Branded Items Get Moving Again as Input Costs Fall

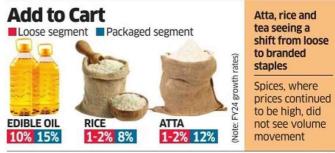
In FY22 and FY23, products sold loose were in demand as inflation rose

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Kolkata: Leading kitchen staples and daily-needs companies such as Adani Wilmar, Marico, ITC and LT Foods, said consumers are back to buying branded packaged staples in FY24 as commodity prices fell. This has pushed up the volumeor number of units sold growth rate of packaged staples in commodities where prices have fallen compared to the loose market. This is a reversal of trend seen during FY22 and FY23 when consumers had shifted to loose products due to sky-high inflation.

"When edible oil prices went up, consumers moved away from branded to loose, or downgraded to the lower-priced brands. But the crash of prices has bought back the consumers to our fold with the popular brands now growing faster than others. This conversion is happening even in the rural markets," said Angshu Mallick, managing director at Adani Wilmar, the country's largest packaged edible oil manufacturer.

Adani Wilmar recently said in its fourth quarter result update that in FY24 branded sales of edible oil grew 15% outpacing overall segment growth of 10% year-on-year.



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Edible oil prices have crashed back almost to pre-Covid levels after record highs in 2022 and early 2023. The company said FY24 had lower edible-oil prices, compared to the previous year, leading to lower revenue, despite the growing volumes. Adani Wilmar said there is a 10% growth in its edible oil business volume last fiscal, while value sales declined by 15%.

Marico said in its recent earnings update that the company's leading brand Parachute Coconut Oil registered low single-digit volume growth last quarter due to continued "revival in loose to branded conversions amidst firming up of copra prices, which was along expected lines."

Staples where prices have come down such as atta, rice and tea are

seeing a similar shift from loose to branded, while some categories like spices, where prices continued to be high, did not see any such volume movement. Industry executives said packaged atta grew at about12% last fiscal while packaged rice's growth was at around 8%, compared to little more than 1% growth rate of the loose categories.

Ashwani Arora, CEO and managing director of LT Foods said the company's packaged basmati sales have grown by 11-12% in FY24 from FY23, surpassing the industry growth rate. He said the company expects a similar pace of growth in FY25. Wilmar said the company is seeing similar conversions also in sugar and besan, where branded products are growing at 2-3 times the pace of the loose market.