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Headline: Established brands to gain post demonetisation, GST: Sunil Kataria

Description: GCPL is looking to leverage its brand strength along with its strong distribution network, to gain market share

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FMCG major Godrej Consumer Products Limited (GCPL) expects established brands to gain in the aftermath of demonetisation and GST as the markets currently served by several regional players may see some changes. The company also sees an opportunity in segments such as hair colour and soap, where the regional players still have a fair amount of market share, GCPL Business Head – India & SAARC Countries Sunil Kataria said in an analyst conference call.

Asked about the impact of demonetisation and GST, Kataria said: “What we see as an opportunity is that there are many regional players in India across categories who tend to be located in a couple of districts or a couple of states and their entire distribution is primarily 80 to 90 per cent through wholesale channel, so that is something that will get disturbed.”

“In this situation, all the big brand players and especially in many categories that we operate in where we have a strength of direct distribution, we are likely to gain,” he said.

Moreover, demonetisation would help modern trade channels strengthen their base.

“I think that modern trade will strengthen; there could be a salience change permanently in India. What modern trade could not do to itself, demonetisation will do it for them,” he added.

The company would leverage its brand strength along with its strong distribution network to gain market share.

“So, our brand strength is there and our distribution is strong, we are going to leverage a lot of execution and distribution strength to really try to gain shares, it is not about increasing price intensity or promotion intensity at all,” he said, as per the transcript of the conference call uploaded on BSE website.

Asked whether GCPL is facing any pressure from Baba Ramdev-led Patanjali Ayurved, which has ventured into soaps category as well, Kataria said: “We do not see a threat from Patanjali.”

According to him, Patanjali, except for certain pockets in some northern states, “is not becoming a very major challenge or threat for us as of now.”

“They have their own regional pockets like some parts of Rajasthan, etc. which is not a very strong market for us traditionally as well. They have had some traction but there is no significant direct impact to us,” he added.

According to Kataria, the company would gain market share through its ‘Expert Crème’ brand by replacing many regional players in the hair colour segment.