DANONE BEGINS ITS SOLO TRIP

After Break-Up With Wadias, French Major Starts Test Marketing Flavoured Milk In India

NEW FLAVOUR

- Flavoured milk Danone Choco Plus marks the French food multinational's entry into India after a prolonged two-year battle with the Nusli Wadia group
- Priced at Rs 15 for a 200-ml tetra packs, Danone Choco Plus is being tested in Hyderabad
- Danone will now take on Amul's Kool, Nestle's Milkmaid Funshake and its erstwhile joint venture Britannia's Actimind with its flavoured milk
- While the milk beverages category in India stands at Rs 200 crore, the owners of brands such as Danone yogurts, Evian mineral water and Blédina baby food will bring in more products into the country
- Last April, Danone exited Britannia, the country's largest biscuit maker, by selling its 25.48% stake in the company
- The disputes between the Wadias and Danone were on various counts.
- The Wadia Group had sued Groupe Danone in a Singapore court, claiming violation of its intellectual property rights of the Tiger brand.
- It alleged that the French firm registered and used the brand in overseas markets without its consent and had demanded royalty for the same.
- The exit from Britannia had marked Danone's exit from biscuits business globally

Ratna Bhushan
NEW DELHI

GROUPE Danone has begun test-marketing flavoured milk in India, marking the French food multinational's entry into the country after a prolonged two-year battle with the Nusli Wadia group, played out in the boardroom as well as the courtroom.

The brand, Danone Choco Plus milk, is priced at Rs 15 for a 200-ml tetra pack and being tested in Hyderabad.

Danone will now take on Amul's Kool, Nestle's Milkmaid Funshake and its erstwhile joint venture Britannia's Actimind with its Choco Plus.

"Danone intends to undertake a national rollout and launches in other categories in phases. It is not in a hurry," an official with direct knowledge of the development said. An email query sent to Danone India, a wholly owned subsidiary of the world's largest fresh dairy producer, remained unanswered.

The company's operations in the country is now restricted to about 50 people. It has appointed creative agency Rediffusion Y&R for its advertising.

While the milk beverages category in India is small, though growing, at Rs 200 crore, the owners of brands such as Danone yogurts, Evian mineral water and Blédina baby food will bring in more brands into the country.

In fact, in June last, when it finally got the government's permission to launch a number of food products, Danone had said that it wanted to infuse about Rs 330 crore over the next few years.

Before that, in April, Danone exited Britannia, the country's largest biscuit maker, by selling its 25.48% stake in the company to its joint venture partner Nusli Wadia group after a bitter two-year boardroom battle.

Prior to the settlement, both Groupe Danone and the Wadia group held equal stakes in Associated Biscuits International that held 50.96% stake in Britannia Industries.

The disputes between the Wadias and Danone were on various counts. The Wadia Group had sued Groupe Danone in a Singapore court, claiming violation of its intellectual property rights of the Tiger brand. It alleged that the French firm registered and used the brand in overseas markets without its consent and had demanded royalty for the same.

Wadias had also disputed Danone's plans to go solo in India, and its investment in biotech firm Avesthagen without approval from the Indian JV partner. They dragged Danone to court, claiming violation of Press Note 1, under which a foreign partner of an Indian company needs to obtain approval before setting up an independent business in the same category.

INDIA CALLING

While Danone India is incharge of the dairy and baby foods business, it also operates a water business through a JV with Narang Hospitality Services. Danone also has a JV with Japanese firm Yakult Honsha in India.

The dispute went on for two years before Danone finally exited Britannia. In June last, it received the permission of the Foreign Investment Promotion Board (FIPB), which clears foreign investments proposals, for independent forays in dairy, biscuits, packaged water, cereals, baby foods and medical nutrition products.

The FIPB had cleared the French firm's application to set up a wholly owned subsidiary or invest directly and indirectly or through one or more subsidiaries or joint venture companies. While Danone India is incharge of the dairy and baby foods business, it also operates a water business through a new joint venture with Narang Hospitality Services, the distributor for Evian in India. Danone also has a joint venture with Japanese firm Yakult Honsha in India, which sells probiotic drinks.

The exit from Britannia had marked Danone's exit from biscuits business globally. In 2007, it had sold its global biscuits business, excluding its stake in Britannia, to Kraft Foods for 5.3 billion euros (about $7.63 billion).

Groupe Danone had acquired Dutch baby food firm Royal Numico in 2007, a move which brought Nutricia and Milupa baby foods brands into its fold.

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PITCH **REPORT**

Airtel, RCOM join mobile apps store race

NEW DELHI: Telecom majors Bharti Airtel and Reliance Communications (RCOM) on Tuesday announced their plans to launch mobile applications stores, joining global companies like Apple, Google, Motorola and BlackBerry. While Bharti Airtel launched Airtel App Central, RCom said it will introduce the first version of its mobile applications store under the Reliance Applications Store label, in the country by the end of the month. A mobile applications store is designed to enable developers to make available software and services like music, games, news and commerce applications to customers. An expanded version of the Reliance Applications Store across the CDMA and GSM handsets would be launched towards the later part of this quarter. Airtel will offer over 1,250 free and paid applications across 25 categories like business, games, books and social networking, Bharti Airtel said in a statement here today, adding the cost is automatically added to the customer's mobile bill or deducted from the available talk-time.— PTI

Reliance denies bidding for Liverpool Football Club

NEW DELHI: Reliance Industries Ltd, India's most valuable company, said it hasn't made a bid to buy a stake in Liverpool FC, the English Premiership soccer club. "We strongly deny this report," Manoj Warrier, a spokesman for Reliance, said by telephone from New Delhi on Tuesday. The London Times reported that Reliance chairman Mukesh Ambani, Asia's richest man with a fortune estimated at $32 billion by Forbes magazine, offered to buy Liverpool's 237 million pound debt ($371 million) for a 51% stake in the club, without citing anyone. Reliance, which had cash and cash equivalent of 159.6 billion rupees ($3.4 billion) as of December 31, made an initial cash offer to buy bankrupt chemical's maker LyondellBasell Industries AF last year.— Bloomberg

After Liverpool, Sahara to bid for I-League club

MUMBAI: Sahara India, reportedly in race for Liverpool Football club, has decided to bid for one of the two franchise slots in the country's top tier football league, India League or I-League, this summer when the All India Football Federation invites offers from corporates, reports **Manisha Singhal**. A person close to matter told ET that AIFF has decided to invite bids from companies in northern and southern regions to sell two franchise teams and the Lucknow-based "Sahara will definitely participate in the process". The bidding procedure is expected to be announced in April.

Religare plans Rs 60-crore brand-building blitz

KOLKATA: Come April, Religare Enterprises will kick off a brand-building blitz across all its businesses, reports **Writankar Mukherjee**. Till recently, the Rs 1,500-crore diversified financial services group had undertaken brand building only for its life insurance, broking and mutual funds business. But now, Religare plans to focus equally on all its businesses. It has lined up a Rs 60-crore marketing budget towards such activities. While Religare has appointed Lintas Media as its media buying agency, Ogilvy & Mather will be the group's creative agency. It is also evaluating the possibility of roping in a brand ambassador from either cricket or Bollywood and also forging a brand association with Formula One, Religare Enterprises director (brand) Subhrangshu Neogi said.

Samsung eyes $3 b in sales from India in '10

NEW DELHI: Korean consumer durables major Samsung on Tuesday said it is aiming over $3 billion (around Rs 14,000 crore) revenue in 2010 from India that would help it topple compatriot LG from the top slot in the country. In 2009, Samsung had clocked sales of $2.2 billion (Rs 10,200 crore) sales in India and is expecting it to grow by 40% over this calendar year. "Last year, we had sales of over $2.2 billion and in the current year, we are expecting turnover of more than $3 billion with 40% growth," Samsung India deputy MD Ravinder Zutshi said.

Mindshare retains HUL media biz

Our Bureau
NEW DELHI

ENDING seven months of speculation, Hindustan Unilever (HUL), the country's largest advertiser, has retained WPP-group owned Mindshare as its media buying agency, following a keenly-watched global media agency review. The size of Unilever's advertising business in India is estimated at Rs 1,000-1,200 crore.

HUL's parent company Unilever announced on Tuesday that Mindshare—India's largest media buying firm —has been retained for the media buying business in South Asia, including India, the US, Canada, Western Europe and South and Central Europe.

Unilever had called for the review in July '09 across 53 countries, a move it had said was in line with its company policy of evaluating media agency arrangements periodically.

While there is no change in the India business, Unilever has realigned its portfolio in global markets between three incumbent groups of agencies—WPP, Omnicom and Interpublic.

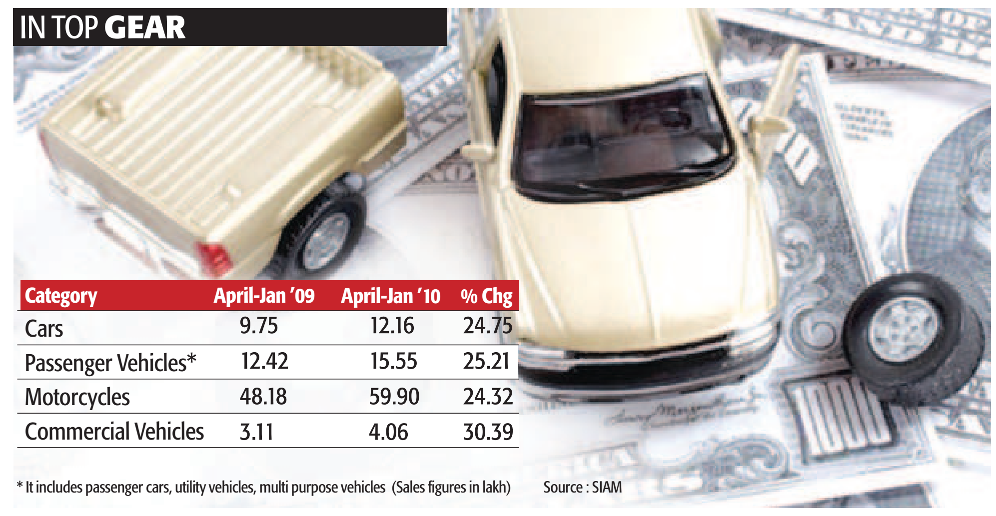
Laura Klauberg, Unilever VP global media, said in a statement: "The outcome of the review strengthens Unilever's position as a leading marketing organisation and will allow us to reach even more consumers in more effective ways." She added: "As we increasingly make use of digital and social media, we are confident that we have the best agency partners to help us engage in new ways with the 2 billion consumers whose lives we touch."

For the October-December quarter, HUL's ad spend was up a record 66% to Rs 632 crore from the corresponding year-ago period. HUL had said the high spends were on account of various brand relaunches and heightened competition. HUL has been battling falling market shares in the wake of stiff competition from local players. "Although improving, we still have some country/category positions that need to do better. Our competitive positions in India, Spain and Eastern Europe have not yet improved to the extent I would expect," Unilever CEO Paul Polman had announced last week. The company's website said: "Volume growth accelerated quarter-on-quarter and market shares progressed in most parts of the region with the exception of India," the company said on its website.

Rahul Welde, VP, media, Unilever – Asia, led the pitch for the Asian markets including India. Unilever officials said markets such as India and China are seen as huge opportunities for growth and there is a lot of interest in the media buying here. Close to 46% of Unilever's growth comes from emerging markets. Globally, Unilever's annual advertising spend is in excess of $5 billion.

CAR SALES SOAR 32% IN JAN

IN TOP GEAR



Category	April-Jan '09	April-Jan '10	% Chg
Cars	9.75	12.16	24.75
Passenger Vehicles*	12.42	15.55	25.21
Motorcycles	48.18	59.90	24.32
Commercial Vehicles	3.11	4.06	30.39

* It includes passenger cars, utility vehicles, multi purpose vehicles (Sales figures in lakh) Source : SIAM

Our Bureau
NEW DELHI

AUTOMOBILE sales raced past a record 11.1 lakh units in January, beating the previous best posted in September last, as consumers rushed to drive away their dream machines before a possible rollback of last year's tax cuts. Car sales too zoomed to a new record of 1.45 lakh units in the first month of the calendar, beating the previous best of 1.33 lakh sales recorded in November 2009, according to the latest data released by Society of Indian Automobile Manufacturers (SIAM) on Tuesday.

The spurt in sales, while reflecting the prevailing upbeat mood of the recovering economy and availability of cheap loans, is also partly attributed to fears that the vehicle prices will move up after the Union budget on February 26. With inflation still reigning high and economic growth well on track, many experts and analysts expect finance minister Pranab Mukherjee to withdraw the tax cut implemented last year.

This may lead to slower rise in vehicle sales in the coming months. "We fear if the stimulus measures go away in the upcoming budget, (and) future demand could be affected," said Mayank Parekh, marketing and sales executive officer of Maruti Suzuki, the country's largest carmaker. Vaishali Jajoo an auto analyst at Angel Broking, said the sales growth was marginally higher than expectations, but added that the uncertainty around the upcoming budget with respect to price hikes could also have led car buyers to advance their purchase decisions and car dealers to push sales. "This is also expected to be true for sales during the current month," she added.

Maruti sold a little over 81,000 vehicles this January, an increase of 21.02% over the year-ago period. Its main rival Korean automaker Hyundai Motor recorded a much more impressive 40.85% jump in sales to 29,601 units. The year-on-year growth in car sales at 32% in January was almost half the more than 60% growth in sales recorded in November '09. Car sales had increased 40.2% y-o-y in December.

The high growth in the last two months of 2009, however, was also due to low base effect in 2008 when economic slowdown had hit auto sales, forcing the government to come out with a stimulus package in December. Overall passenger vehicle sales (which includes cars, utility vehicles and multi purpose vehicles) in January stood at 1.87 lakh units up 36% over the year ago period. "This is the highest automotive sales ever because of lower interest rates as well as better money supply," said Dilip Chenoy, director general of SIAM.

Motorcycles sales also shot to 6.5 lakh units, 43.6% more than January'09, but fell short of 6.73 lakh mark reported in September'09. Meanwhile, total commercial vehicle sales, seen as a barometer of business activity, more than doubled to 53,447 units in January'10. The growth was led by sales of medium & heavy commercial vehicles that almost tripled compared to January'09.

Renault India to rejig JV, set up network

Bloomberg
MUMBAI

RENAULT SA, France's second-biggest carmaker, will set up its own distribution network in India as the manufacturer discusses reorganizing its joint venture with partner Mahindra & Mahindra Ltd. Renault and Mahindra will announce details of their plans in 30 to 45 days, Sudhir Rao, chief operating officer of the French carmaker's local unit, said on Tuesday at a news conference in Mumbai. The automaker will set up its own independent dealer network in India, the company said in a statement separately.

The French automaker will review the future of the venture with Mahindra, which makes the Logan car, Marc Nassif, Renault's local country manager, said last month. The joint venture's sales plunged 64 percent between April and December, extending a 48 percent decline in the year ended in March, according to data from the Society of Indian Automobile Manufacturers.

"Sales have been disappointing in India, so they really had to restructure," said London-based Credit Suisse analyst Stuart Pearson. After a disappointing start for its no-frills Logan sedan, Renault is playing catch-up on the Indian market.

Renault, which has its headquarters in the Paris suburb of Boulogne-Billancourt, will resume investments in an Indian factory it's building with affiliate Nissan Motor Co., less than a year after it suspended the plans, company officials said in January at the New Delhi auto show.

Brand marketers need to reinvent

Our Bureau
MUMBAI

MINDSHARE BRAND EQUITY COMPASS 2010

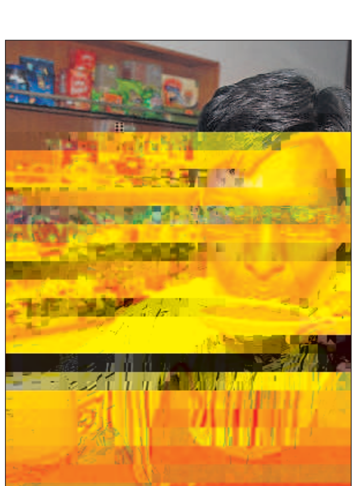
THE first decade of the new millennium saw marketers in India using a set of strategies to win markets. The next decade, however, is a totally different ball game. As India becomes the focus of the world, there's already a palpable change one can feel in the market place. Consumers, media, trade and distribution—all vitals cogs which run a brand—are witnessing a churn. In such a scenario, brand marketers have to re-invent themselves and adapt to the new world order. How do we equip ourselves? What are the factors affecting the brands in the market? Is the role of a marketer likely to change? All these questions and more were on the minds of marketers who trooped in on Monday to listen to top-notch practitioners of the trade in Mindshare Brand Equity Compass 2010.

It was an action-packed, day-long event with 6 panel discussions comprising 32 speakers. D Shivakumar, VP & MD, Nokia India, set the tone by highlighting the key points marketers have to look out for in the next decade. "The last decade was all about penetration, but the coming decade is about consumption. It's time to build back premium into pricing of goods. It is important to get customers excited about of goods and that can happen only when you offer value to them," he said.

Carrying the momentum forward was Nick Emery, chief strategy office, Mindshare Worldwide, who urged the crowd to practice data management in real time. "People today trust friends more than anything they see in media. The new world is all about how the customer reaches your product, uses it and describes it. 30-second advertising is no longer enough to build relations," he said.

Britannia MD Vinita Bali, Bain & Co MD Ashish Singh, Mindshare Apac CEO Ashutosh Srivastava, Indiagames CEO Vishal Gondal and Ogilvy country head—discovery & planning —Madhukar Sabnavis deliberated on the need to drive consumption profitably.

A lot can happen over a cuppa: Wagh Bakri brew gets stronger



MAYUR BHATT

Paras Desai, director, Gujarat Tea Processors & Packers

Shramana Ganguly Mehta
AHMEDABAD

DURING the peak of Greg Chappell and Sourav Ganguly controversy there was one regional brand that was secretly attempting to get them together over a cuppa. The brand, afterall, stood for bringing rivals together, and even its name was carefully chosen to represent the philosophy. While the coach-captain meet that did not materialise, it was around the time when Wagh Bakri, the Rs 400-crore brand synonymous with tea in Gujarat, decided to take a plunge in the national arena to compete with heavyweights including Tata and HUL.

Wagh (tiger) Bakri (goat), the tea brand that today sells 25 million kg of tea annually against HUL and Tata who have a share of about 80 million kg each, was set up in 1925. Unusual as it may seem, but the brand actually projects a tiger and goat sharing a saucer of tea, perhaps a reflection of the times in pre-independent India when harmony was of prime importance.

Today, for 11 million tea cups that are sipped everyday across the country, there is one man in Gujarat who smiles as many times. Piyush Desai, the CMD of Gujarat Tea Processors & Packers Ltd that promotes the Wagh Bakri tea brand is gung-ho about reaching out to as many Indians as possible with his tea brand even as it jostles for space in the national arena with the biggies including Tata Tea , Brooke Bond, Red Label, et al.

rising STAR

"Although WB is small compared to the biggies and is number three in the market, the word-of-mouth publicity by its consumers will help the brand stand the mights of Tata & HUL. Our unmatched flavor and consistency will help us find new customers in new markets," Desai believes.

Mahesh Manjawala, executive director, Triton Communications, who has been associated with the brand since last five years now, believes the brand is the one of the most respected brands that the region has ever seen. "Its loyalists cut across all class of the society & consistency in its taste has helped it be the market leader," he remarks. The reason why WB scores over others is because of the efforts that go behind selecting and blending the best teas from Darjeeling tea estates, Assam and Nilgiri. A seasoned tea taster himself, Desai and other company directors have taken upon themselves the task to select the best tea from numerous samples that come to their tea tasting room every morning. "We have been able to maintain consistency in our tea by ensuring that it reaches the customer within one-and-half month from date of production," Desai explains. With vast experience of blending and tasting, the company has mastered the skill of blending 25 to 40 varieties of tea.

As WB gains foothold in Maharashtra which has equally strong regional players like Society, Girnar & Sapat, its competitors have pulled up their socks. Says Harendra Shah, director of Girnar Food & Beverages Pvt Ltd, "We see no threat from WB considering 60% of our turnover comes from exports & do not see our loyal customers leave us. However, we have recently ventured in Gujarat market with two retail outlets and expect to grab a share of the market eliminating the weaker players of the region." Shah says unlike the Maharashtra market where there are multiple players (which might make the journey difficult for WB), Gujarat has just one market leader in tea business.

From a modest beginning in 1919 when Late Narandas Desai (Piyush Desai's grandfather) set up a small retail outlet The Gujarat Tea Depot Co. in Ahmedabad. WB, the brand, was born was born in 1925. "He owned a tea estate in South Africa but made India his karmabhoomi upon a call from Mahatma Gandhi after facing racial discrimination," Desai says. The brand is the uncontested market leader in Gujarat selling about 15-18 million kg of tea annually (of the 70 million kg per annum consumed here) and has been able to withstand competition from the big layers owing to the strong brand loyalty of its customers, says director Parag Desai. The 36-year-old who handles sales, brand marketing and exports has taken the brand to MP, Rajasthan, Maharastra, Goa and recently launched it in Delhi, with about 1,70,000 retail outlets stocking it.

While the brand has attempted to educate the Mumbai consumer about tea through a WB Tea Lounge and claims to have covered 90% of the Maharashtra market already, it confesses to facing competition from regional brands like Society, Girnar & Sapat in the state.