

From ITC To Dabur, Consumer Biggies Rush To Grab Share From Pandemic-Ravaged Regional Brands

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Armed with data insights and encouraged by an accelerated shift away from informal peers during the pandemic, India's large consumer firms are looking to break the dominance of regional brands.

From brown ghee to instant noodles with akabare chilli sting, consumer goods makers are introducing new products to specifically cater to local markets. A space largely ruled by the unorganised, regional firms.

Region-specific tastes and packaging isn't new. The frequency of such new launches and experiments, however, has risen. An analysis of 5,000 new stock keeping units introduced from October 2020 to June 2021 by Bizom, a retail intelligence platform, found that bulk of them focused on local preferences.

That comes as the nation's small and local businesses were severely dented by Covid-19. It has given bigger, organised rivals room to increase their market share, something that is playing out across the pandemic-ravaged economy. Increased digital engagement also brought new consumer insights, allowing companies to experiment more.

[Dabur India Ltd.](#) unveiled what it called 'Project Rise' to divide India into 12 geographical clusters and target each with local brands. It launched Fem Fruit Bleach for Punjab, Herbal Bleach for Uttar Pradesh, FruitORS (a fruit juice-based ORS) for Northeast. The maker of Dabur Chyawanprash introduced the Honitus Adulsa Cough Syrup, containing the Adulsa herb, for West India.

"All products introduced under Project Rise have been identified basis the regional insights gathered by our local teams," Mohit Malhotra, chief executive officer at Dabur, told BloombergQuint. India can't be viewed by one lens and it's an amalgamation of different clusters, each having distinct consumer preferences, Malhotra said.

The project entails capturing consumer, packaging, and media insights from different clusters, analysing them, and transforming that into products, Malhotra said. The strategy helps in execution, investments, distribution initiatives and consumer promotions, he said.

Dabur is not alone. Amul and [ITC Ltd.](#) to Wai Wai have introduced region-specific products.

"This is something which was long overdue. India is huge, and every market could be a separate country," Santosh Desai, a brand consultant, told BloombergQuint. "Taste of the Indian consumer changes every 50-100 kilometres."

Everyone sees national brand stories and the success of smaller ones is missed out, Desai said, adding that bigger consumer firms are now taking on regional peers that posed the strongest challenge. "Digital [insights] also makes it possible to build brands with much more specific audience."

According to Bizom, packaged foods, personal care and branded commodities saw the highest number of new launches but in select regional clusters from October to June.

- Almost 88% of new packaged food stock keeping units or packs—a mix of sizes and variants—were launched in southern India.
- 70% of personal care launches focused on eastern India.
- Commodities like edible oil to flour are also getting a regional focus. About 75% of the launches targeted Gujarat alone.
- 28% of the new beverage SKUs focused on the north.
- 30% of the confectionery products were aimed at southern consumers.

Taste localisation is among the biggest drivers for new launches, Akshay D'Souza, chief of growth & insights at Bizom, told BloombergQuint in an emailed response. He expects it to get sharper and deeper across product categories as FMCG companies get better consumer insights using technology.

Take tea. Companies always sold regional blends. [Tata Consumer Ltd.](#) has taken it a step ahead by launching a blend for Mumbai, India's national capital known for its preference for a strong cuppa.

"Tata Tea Premium's expertise is to cater to local taste preferences. We try and offer distinct blends meeting the consumer's taste preferences in various geographies across India," a Tata Consumer spokesperson said in an emailed response to BloombergQuint. "The Mumbai blend suits the kadak regional palette of its people."

Wai Wai, the maker of instant noodles, introduced Akabare noodles for consumers in North Bengal and Sikkim, the region known for its consumption of the eponymous chilli.

"Our attempt is to tap the current trend of preference for spicy food among the youngsters with the popular local chilli which has had a rippling effect on local farmers as well," Wai Wai said in its emailed response.

At least one other brand already sells Akabare noodles in the region.

Wai Wai already has a line of Jain Masala noodles without onion and garlic (launched in 2014), and Curry noodles for the south, west and north (2018). It intends to create a niche in respective geographies, CG Foods, the maker of Wai Wai noodles, said.

Amul added more aroma for its south Indian consumers, and introduced a brown texture preferred in the east. "Despite globalisation, consumers continue to remain attached to roots and look for local flavours," RS Sodhi, managing director at Amul, told BloombergQuint.

ITC launched Aashirvaad Svasti Mishti Doi in Kolkata a month ago, following Aashirvaad Svasti Milk in Bihar and West Bengal as a test product last year. The company now intends to scale these launches over time, said a company spokesperson.

Regional launches are the best test as they cost less and can be scaled up, said Sunil Alagh, the head of retail consultant SKA Advisors. Each state is like a country in itself and offers a potential for high volumes, he said. To go national, however, a company would require reach in at least half of India, he said.

