

ITC to explore adjacencies with short-term focus on staples, essentials, health and hygiene categories

April 24, 2020

FMCG major ITC Ltd will “watch the space” to take a call on “new launches”. The company will explore specific opportunities in “adjacencies” especially in categories like essentials, health & wellness and hygiene, Sanjiv Puri, its Chairman and Managing Director, said.

Interesting social media trends like ‘dalgona coffee’ (beaten coffee) has emerged during the lockdown period, and ITC was already test marketing the same in select markets like Delhi.

While new launches, primarily in the discretionary spending category, have been delayed because of a coronavirus-induced slowdown in economic activity, new opportunities have come up in areas such as essentials, health and wellness and hygiene and homecare segments.

According to Puri, the short-term focus is on staples and essentials, while relevant categories in health and wellness segments could also be looked into now.

“For the shorter term, greater focus will be on staples, health and hygiene. Going forward, as things normalise, we will get back on promotions around some of the products that was launched in the recent past,” he told *BusinessLine* during an interaction.

For instance, in staples and essentials — a segment that is witnessing increasing demand now — ITC will continue with the expansion of its “superfoods” portfolio while exploring adjacencies in the health and wellness segments. It already has offerings like “digestive biscuits” or “sugar release control atta” in the wellness segment.

Puri pointed out that in the days to come consumers will be “more comfortable” in engaging with (and trusting) “strong brands” with more digital engagements happening “at an accelerated space”.

Typically, FMCG companies are known to have most launches in the first quarter of a fiscal (April to June) or in the run-up to the festive season.

“We are not looking at new launches now, unless they are absolutely essential. New category launches will happen once the situation stabilises,” he pointed out.



In this regard, most of its launches over the last one month focused on the hygiene space that include expansion of the Savlon brand into disinfectant sprays, among others.

Ready-to-cook offerings too have witnessed increased demand in the lockdown period.

However, discretionary spends will definitely take a beating and consumer sentiment will take time to gather momentum, market sources have maintained.

“We are watching that space (discretionary spending and premium launches). And will dial-up accordingly. We have to be more agile and nimble here,” Puri said.

However, this will not stop the company from exploring acquisitions if there is scope. “The situation going forward is uncertain. But, if an opportunity arises, we will explore and evaluate it (for acquisitions),” he said, adding that investments are also being recalibrated in the current scenario. ITC is also working on “conserving cash”.