

Consumers expand shopping basket in Dec quarter

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MUMBAI

COMPANIES reported moderation in growth of packaged biscuits, flour and sanitizers as consumers went easy on such purchases and expanded their shopping basket to include personal care and discretionary products in the December quarter.

December quarter earnings of India's top FMCG companies gives a sense of how in-home consumption has shifted as the country opened up and consumers bought more than just essential goods, a Kotak Institutional Equities (KIE) report says.

Significant surge in demand for staples and convenience foods witnessed during the lockdown phase ebbed during the quarter with consumers broadening their purchase assortment and lower 'at-home' consumption on the back of increased mobility. As a result, ITC's Savlon range of health and hygiene products sustained its high growth trajectory, albeit at a relatively lower pace as compared to the previous two quarters. Its Aashirvaad flour and Sunfeast biscuits, which had witnessed significant surge in demand in H1CFY,

Buy more than just essential goods as in-home consumption sees a shift, says KIE report



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moderated during the quarter. YiPPee! noodles and Bingo! snacks reported strong growth in the quarter, the report added. Marico's Saffola cooking oil and oats reported strong growth during the December quarter. Heightened demand for staples and convenience foods benefitted companies in the first half of the year.

Britannia Industries reported a six

per cent growth in Q3 revenues, a climb down from the 26 per cent, year-on-year surge in sales reported in Q1CFY, due to increased mobility and lower consumption in offices, stations. However, the company drove impressive margin expansion resulted in a strong earnings growth.

Sale of hygiene products was more broad-based, with branded sanitizers

reporting a sharp dip in sales growth.

Dabur's sanitizer category has become 'commoditised' over the last few months and the momentum is lost.

Dabur India CEO, Mohit Malhotra, said: "The launch of hand sanitizers and some home and hygiene products was contextual to meet the growing consumer need in the initial days of the COVID pandemic. We always knew that the launch was tactical in nature and these would be rationalized with time. The hand sanitizer category in particular has witnessed heightened competition in the recent quarters and there is a surplus capacity now with the category becoming completely commoditised. The recent months have seen a drop in demand for hand sanitizers, and even related categories around sanitizers have not moved well in the last quarter. That said, other hygiene products like hand wash etc continue to perform well." Marico said that launches in the hygiene segment -- sanitizer, vegetable cleaner and out-surface disinfectants, etc -- contributed to 1 per cent of revenue till Q3 CFY. However, going forward, it has consciously withdrawn investments and defocused from this

segment. Godrej Consumer Products, that rolled out over 10 new products in the hygiene and home cleaning segment, said the hygiene trend is more "broad based". It expects demand for cleaning products to sustain.

Consumers are also back to buying more discretionary items as well as personal care products as markets opened up and festive-led movement prompted them to spend more.

Hindustan Unilever's beauty and personal care segment witnessed a 9.7 per cent, year-on-year revenue growth in the December quarter aided by price hikes taken in personal wash category. In the June quarter, category sales growth was down 12 per cent.

ITC said that discretionary and 'out-of-home' consumption products witnessed smart recovery buoyed by pent-up demand and increased availability across channels.

Marico's value-added hair oils saw a 21 per cent volume growth in Q3. Its more premium personal care products such as hair nourishment, male grooming and premium skin care, reported sequential revival in demand during the quarter, but posted a 4 per cent volume decline year-on-year.

Chinese investor in Koo's parent firm on way out

NEW DELHI

THE Chinese investor in the parent firm of Koo, India's answer to Twitter, is on its way out after other investors have pledged to buy out its 9 per cent stake, Koo's co-founder and CEO Aprameya Radhakrishna said.

Koo, which caught public attention after the Indian government's tussle with Twitter over the removal of inflammatory contents, has crossed over 3 million downloads with about a million active users. Koo's investors include Accel Partners, 3one4 Capital, Blume Ventures and Kalaari Capital. Additionally, global venture capital firm, Shunwei, is also an investor in Bombinate Technologies, the parent of Koo. Shunwei Capital, which is led by a partnership team that includes people of Chinese origin, had invested in the earlier product of Bombinate, an app called Vokal. Since Bombinate has pivoted its primary business and focused on Koo, Shunwei has committed to exiting the company, he said. "Back in 2018, when we had just started with question-answer app Vokal, we got interest from Shunwei, which was a prolific Chinese investor in the content space," Radhakrishna told in an interview. Shunwei had invested across multiple companies in India and Bombinate was one of them. "Over 2018 to now, Koo was started as an experiment and it gained traction. We had no idea, this



will be a national sentiment product and that we should not take money other than Indian or something that is welcome," he said. "Nobody really questions at Vokal. It's about Koo." He said when the investment happened, Koo didn't exist. "Koo started getting traction recently. And the latest round of investment (\$ 4.1 million in Bombinate) was led by 3one4 Capital and Shunwei hasn't participated. We actually made sure that there is no more participation from Chinese investors," he said. Shunwei, he said, is on its way out. "Exits are a matter of timing. You need to have the interest to buy out existing shareholders as well," he said. "First priority was to infuse capital into the company. And there will be more interest we will request Shunwei to exit. We now have enough interest to buy them out. They

have also agreed to exit and this is in the process." He did not say who would buy out Shunwei. Shunwei Capital, he said, held about 9 per cent interest in Bombinate. Due to the increased restrictions on Chinese investors in India, the exit procedure was working through the required checks and clarifications before being completed. The company expects this exit transaction to be concluded very soon, pending the necessary compliance and governance procedures. He said Koo, through which Indian language users can communicate in their own language, houses all data and associated services in India.

Indian firms to turn to AI for decision-making by 2023

NEW DELHI

OVER 40 per cent of consumer-focused AI systems in finance, healthcare, government and other regulated sectors in India will include provisions to explain their analysis and decisions by 2023, a new IDC report said on Tuesday.

Indian organisations are looking for technology vendors and integration partners to bridge the talent gap and enhance decision-making capabilities.

"AI is turning out to be helpful in directing decisions on everything from bank loans, risk assessment, automated customer service, crop advisory, healthcare and others," said Swapnil Shende, Senior Market Ana-



lyst, IDC India. By 2025, the number of data analysts and scientists to adopt AutoML for the end-to-end machine learning pipeline from data preparation to model deployment will double in the country.

AIOps will become the new normal for IT operations, with at least 40 per cent of large enterprises adopting AIOps solutions for automating major

IT system and service management processes by the same time, the IDC predicted.

"Businesses are embracing technologies like conversational AI and machine learning, driven by their business objectives of innovation, resiliency, and offering transformative experiences," said Rishu Sharma, Principal Analyst, Cloud and AI, IDC India.

By 2026, 20 per cent of all AI solutions will be closer to AGI (artificial general intelligence) - leveraging neuro-symbolic techniques that combine deep learning with symbolic methods to create robust humanlike decision making.

"By 2024, 50 per cent of enterprises will run varying levels of analytic and AI models at the edge and 30 per cent of those edge AI applications will be accelerated by heterogeneous accelerators," the report mentioned.

HealthifyMe eyes \$400 mn revenue run rate

NEW DELHI

HEALTH and fitness app HealthifyMe on Tuesday said it has seen a significant acceleration in business with a strong growth in user base, and is on track to touch \$ 400 million-revenue run rate (over Rs 2,900 crore) by the end of FY24-25.

The company crossed \$ 25 million annualised revenue run rate last month, 25 per cent higher than the projections the company had made in the last quarter. Revenue run rate is a term used in online retailing to indicate the total value of merchandise sold through the marketplace over a certain period of time.

Indian ad spends to rise 23.5% in 2021, after 21.5% fall in 2020

MUMBAI

ADVERTISING spends across media platforms in India will grow by 23.5 per cent in 2021 to Rs 80,123 crore in 2021 after a sharp 21.5 per cent decline in the pandemic-hit 2020, a media buying agency estimated on Tuesday.

Terming the estimates as "not optimistic, but realistic", GroupM South Asia's chief executive Prasanth Kumar pointed out that they will still be lower as compared to the nearly Rs 83,000 crore achieved in 2019. Weeks before the announcement of the pandemic, the agency had estimated a 10.7 per cent growth in ad spends for 2020 to Rs 91,641 crore. India's rank slipped by one notch to being tenth in the



overall ad spends across the world and the handsome growth in 2021 will help it regain the 9th spot, the agency said, adding that from a share in incremental spends, the country will be at the sixth spot. Unlike the global experience, where digital is gaining ground very fast, the ad spends in India will also have incremental spending happening on television, it said, adding that print media will also hold its 16 per cent share of the overall pie in 2021, he said.