

Emami leans on Zandu's legacy

Inspired by the growing demand for herbal products, the Kolkata-based company is revamping its oldest label

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With more than 200 products in its portfolio, the 147-year-old Zandu brand is going in for an image makeover. Emami, which acquired the brand in 2009 from the Mumbai-based family of founder Jugatram Vaidya, has decided to go in for a new logo and tagline to better capture the contemporary sensibilities of its target consumers. The company is also extending the brand to two new products. But the company is tight-lipped about the new offerings that it has lined up under the Zandu label, all it says that the launches will happen sometime early next year.

Currently Zandu is Emami's number two brand in terms of sales turnover. Its current best-seller is the personal care brand, *Navratna Oil*. However, Zandu ranks higher when it comes to the number of products that it lends its name to — there are 200 products under the label. For Emami, this is perhaps the potential it wants to exploit. The brand's expansive portfolio gives it a wide reach across categories and age groups, which makes it the perfect vehicle for riding the ayurvedic wave. But is it too late for Emami to jump into the game?

Emami believes that it is among the pioneers in the herbal-natural product category, especially with respect to Zandu, which it acquired in 2009. "The brand has reached a stage when the time is ripe for the next phase of growth. And we are exactly pursuing that," Harsha V Agarwal, director, Emami said.

The ayurvedic-herbal-nat-



IMAGE:THINKSTOCK, ZANDU

urals category has been buzzing with the entry of 'baba' brands such as Patanjali and Sri Sri Ayurveda over the past year or more. The segment has attracted many because of its huge potential. Consider the numbers from a report by UBS Securities India (September 2015). The report says that the herbal-naturals category comprises 6-7 per cent of the personal care products market. But the volume of this business is growing far faster than the rest of the category. This is just one category but experts say that the trend is

RIDING THE HERBAL WAVE

- Zandu currently accounts for 25% of Emami's ₹2,031 crore turnover; this is expected to go up substantially over the next couple of years
- Emami has planned a new logo and tagline and says it will extend the brand to two new products by early 2017

visible across the board.

Emami is currently testing marketing two products, which it hopes to add to the Zandu portfolio by end-FY2017. The new Zandu, that Agarwal envisages, will sport a new logo

and tagline. It will also have revamped packaging.

Customers, according to Agarwal, associate Zandu as a brand with ayurvedic roots and that is what the company hopes to play to

its advantage. The Zandu brand currently accounts for 25 per cent of Emami's ₹2,031 crore turnover, but the expectation is that it could do much more, given the ₹5,000-crore empire that Baba Ramdev has built on the back of ayurvedic-herbal products.

Baba Ramdev backed Patanjali Ayurveda started its journey in 2007, but its growth has been phenomenal. It is today two-and-a-half times the size of old ayurvedic stalwarts like Emami in India. Sri Sri, backed by influential spiritual guru Sri Sri Ravishankar, and MSG, backed by *Dera Sachha Sauda* chief Gurmeet Ram Rahim are still relatively new in the market. But it is the success of Patanjali and master campaigner Ramdev that is driving companies such as Emami to focus on unlocking the value of brands like Zandu in their portfolio.

Ever since Emami acquired Zandu it has introduced new product lines under the brand, the most recent one being Zandu Honey. The company says that its commitment to make ayurvedic formulations accessible and affordable to the common man is undisputed and it seeks a larger role for itself as ayurvedic brands find greater acceptance among urban consumers who are willing to pay a premium. Will the new launches fall into the premium category or will they cater to the brand's affordable ayurveda promise? The company is not willing to reveal anything at all at this stage for it fears that competition will put a spanner in the works, if word gets out.

"Surge of Patanjali and, of late, Sri Sri, in the FMCG space has changed the dynamics for established brands in recent times. That has turned the focus of consumers and, as a result, the corporates towards ayurveda and natural-origin products," an industry veteran said. Interestingly many of the new herbal-natural brands are all built around the huge following that the gurus-turned-entrepreneurs command. Emami will have to find a new way to play the game if it wants to claim its place beside the emerging leaders in the bustling marketplace.