

WAITING FOR COST PRESSURES TO RECEDE...

# FMCG Cos Put Few New Items on the Shelves

## Product Launches Take a Back Seat

PERSONAL CARE

FOOD & BEVERAGES

HOUSEHOLD CARE



Data for Jan-Jun

**TOTAL** 2010 **83** 2011 **54** Decline **35%**

**Godrej Consumer** puts off a few launches planned for this Diwali to early next year

**Dabur delays** launch of a new range of facial products from Q1 to Q3

**Cos to postpone** entry into new categories

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MUMBAI | NEW DELHI

Consumer product companies have cut back on product launches this year as they wait for cost pressures to recede before introducing more products and variables.

There have been two product launches per week on an average in the fast-moving consumer goods (FMCG) segment in the first half of the year, down from last year's average of one new product every alternate day, according to data available with market researcher IMRB International. Consumer product companies confirm the slowdown in product launches, but say they will be able to roll out new variants and products within their existing segments in the coming months when input costs are expected to decline, although entry into new categories will be put off to next calendar.

"Some of the more expensive introductions were postponed from the fourth quarter of last fiscal (January-March) to later this fiscal because of high inflationary pressures," says Dabur India Chief Executive Officer Sunil Duggal.

Dabur, maker of Vatika shampoo and Real juice, has delayed launching a new range of facial products from first quarter to third quarter.

Godrej Consumer too has put off launch of a few products in the household insecticide and hair-colour segments from Diwali this year to early next year, say industry in-

penses. "There have been petrol price hikes thrice already this year and commodity costs are not going down either. All actions, whether to launch new products or increase ad spends, have been linked to these cost pressures. Hence, companies are getting cautious," says Wipro Consumer Vice-President Anil Chugh.

Emami Director Aditya Agarwal says one reason for fewer launches could be a higher base last year. "We would like to consolidate our launches first and get it right before we are ready with new introductions."

According to IMRB data, 54 products and variants were launched between January and June this year as companies delayed big launches to save costs and focus on existing brands. This is 35% less than the same period last year (see table).

IMRB International Group Business Director Manoj Menon says 2010 had started with a positive note after a year-long slowdown in the consumer market following the global economic recession.

All product launches were on hold for a year, and launched in 2010. "In comparison, 2011 is more of cautious spending, especially when the inflation rates are still high," says Menon.

Consumer product companies have been facing relentless rise in the pric-

**Just two product launches per week on an average this year, against an average of one new item every alternate day last year**