

# ACQUISITIONS FUEL GROWTH

by Kelly Tey



INDIAN-based personal care giant Wipro Consumer Care has grown by leaps and bounds since they acquired Unza Malaysia back in 2007, with the move giving it access not only to the Malaysian market, but also Indonesia, Vietnam, China and the Middle East.

In this respect, Wipro Enterprises Ltd executive director Vineet Agrawal said acquisition was something the company would always consider as part of its strategy to grow and fill in the gaps in its portfolio.

“It would have taken us a very long time to grow organically and expand into other countries, so we looked into acquisitions,” he explained.

With Unza on board, Vineet said the company was doing very well in the region.

Its skincare portfolio expanded and Wipro solidified the group’s skincare category positioning in Malaysia.

Following the Unza purchase, Wipro acquired Yardley in 2009 and LD Waxsons in December 2012

“Acquisitions are not done only to add turnover, but because they are actions that fit into the company’s business strategy.

“For an example, we acquired Yardley because we wanted to strengthen our premium product portfolio,” he said.

“It has to fit into our strategies to address the gap that we want filled,” added Vineet.

“Skincare is one clear direction we are headed towards, whether for skin, shower, fragrances or deodorants.

“These are the categories that are of interest to us. We are also looking into home care, but very selectively so.”

Vineet said the brands they acquired were gauged not just on the prospect of becoming huge local successes, but also for the ability to sell to other countries.

“We see how Safi (the company’s leading halal personal care brand) is doing extremely well in Malaysia, and we want to expand it into Indonesia as well as to the Middle East.

“With Carrie Junior (children toiletries brand), on the other hand, we want to enter the Middle East and China,” said Vineet.

“We will always look at brands for a specific country as well as its capability and strength to be a more global brand.”

To support the proliferation of its business, Wipro currently has a few manufacturing locations, including in Malaysia, Indonesia, Vietnam and China.

“Each of the countries manufactures for itself, although some cross-sourcing occurs.

“Critically, Malaysia is one of the biggest manufacturing centres, from which large export activities to the Middle East are run.”

In terms of sales growth, Vineet noted that the company had done reasonably well last year, given the less-than-encouraging growths reported in the market.

“We have continued to grow because some brands performed better than others, such as Safi Shayla and the Bio Essence 24k gold range,” said Vineet.

The company also faced challenges when the GST took effect.

“Much of the changes revolved around operations, but in terms of consumers, their spending patterns did not alter much as they continued to buy and use the products,” he observed.

However, he pointed out that some products had to have their price points adjusted about 2% to 3% due to the GST, while the rest were maintained.

“Even when currency uncertainties swept in, it did not hit local operations.

“This is mainly because Malaysia is a net exporter for us, and this has only made us more competitive as more countries end up buying even more,” Vineet said.

Much of the company’s strength stems from research and development (R&D) activities at the Wipro Skin Research and Innovation Centre, located at USJ 1, Subang Jaya.

“Since Malaysia is a key country for us, we made a centre here to develop our skincare portfolio.

“This has paid off very well for us with the innovations born in our lab meeting with positive results in the market,” he noted.

Vineet said R&D was a clear differentiator for the company as far as its products and business growth were concerned.

“If I look at the four pillars of growth, I would say research and development is one, brand is another, while the third and fourth would be advertising and distribution.”

Vineet said R&D ensured that the company produced good quality products, whereas branding ensured that the products were clearly marked.

Advertising helped to publicise the products and, finally, distribution ensured the product reached the market effectively.

“This year, our focus is to maintain our focus on these four pillars, particularly in skincare categories for brands such as Bio Essence and Safe, Aiken, Carrie Junior and Enchanteur for shower, Safi for shampoo, and Enchanteur and Dashing for fragrances.”

With its acquisitions, the company has inherited a large number of brands, which Vineet said had since been narrowed down to 11.

“This is largely so we can focus on the brand, but we have increased the number of categories in each of them to ensure that we can invest more on them based on the four pillars,” he said.

Based on the Nielsen Retail Audit March 2016 in the Peninsula, he added that the company led in terms of value share for facial cleanser and moisturisers; it was No. 2 in terms of volume share for hand and body lotion; and for shampoo, it ranked No. 2 and No. 3 respectively in terms of volume share and value share.