

## Consumer firms revive regional brands

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**Sapna Agarwal**

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Brand strategy: The owner (extreme right) of a retail outlet in Nellapatla, Warangal, stocks up on Cavinkare's Chik shampoo sachets. Harikrishna Katragadda / Mint

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Mumbai: It's a Diwali tradition among Maharashtrians to have a ritual bath, known as the *abhyang snan*, to purify the soul.

The festival season saw Marico Ltd introduce Parachute Advanced Ayurvedic Body Oil just for this occasion, the first time a top consumer goods company was launching what would ordinarily be a limited-use, niche product made at home.



Brand strategy: The owner (extreme right) of a retail outlet in Nellapatla, Warangal, stocks up on Cavinkare's Chik shampoo sachets. Harikrishna Katragadda / Mint

This is not the first time Marico is catering to a region's specific requirement. Over three years ago, it had acquired a turmeric soap brand called Manjal valued at Rs10 crore that caters to the Tamil Nadu and Kerala markets from SD Pharmacy Pvt. Ltd.

It also bought Nihar, a hair oil brand, for Rs240 crore from Hindustan Unilever Ltd (HUL), the market leader in India in

personal and home care products, as it had a strong brand equity in eastern India.

Regional brands are rooted in beliefs or in consumer practices, said Sameer Satpathy, head, marketing consumer products business, Marico. “There is a strong emotional bond between a brand and the consumer, and this gives them a disproportionate share or gain in the market,” he said.

Marico is not alone. There are others such as HUL that are re-launching regional soap brands to regain market share.

Parachute has a 48% market share in the coconut oil market. Over the years, the brand has had many product extensions, such as Parachute Advanced Revitalizing Hot Oil for winter care, and various re-launches, besides the introduction of Re1 and Rs5 packs.

The reasons also include “size of opportunity, gross margins and uniqueness”, explained Vineet Trakroo, vice-president of marketing, personal care, at **Cavinkare Pvt. Ltd**, which has regional variants such as Jasmine of its Rs200 crore-plus Chik shampoo brand to cater to the various markets of Tamil Nadu and parts of Andhra Pradesh. The company also has another local brand, Karthika, in Andhra Pradesh that has *reetha*, or soap nut, that is traditionally used in washing hair, which caters to Andhra Pradesh.

“Our regional brands are our fastest growing brands,” said Trakroo.

Whether it is oils, soaps, shampoos, skin care, oral care or tea and beverages, brand preferences and consumer tastes and needs vary according to regions, say marketeers.

“Regional brands like Shakti Bhog Atta in Delhi, Wagh Bakri tea in Gujarat or Ghadi detergent in Uttar Pradesh have consolidated their strengths, got their positioning and proposition right and are now giving national players and MNCs (multinational companies) a tough fight,” said Vivek Gupta, senior vice-president, **IMRB International**, a market research company.

“Often people treat India as one big market, but the reality is that India is more like the European Union—a mix of different cultures, languages and markets,” said V.S. Sitaram, chief operating officer, **Dabur India Ltd**. “So, our communication strategy with each brand may differ from market to market. We create different

campaigns, use local celebrities and talk to consumers in their own language to better communicate the brand benefits.”

The maker of Hajmola, Real, Dabur Chyawanprash and Dabur Lal Dant Manjan sells the last item under the brand name of Dabur Sivappu Pal Podi in Tamil Nadu to make sure that it doesn't miss out on the state's non-Hindi speaking consumer. *Lal dant manjan* means red tooth powder in Hindi and *sivappu pal podi* means the same in Tamil.

**Emami Ltd's** brand strategy also depends on a region. Emami's Navratna oil, a Rs300 crore brand, has different brand ambassadors and variants in different states. In Tamil Nadu, the brand is endorsed by actor Surya, in Andhra Pradesh by Chiranjeevi and Mahesh Babu, in Karnataka by Upendra and across India by Shah Rukh Khan and Amitabh Bachchan.

Earlier this year, the company launched a so-called extra cold variant for the Uttar Pradesh and Bihar markets and a light variant for women.

“Low unit prices at popular price points of Re1 and Rs5, distinct advertising strategies and also offerings are a key to expand the market,” said Aditya Agarwal, director, Emami group of companies.

Emami, which sells popular brands such as Boroplus cream and Fair and Handsome fairness cream for men, gets at least 50% of its sales from small packs.

Consumer insights and understanding are key to success, said Dalip Sehgal, managing director, Godrej Consumer Products Ltd (GCPL), the maker of Godrej No 1, a Rs500 crore soap brand with market leadership in north India.

At a time when most personal and home care product makers were launching small packs, GCPL launched combination packages of Godrej No1 where consumers were given discounted value packs of 500gm or four bars of soap, Sehgal said.

“We realised that people in Punjab had greater disposable incomes and hence they could buy larger packs,” he added. “This understanding was later extended to other northern markets and now even Gujarat, where we are making inroads to gain market leadership.”

The market size and opportunity for catering to regional brands differ. While Marico's Manjal brand is a Rs10 crore brand, for HUL, regional brands (Hamam, Rexona, Breeze and Liril) account for 30% of its soaps revenues. This classification of brands is by India Infoline Ltd, a financial services firm.

After close to a decade of focusing on power brands, market leader HUL has also now changed its focus to regional brands.

The maker of Lifebuoy and Dove, HUL has re-launched its regional soap brands Rexona, Breeze and Hamam in the past few weeks. The Rexona and Hamam re-launch focused on south India.

Rexona will focus on Andhra Pradesh and Karnataka, where it has traditionally had a large consumer base, while Hamam will focus on Tamil Nadu, where it is still the market leader in soaps.

Likewise, Breeze—its market share has dropped from 6% in 2007 to just over 3% now, according to Indian Infoline—is being positioned as a discount beauty soap to take on GCPL's Godrej No 1 and other local brands such as Dyna and Venus in north India.

“With renewed product renovation and media and trade support, we expect this decline in Breeze to reverse,” said a 14 October report by Arnab Mitra of India Infoline. “Industry data for August showed HUL's soap volume growth moving into positive after over 15 months. We believe a more substantial recovery will come through in the December quarter, as the recent brand re-launches reach consumers.” Mitra had, in an earlier report titled *The Fightback*, talked about the renewed focus in regional brands as the core of HUL's strategy to counter regional competitors.

To be sure, not all analysts are convinced that regional brands have an important role to play.

The contribution of local brands to a national personal and home care product manufacturer is not much, said Anand Shah, sector analyst with local brokerage Angel Broking Ltd. “But during a downturn, as local and regional brands do well, national players, to safeguard their interest as a counter strategy, would focus on the growing competition from regional brands,” Shah said.

Nikhil Vora, managing director of brokerage IDFC-SSKI Securities Ltd, is also skeptical. He said regional brands have a limited life.

“HUL has started to focus on its regional brands. But are these brands showing any returns?” asked Vora. “My sense is that they still are not.”

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