creation with Sachin Tendulkar & Hema Malini

New folks with expertise

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Opportunity - HUGE

	2005	2015 (E)
No of aspiring Households (millions)	14.5	64
Consumption Rs Trillions	4.20	18.60