

SOURCE: - TIMES OF INDIA, 16th JUNE 2008

FMCG cos reshaping product line, packaging

Aparna Ramalingam | TNN

Chennai: Rising input prices, inflation and increased commoditization of products are forcing FMCG companies to reinvent themselves. While some are repositioning their product lines, others are busy reworking on packaging. "Consumers tend to switch products especially in those categories where differentiation is thin," says Samuel Chandar, vice president (HR and commercial), Henkel India.

With double digit inflation looming large on the horizon, FMCG majors are first getting their packaging act together. "We are reworking on those SKUs and packet sizes which are frequently purchased," says Chandar. The company re-

cently brought out its popular Pa deodorant in 75 ml and Mar-go soap in 40 grams. The other popular product in the stable, dishwashing detergent Pril is already available in sachets.

Henkel is also strengthening its distribution and logistics. "The whole idea is to bring in more efficiency and innovation in the supply chain. We are closely monitoring our stock levels and loading patterns," adds Chandar.

Others like Cavinkare are using the price tool to combat inflation. "We offer the lowest SKUs (meaning sachets) and consequently the lowest price points. In a way we have blocked this segment of the market and the presence of lowest SKUs and lowest prices will definitely prevent shift



AN ATTEMPT TO TACKLE RISING INPUT COST

and substitution," emphasizes Vineet Trakroo, vice president, marketing, Cavin Kare. Even if consumers don't switch to cheaper substitutes during inflation, they normally switch from higher SKUs to lower SKUs of the same product.

ing increasingly health conscious, the demand for juices has witnessed rapid growth," says KK Chutani, general manager-marketing (foods), Dabur India. The company recently unveiled an ad campaign that focuses on the health benefits of having juices.

Apart from retail sales, Dabur is also betting big on institutional sales to boost its business in the juice category. The company has tie-ups with major hotels and restaurants. "We have also been working with chefs and bartenders to create special recipes using Real juices," reveals Chutani. He adds, "Institutional sales are important for the juice business and sales in this category have been growing in double digits." the Indian consumer becom-