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Wipro's narrow path to growth

Wipro's FMCG arm has built its growth strategy by focusing on select categories and markets

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In the last 13 years, Wipro Consumer Care and Lighting (WCCLG) has acquired 10 brands and grown from ₹304 crore in 2002-03 to over ₹5,900 crore in the last financial year. The bedrock of the growth strategy for WCCLG, the fast-moving consumer goods (FMCG) arm of Wipro Enterprises, has been a focus on select categories and markets with a view to achieving leadership positions.

The latest of the company's acquisitions was in September 2016 as it bought Zhongshan Ma Er Daily Products in China. Vineet Agrawal, chief executive officer, WCCLG, and executive director, Wipro Enterprises, says the company aims to dominate in the countries and categories it is present. With the acquisition of Zhongshan Ma Er, Wipro has become the third largest in Guangdong — a province in South China with a GDP of more than $1 trillion — in the personal wash, roll-on and liquid detergent categories, he explains. "Similarly, if we look at India, we are very strong in west and south. Santoor dominates in these regions. In Indonesia, we are No. 1 in fragrances, No. 2 in feminine hygiene wash, and in Vietnam we would be No. 2 in shower. One of the reasons why a lot of companies do not want to go to China or haven't had great experiences is that they ventured across categories. If you focus on a few provinces, and we have done that, it helps," he adds.

With its last acquisition, 55 per cent of the company's business revenues would be outside India and its employee count has gone up to roughly 10,000. Agrawal, however, stressed that the company focuses on growing organically and building its brand, rather than acquiring for the sake of acquiring. "Whatever we start off, we need to ensure that we grow. If Santoor had not grown or our earlier acquisitions such as Chandrika and Glucovita had not grown, we would not perhaps be so aggressive or so open to be acquiring. Zhogshan is our 10th acquisition and it wouldn't have happened if we didn't organically grow the existing and acquired brands."

Wipro has eyed countries such as Indonesia, Vietnam and China that have sizeable populations and are developing economies. In terms of category, the company is clear about focusing on personal care and household care segments. "We looked at liquid detergents, for the acquisition we made in China, because while powder detergents is very well penetrated in China liquid detergent is still growing and is fairly small. Similarly, we look at fabric conditioner in India, but not in Malaysia where it's a developed category. In case there is a category in a country within the personal care portfolio (it includes personal wash, fragrances and skin care), we are looking at expanding whichever is still nascent," says Agrawal.

In terms of the play of brands for WCCLG, the names and packaging might differ from market to market depending on the brand equity, but the formulations are similar. "We have a male grooming section in India — the brand we have here is Aramusk, but for Vietnam, Indonesia or China we have Romano. We are not going to introduce Romano in India because it is not known here," Agrawal adds.

Wipro demerged its non-IT businesses in 2013. The fact that its FMCG business turned into a standalone entity helped WCCLG to push for strong acquisition.

While in a country like India plenty of new companies are taking on established players, and of late entrants like Patanjali Ayurved are trying to disrupt the FMCG space by venturing across categories, a narrowed focus is still considered a more viable strategy.

Rajat Wahi, partner and head, consumer markets, KPMG in India, "All sectors in FMCG, whether it is personal care or household care, are fast growing ones. For an FMCG company, trying to focus on every category is very tough, because then you have got so many SKUs (stock keeping units), so many products coming out, and managing all of that becomes very difficult. You are also up against strong players in every category. So, trying to focus on one or two categories and then becoming strong in that seems to be a better way of branding."

BRAND COUNT

Brand	Category	Year of acquisition
Glucovita	Energy drink	2003
Chandrika	Ayurvedic soap	2003
North West	Light Switches	2006
UNZA (based in Singapore)	Personal Care	2007
Yardley Asia, Middle East, Australia, some African countries	Personal Care	2009
Aramusk	Personal Care	2011
Clean Ray	LED Lighting	2011
Yardley UK	Personal Care	2012
LD Waxson (based in Singapore)	Personal Care	2012
Zhongshan Ma Er Daily Products Ltd	Personal Care	2016