P&G Pips Nestle to Take No. 3 Spot

FMCG co posts revenues of ₹9,274 crore for FY14, overtakes ITC too; Hindustan Unilever and Amul remain market leaders

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Mumbai: Procter & Gamble, one of the top two FMCG firms in the world, has topped Nestle and ITC to become India's third-largest consumer products maker after nearly doubling its sales in the country in the last three years.

P&G's three entities in the country, selling a wide variety of products ranging from detergents and shampoo to razors to sanitary napkins, posted combined revenues of ₹9,274 crore for the year ended March 2014, slightly ahead of Nestle India's ₹9,197 crore and the FMCG business of ITC that had sales of ₹8,099 crore.

"In fiscal 2014, we generated robust sales growth across all entities through a strong innovation programmes across product categories and pricing for added consumer benefits," a P&G spokesperson said.

Market leader Hindustan Unilever (HUL) is, however, three times P&G's size in India and competes with it in most household and personal care categories. Number two, Amul, is twice as big with over ₹18,000 crore in sales but doesn't compete with the US consumer giant in any segment.

The company spokesperson said India, one of the fastest growing markets globally for P&G, remains a priority for the Ohio-headquartered giant.

Earlier this year, Procter & Gamble merged India, the Middle East and Africa into one IMEA region as part of a significant reorganisation to remove management layers and improve the execution of strategy.

P&G still has a long way to challenge Unilever in India where it trails its smaller global rival in every category in which they compete.

"While P&G has significantly narrowed the gap with competition last decade, HUL has made a comeback in the last three years by grabbing back lost market share," said Abneesh Roy, associate director at Edelweiss Securities. "It's a tough task for P&G now as HUL is getting more competitive as is evident from their marketing campaigns, product innovation as well as reach," he said.

Roy said P&G's latest launch in India, Oral B toothpaste, has met with limited success despite years of planning. P&G has three subsidiaries in the country — Procter & Gamble Health & Hygiene, which markets feminine hygiene brand Whisper and Vicks anti-cold balm; Gillette India, maker of razors and other shaving products; and Procter & Gamble Home Products, best known as the maker of Ariel and Tide detergents.

P&G has been clocking compound annual growth rate, or CAGR, of about 25% in the country since the last decade. In the past two years, it has invested over ₹2,000 crore in the country. Big investments have taken a toll on its local profitability though. The unlisted P&G Home Products posted a loss of ₹100 core for FY14, down from a loss of ₹481.5 crore in FY13. The company is unperturbed. "We continued to drive profitability in a competitive market environment with strong sales growth and productivity driven cost savings," the P&G spokesperson said. "In addition, our focus on end to end efficiencies resulted in positive cash flows from operations."

P&G completed setting up a new multi-product plant in Hyderabad last month, as part of a strategy to ramp up local production and distribution to match up HUL in terms of product prices and reach.

Rising Up the Ranks in Consumer Products

INDIA IS one of the fastest-growing markets for P&G

P&G HAS nearly doubled sales in India in the last 3 years

Company	CAGR %*	FY14	FY13	FY12	FY11	FY10
Hindustan Unilever	13.1	30,053.3	28,187.0	23,838.5	20,512.4	18,366.8
GCMMF (Amul)	22.7	18,143.5	13,735.1	11,668	9,774	8,005.4
Nestle India**	15.5	9,197.9	8,365.5	7,541.7	6,297.4	5,167.2
ITC - FMCG Others	22.1	8,099.2	7,012.3	5,544.6	4,482.4	3,641.7
P&G in India	**23.7**	**9,274.6**	**8,073.9**	**6,566.4**	**4,992.8**	**3,956.6**

*4 years; **Fiscal ended December; All amount in ₹cr

Source: ETIG Database & ROC

Nestle Q3 Net up 9.2% at ₹311 crore

Our Bureau

NEW DELHI: Nestle India has posted a 9.2% increase in its consolidated net profit for the third quarter ended September at ₹311.29 crore. The FMCG company said it will continue to rationalise its product portfolio to eliminate low-margins stock keeping units which are not in line with its growth strategy.

The maker of Maggi noodles and Kit Kat chocolates reported net sales of ₹2,557.8 crore for the quarter, up 8.9% from the year-ago period. "Though sales dynamics are better, we remain cautious as we are yet to feel the buoyancy from the external environment," Nestle India MD Etienne Benet said in a statement on Tuesday. Nestle said cost of material consumed went up mainly due to higher cost of milk and its derivatives in India.

Cos Take Their Staff Out for Some Fun as Positive Vibes Spread

Hospitality firms report 40% uptick in such offsite activities this year

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Mumbai: Riding high on positive economic vibes, corporates are loosening their purse strings on offsite activities to boost employee morale, a fact that was reaffirmed by hotel chains claiming an over 40% on-year uptick in offsite activity this year.

"Corporates today are more optimistic and are investing in employees, taking strategic decisions to retain and empower employees, who are instrumental in a company's growth," says Rakesh Mitra, general manager — sales, The Lalit Suri Hospitality Group.

Sample some of these: Colgate Palmolive organised a mixology class followed by cocktail creating competition for its employees during its two-day offsite activity at a five-star resort in Goa. A leading banking group conducted a 'firewalk' activity for its employee offsite at Movenpick Hotel, Bangalore, while another banking institution organised culinary classes for its employees during its three-day offsite at Alila Diwa, Goa. Pharmaceutical major Sun too recently conducted a two-day event at Movenpick Hotel to reward its southern region sales force.

Airborne Holidays, which specialises in incentives and conferences, recently conducted a three-day offsite for the healthcare division of diversified company 3M at a five-star property Le Meridien, Kochi. "The offsite was a combination of backwater cruise with a theme award night to reward the company's channel partners," says Anjali Datta, director of Airborne Holidays.

Colgate Palmolive did not wish to participate in the story while an email query sent to Sun Pharmaceutical did not elicit any response.

Hilton Shillim Estate Retreat and Spa has seen a 60% increase in bookings for corporate offsites this year. The property conducts wellness activities such as aqua yoga, candlelight meditation session, unique spa therapies for the offsite events. A spokesperson for the hotel says companies have increased their budget for such events by 10-20% this year.

Alila Diwa, Goa, has seen around 12% increase in revenue from offsite activities this year, says Ankur Rastogi, regional director of sales and marketing at Alila Hotels and Resorts India.

Cecilia Oldne, global brand ambassador, head-international marketing at Sula Vineyards, which owns the vineyard resort 'Beyond' Nashik, says the reservations made by companies for offsite events has led to a 30% jump in their F&B business from a year ago. "Looking at the increasing number of events and growing size of each offsite group, we have increased the size of our amphitheatre and F&B outlets," says Oldne, adding that companies like Siemens, Mahindra & Mahindra, Bosch, ThyssenKrupp and Bank of America, among others, have recently conducted offsites at the property.

Vinesh Gupta, general manager at Movenpick Hotel, Bangalore, says the hotel hosts at least four offsites every month as opposed to just one or two a month last year.

Grand Hyatt, Goa, has recently opened a Resort Centre in the property which caters to the planning and arrangement of activities for these offsite events. "It is a one-stop shop for the companies," says Betty Remedios, director-sales and marketing, Grand Hyatt, Goa.

According to hoteliers, an offsite event can have anywhere between 40 and 200 people for two nights and three 3days, which gives a business o ₹15-35 lakh to a hotel.

Fun & Work

- **Cos are** spending 10-20% more on offsite events
- **Hotels have** seen around 12% rise in revenue from these events
- **Interesting activities** at offsite: Firewalk, Culinary Classes, Mixology Lessons, Aqua Yoga, Aqua Sailing, Spa sessions, etc.
- **Hotels seen** 30% jump in F&B revenue

Offsite Biz for Hotels

Duration: 2 nights/3 Days
Size: 40-200 people
Revenue: ₹15-35 lakhs

Pitch Report

AirAsia Plans to Induct 10 more Aircraft Next Year

BANGALORE Budget carrier Air Asia plans to induct 10 more aircraft next year that would take the strength of its fleet to 15. "I think realistically we may do 10 aircraft by next year, taking the total tally to 15 aircraft. January and February, probably we won't have many," Air Asia CEO Mittu Chandilya told PTI. Chandilya said the airliner planned to put in place one aircraft- a-year plan. "It depends upon when the aircraft are ready because our schedules are very tight and by next year we really want to have one-aircraft-a-year plan." He, however, said there would be no change and variations in the type of aircraft the airliner plans to induct.

Indian Online Retail Mkt to Touch ₹88,000 cr by 2018

GUWAHATI Indian online retail market is estimated to grow over 4-fold to touch $14.5 billion (over ₹88,000 crore) by 2018 on account of rapid expansion of e-commerce in the country. According to research and consultancy firm RNCOS, the online retail market is projected to grow at a compound annual rate of 40-45% during 2014-18. "The Indian online retail market has been striding leaps and bounds over the past few years on account of digital revolution. The trend is expected to continue as the online retail market in India is estimated to touch the mark of $14.5 billion by 2018," a report by RNCOS said.The current market size of online retail sector has been pegged at $3.5 billion (over ₹21,000 crore), it added.

Dunkin' to Unveil Croissant Doughnut Hybrid in Japan

TOKYO The Dunkin' Donuts chain, capitalising on the cult-like demand for Dominique Ansel Bakery's Cronut in New York, is introducing its own doughnut-croissant hybrid next week. The product will sell at selected shops for $2.49 starting on November 3, said Justin Drake, a spokesman for Dunkin' Brands Group. The glazed, flaky ring will be made in limited quantities and served nationwide for a finite time, he said. Dunkin' Donuts is rolling out the croissant doughnut after a test run in New Jersey, part of a push into new foods and beverages.

Air Costa Signs MoU with VietJet for Biz Opportunities

MUMBAI Regional carrier Air Costa on Tuesday said it has signed a memorandum of understanding (MoU) with Vietnamese largest budget airline VietJet to initiate discussions on exploring future business opportunities including a possible code-share arrangement. The signing of MoU took place during the "India-Vietnam Trade & Investment forum" in New Delhi, Air Costa said in a release. "The agreement targets exploring opportunities such as code sharing, partnership and financial collaboration," Air Costa chairman Lingamaneni Ramesh said. VietJet flies between Vietnam's major cities – Ho Chi Minh City, Ha Noi, Hai Phong, and Da Nang besides key Asian destinations such as Singapore, Bangkok, Seoul, and Busan.

Idea Launches Mobile 'Movie Store' in Kerala

KOCHI Telecom major Idea cellular on Tuesday launched "Movie Store", a mobile entertainment service, in Kerala, enabling customers to download over 1,000 full length movies, song videos and clips. At present, Malayalam, Telugu and Kannada films can be downloaded using this platform and soon Gujarati and Rajasthani movies would be added, deputy managing director, Idea Cellular, Ambrish Jain said. The platform allows subscribers to download full length movies and other video contents such as songs and film clips on mobile devices, Jain said. The content available is piracy free.

O&M's Creative Director Abhijit Avasthi Resigns

Avasthi may opt to do something on his own; Rajiv Rao to replace him at O&M

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Mumbai: In a surprising development sure to send shockwaves through Indian advertising industry, Abhijit Avasthi, national creative director of O&M India, has put in his papers.

Widely reckoned to be India's most creative agency, O&M has over the last decade and a half become a global powerhouse of ideas, driven by Avasthi; national creative director Rajiv Rao and Avasthi's uncle; Piyush Pandey, executive chairman and creative director, India and South Asia.

Pandey told ET that Rajiv Rao will take over and that more people in the system are likely to be given bigger responsibilities. Commenting on the departure of Avasthi, Pandey said, "In keeping with the spirit of the young people, he has chosen to do things on his own, and these are going to be projects that are not necessarily the agency kind of projects. So I'm happier that he is not joining a competitor. Rajiv, Abhijit and I have been partners in everything that we do and their contribution to the agency since the 2000s has been immense, not just in creative output but even in building teams."

Avasthi is closely associated with brands like Cadbury, Fevicol, Tata Sky and Asian Paints. He headed the team that worked on the widely shared and viewed 'Google Reunion' film. He was ranked among the Top 5 Most Influential People in Indian Advertising according to the Brand Equity Agency Reckoner 2014.

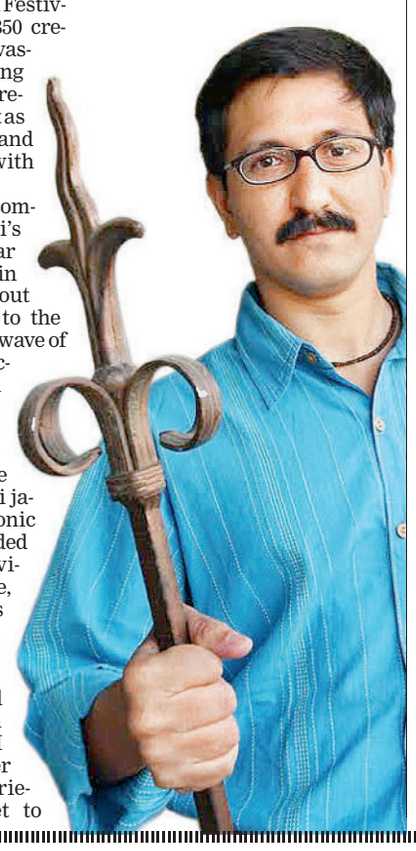
In spite of having two uncles in advertising — Piyush Pandey and ad filmmaker Prasoon Pandey — Avasthi took a rather circuitous route getting into the business. He dabbled with working at a textile dye unit, a steel plant and selling saris and matchboxes before joining advertising in 1997. In his first year, he and partner Raj Kamble earned early acclaim at Enterprise Nexus for their work on Sesa Seat Yellow Pages which won at Cannes, Clio, D&AD and the New York Festivals. Having won over 350 creative trophies since, Avasthi is nevertheless among the handful of Indian creatives whose work is just as popular with clients and consumers as it is with award juries.

Among the many accomplishments to Avasthi's credit is changing 5Star from a distant highfalutin chocolate that spoke about reaching for the stars to the current very successful wave of advertising featuring eccentric characters and situations. His other memorable campaigns are "wah Sunil babu" for Asian Paints, the Mentos "dimaag ki batti jala de" campaign and iconic films like the overloaded bus commercial for Fevicol. Through his tenure, Avasthi has always claimed to be extremely happy in advertising.

In an earlier interview with **ET**, he had said, "The only reason I've stuck on is because I can't think of any other job that has so much variety and where you get to laugh all day." Industry buzz indicated that he was the hot contender for the top creative job at the agency.

Speaking of the reasons for his departure, Avasthi indicates that he is thinking of a completely new venture. While declining to divulge details he says, "Right now it is a total blue sky as I evaluate and concretise my plans over the next few months." He has, however, confirmed he won't be joining another agency.

Avasthi's departure comes in the wake of several Indian creatives leaving established agency setups to start creative shops of their own.



Bajaj Auto Shifts Discover Account from Ogilvy to Leo Burnett

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Kolkata: Two-wheeler major Bajaj Auto has shifted the creative business of its Discover motorcycle to Leo Burnett from Ogilvy & Mather (O&M) in a bid to revive the struggling brand.

Leo Burnett bagged the deal following a multi-agency pitch where agencies including O&M, Mudra, Taproot, Publicis, Contract and Leo Burnett made presentations on the brief of improving the brand's market share.

Confirming the win, Saurabh Varma, chief executive officer at Leo Burnett, said, "It is a privilege to work with Bajaj Auto again." From 2001 to 2008, Leo Burnett had handled the Caliber brand, which Bajaj Auto has discontinued.

A top industry official said Bajaj Auto has earmarked nearly ₹100 crore in advertising and media budget for Discover.

An official of an agency that participated in the pitch said, "Given the continuous drop in Bajaj Discover's market share, the company looked for a new agency that can bring the brand back on track."

Despite Bajaj Auto's continuous focus on Discover, under which it has launched several versions, the brand has seen year-on-year dip of over 22% in market share, an auto analyst said. Bajaj Auto, which was India's second-largest two-wheeler maker till just two years ago, reported an all-time low market share of 11.65% in the first half of this fiscal when its domestic sales dipped 12% on year to 9.52 lakh units.

In July, the Pune-based company slipped to the fourth spot in domestic two-wheeler sales for the first time, slipping behind Chennai-based TVS Motors.

Officials said O&M — which has been handling the Bajaj Auto brands for over two decades and coined the famous "Hamara Bajaj" tagline — will continue to work on all its other brands including the Pulsar.

Responding to an email sent by **ET** on the Discover account movement, a Bajaj Auto spokesperson said, "It would not be possible for us to respond."

As part of its new mandate, Leo Burnett will craft communications for Bajaj Discover across above-the-line advertising, digital, retail and activation.

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Audi Recalls 382 Q7 SUVs Over Brake Flaw

Diesel-powered Q7s produced between March and December 2012 hit by the recall

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New Delhi: Audi India, a subsidiary of German luxury carmaker Audi AG, has recalled 382 units of its flagship sports utility vehicle (SUV) Q7 over brake system flaw.

The company said the recall is part of a global exercise under which it has called back about 70,000 units of A4, A5, A6 and A7 sedans and SUV models Q5 and Q7 to replace the vacuum line in the brake system.

In India, Q7 SUVs with 3.0 litre TDI diesel engines manufactured between March and December 2012 will be part of the recall, the company said. Audi has sold more than 5,000 units of Q7 in India so far.

"Our dealers will get in touch with 382 Audi Q7 customers across India," the company said in response to a questionnaire sent by ET. "They will arrange for an appointment at their workshop for vacuum line replacement. The process will take approximately half-an-hour and will be carried out free of charge."

Audi said it launched the service campaign on September 25 and has so far replaced faulty parts in 197 Q7 units. The company said a defective vacuum line may allow the engine oil to enter the brake system, which can damage the diaphragm in the brake and affect its efficiency. The brakes would still work but require a lot more pressure on the pedal.

Audi said the technical issue of the brake is limited to the 3.0 litre diesel engine of Q7 and does not affect other diesel or petrol variants. To resolve the problem, Audi dealers will inspect the vacuum line with the non-return valve for possible leakage of engine oil and replace the vacuum line in case any leakage is detected. Dealers will also inspect the brake booster system for oil contamination. If there is oil contamination, additional components may be replaced.

Audi had issued a recall following the voluntary recall code notified by the Society of Indian Automobile Manufacturers. As per initial data, more than seven lakh passenger vehicles have been recalled in India on various technical and safety issues since July 2012, involving manufacturers such as Maruti Suzuki, Hyundai Motors, Honda Motors, Mahindra & Mahindra, Toyota, Ford and General Motors.

On Monday, Honda Motors announced the recall of 2,338 units of its hatchback Brio, compact sedan Amaze and top-end SUV CR-V to replace faulty airbags.

Maruti Unveils New Swift with Higher Mileage

Our Bureau

New Delhi: Maruti Suzuki has souped-up the Swift, adding new features to the model and retuning its engine in a bid to maintain its position as the nation's top-selling premium hatchback. The changes, the company claims, have increased the car's fuel efficiency by 10%.

The refurbished version of the second-generation Swift comes with the same engine displacement as in the outgoing variant. But the retuned engines deliver 25.2 km on a litre of diesel and 20.4 km on petrol under test conditions, it has claimed.

The new car offers features such as push button start and stop, 60:40 split rear seat, electric retractable outside mirrors and reverse-parking sensors, executive director for marketing and sales RS Kalsi said. The changes have been made based on customer feedback.

The company has sold over 1.2 million units of the Swift since its launch in 2005. The second-generation of the model was launched in 2012. It competes with Hyundai Elite i20, Volkswagen Polo and Ford Figo.

Maruti has also increased the price of the model by up to ₹20,000 on some variants. The base price, however, remains unchanged at ₹4.42 lakh in Delhi before insurance and local levies. Maruti has increased the top-end variant's price to ₹6.95 lakh.