Case Study on Hindustan Unilever Limited

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TEAM G4-12

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HUL – Company Profile

- HUL, previously HLL
- One of the largest consumer products company in India
- “Most respected company in India for the last 25 years” – *Business World*
- Diverse customer categories, many power brands and multiple success stories
- Backed by strong distribution network covering over 1 m retail outlets in India; and over 6.5 m outlets indirectly
Competitors

- P & G – Whisper, Tide, Vicks ...
- Cavin Care – Fair Ever, Spinz ...
- Marico – Saffola, Parachute...
- Dabur – Honey, Chyavanprash, ...
Strategies for Success

- Early-mover advantage – strong initial products and unexposed market
- Understanding the customer perception and the Indian market
- Successful M&A – Kissan, Brookbond, Lipton, TOMCO, Ponds
- Caters to diverse customer segments
- Penetration into the rural market – caters to the specific needs of the customers, pricing and distribution, Project ‘Sakthi’ and trainee program
Strategies for Success

- Product customization and categorization
- Advertisements and promotional campaigns – emotional catch
- Able to keep up the brand image; carried the parent company’s brand well. Inertia of success.
- *CEO factory* – leadership building potential
- Export market – Personal care and F&B sectors
- Capitalized on its FMCG experience in new ventures
Strategies for Success

• Social cause – customers are concerned about society as well

• Cause initiatives: Asha Daan, Ankur, Rural education, rural development

• Product mix coupled with product differentiation (ice cream segment)

• Hindustan Lever Research Centre
  - Market forecasting, Low response time to market needs/ changes/ competition, Educating customers
Was HUL successful in all its products and strategies?

**NO**

*Products that could not sustain/ succeed:*

Moti Soap, Max Confectionaries, Modern Biscuits, Ayush, etc...
Moti Soap – An analysis

- Differentiation factors: Size (big), shape (pearl) and the segment (premium)
- Came under HLL’s bandwagon post-TOMCO merger
- Moti had 2% market share in the premium segment
- Inertia of success?
- HLL failed to capitalize on the existing brand value
Modern and Max

Modern Energy Biscuits:
- Soya as ingredient
- Already a highly competed category – Britannia and Parle-G

Max Confectionaries:
- Late entrant. Parrys, Perfetti, Nestle, Wrigley’s,…
- Distribution network
- Uncompetitive margins
Others

- Marketing campaign used for Fair and Lovely was controversial; withdrawn

- Other products that were not successful: Ayush, Annapurna, Impulse – Denim, Jai soaps, ...
Customer profiles are ever changing
HLL upgraded their strategies to cope up with this

- Product customization
- Lifestyle products
- Good number of dependable products – and hence they had the scope to test market new products
- Product categorization
- Distribution strategies
Brand and Financial Position

Financial Performance:
- Reasons for 2004 fall: Squash, increased ad exp., Stock returns of Rs.15 Crore.
- Post 2004, HUL came back with increased sales records.
- Maintains a healthy position amidst stiff competition

Brand Performance:
- Top brand in terms of FMCG sector and also highly sought after by marketing professionals in India
- Most respected Company in India for the past 25 years
Learning...

- 4P + 3C; the importance of it in real world
- Early mover advantage; inertia of success
- Triggering the consumer perception
- Educating the consumer
- Rural penetration
- R & D and market research
- Heavy investment towards branding
- Emotional factor in campaigns
- Innovation and continuous improvement
Thank you

Questions?