

Future Gaze: Key Segments to Watch Out For

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THE home care market in India is growing steadily, driven by increase in population and income levels. Extensive cleanliness initiatives by the Indian government, increase in disposable income, and rise in awareness among rural and semi-rural consumers would set the pace for the future of the Indian home care market.

Emerging segments in home care market

Historically, the laundry care segment has been the cash cow for home care companies based in India. A few notable initiatives set the foundation for other segments to grow since the advent of the new BJP regime in 2014. This is especially true for the toilet care segment, making it the 'star' segment for companies operating in the home care market.

Lucrative opportunity for manufacturers

'Swachh Bharat Abhiyan', a significant initiative undertaken by the Government of India in 2014, is aimed at cleaning up the streets, roads and infrastructure of India's cities, small towns and rural areas.

A large part of the cleanliness drive is focussed on eliminating open defecation in semi-rural and rural areas. The government, in collaboration with social development organisations and household members of cities, towns and villages, built over 56 million household toilets since October 2, 2014. The gradual increase in penetration rates of toilets gave companies operating in the home care market access to a big and under-capitalised section of the nation, i.e., the rural base.

Introduction of new toilets gave rise to the need for cleaning substances to help maintain them. This paved the way for manufacturers of home care products to renew their focus on a wide customer base for the toilet care segment. From an addressable market of only 31% of the population, companies can now widen their reach and access a whopping 69% of the population.

Challenges

The key challenge, however, was to create a value proposition for the rural customer



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base. The key areas companies needed to address for the target rural population in India included reluctance to invest in toilet care products and extreme price sensitivity in the market.

The nature of toilet care products is such that they are not consumed or applied on the body, and therefore, consumers in the rural base look for cheap alternatives such as acid, bleaching powder and detergents, among other things, to clean toilets.

Since the target customer base is not cautious about purchasing toilet care solutions, preferring price over quality, it gives an added advantage to private label or non-branded manufacturers. Historically, these manufacturers targeted the rural customer base based on the single most important parameter for the target market, i.e., price. Until the Swachh Bharat Abhiyan, the product offering by these manufacturers' were majorly focussed on household items such as water, oil and body care products. These manufacturers saw potential in the toilet care segment and were the first to gain from the rising awareness of using toilets and basic hygiene among the rural base.

Market dynamics, added with increasing competition from private label brands and unbranded products, raised a predicament for leading FMCG companies in the home care market: how to break through the barrier? The addressable market was too big a base to disregard. In fact, with the right mix of strategies, the toilet care segment in the rural market could be considered a potential cash cow for companies in the home care market.

Two-Pronged Strategy

FMCG companies worked towards creating awareness and an economical product offering to help shift consumers' focus to commercially available branded products and break through the void of using toilet cleaning solutions.

Companies decided on a two-pronged strategy to break the void and capitalise on the untapped rural market: advertising and price strategising.

Advertising was the key to penetrate the mind-set of the rural customer base. Manufacturers had to focus marketing and communication content around two key base parameters: benefits of hygiene and toilet cleaning solutions. Above-the-line (ATL) marketing, a popular model used to communicate with masses, was undertaken by the likes of Reckitt Benckiser, seller of toilet cleaner brand Harpic. The company roped in Amitabh Bachchan as its ambassador to cover villages in nearly a dozen states and pledged Rs 100 crore for its cleanliness drive.

Companies also invest in key below-the-line (BTL) marketing activities in order to

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Urban consumers buy bathroom fresheners

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promote the benefits of clean toilets and good hygiene by executing the ideology. HUL is a key example; the company built a water, hygiene and sanitation community centre in Mumbai, linking it to the government's Swachh Bharat campaign through its global sustainability agenda. Additionally, the company, through Domex Toilet

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Academy, takes efforts to make toilets accessible and affordable across slums in India.

FMCG majors acknowledged the importance of price in the decision-making process. In 2015, Reckitt and Dabur were among the first few companies to test the waters in rural markets based on price. Both the companies launched small packs of 200 ml at Rs 24-30 in order to generate more trials and usage in the target market. Competition in this space has since intensified, with HUL entering the low-cost toilet care market in 2017. The company launched a 200 ml sachet at Rs 10 to draw traction. Although HUL currently leads the home care market in India, the success of its endeavour to retain leadership in the rural markets is uncertain as of now.

Future Outlook

Overall, the toilet care segment has come a long way from growing 3-6% until 2014 to 10-12% in quarterly sales since the Modi government launched the sanitation programme about three years ago. Although these numbers boast of a glorifying growth, India still has a long way to go. With only 46% of the households in India having toilets, we are yet to touch the halfway mark. Thus, the true potential of the market is still untapped and FMCG companies should watch this space closely as there is room for immense growth in this segment.

However, is the potential restricted to the toilet care segment or is there another segment with potential for parallel growth? With the awareness on importance of hygiene, consumers in urban areas seek to buy bathroom fresheners. Although the concept is far from being a niche in rural markets, this segment could tell a different story in five to eight years. ○

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