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Home Care in India

EXECUTIVE SUMMARY

Home Care on the Rise as Hygiene Awareness Grows

Home care continued to see solid value growth in 2019 boosted by growing awareness of the need for good hygiene in the home, rising incomes, urbanization, and expanding distribution. Many areas of home care remain unaffordable to many consumers in India but, to those who can afford it, these products can help provide convenience, which is becoming increasingly important as consumers lead busier lives. Surface care and toilet care products are being pushed as the government looks to improve sanitation within the country, with this being backed by initiatives by companies such as Reckitt Benckiser with its campaign "Har Ghar Swachh" (Clean Every House). Furthermore, issues such as pollution, overcrowding, and mosquito-borne diseases are helping to stimulate strong demand for home insecticides and air care. Nonetheless, laundry care continued to dominate value sales in 2019 due to the widespread popularity of bar and hand wash detergents, although there was an ongoing shift towards automatic detergents as more households acquired a washing machine.

Players Target Both Ends of the Price Spectrum as They Look to Add Value and Increase Penetration

Premiumization and increasing product penetration remained the key overarching trends for home

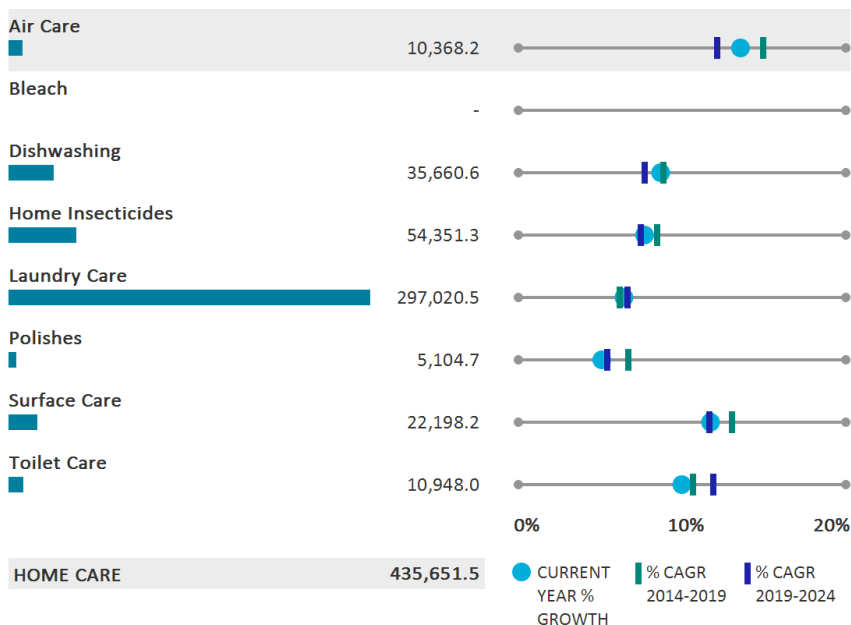
care in India in 2019. For manufacturers, increased product penetration was in focus with the use of home care not widespread across India at the end of the review period. The target audience for increasing product penetration was low-income consumers and those residing in smaller towns and rural areas. Laundry care, surface care, home insecticides, and toilet care are the key categories which were under focus. To increase product penetration, manufacturers such as Hindustan Unilever Ltd, Reckitt Benckiser (India) Ltd, and Procter & Gamble Home Products Ltd have invested heavily in driving product awareness campaigns and cleanliness initiatives. Marketing campaigns and advertisements at a national and regional level were also carried out by players. Furthermore, some players started introducing affordable single-use pack sizes to enable low-income consumers to gain access to a range of home care, including laundry care and toilet care, with these becoming visible in traditional grocery retailers in tier 2 and 3 cities and rural areas.

For mid- and upper-income households a degree of premiumization was seen at the end of the review period. For example, in laundry care sales of more niche products such as fabric softeners and fine fabric detergents picked up as a result of changing fashion trends with consumers purchasing a wider range of fabrics such as fine cotton and silk. Meanwhile, in surface care there was growing interest in task-specific products

Sales of Home Care in India by Category

Retail Value RSP - INR million - Current - 2019

Growth Performance



such as bathroom cleaners, with the leading players running awareness campaigns regarding the need to keep a clean and hygienic bathroom and to try and remove social stigmas around household cleaning. Fragrance also featured prominently with Indian households associating a pleasant fragrance with cleanliness.

Home Care Remains a Consolidated Category with Strong Investment from the Leading Players

Home care remains a relatively consolidated industry in India but, with a healthy mix of domestic and international players. Hindustan Unilever Ltd retained a strong lead in 2019 in large part due to its strong lead in laundry care where it offers a wide range of products. Elsewhere, local player Godrej Consumer Products Ltd was one of the most dynamic companies in 2019 with it benefitting from strong investment in new product development and innovation, especially within home insecticides and air care. For example, in 2019 the company launched the first mobile-controlled air care device, the AER smart matic.

Private label retained only a small value share in overall home care in 2019 but there was growing development in this area towards the end of the review period. Retailers such as Amazon India, Future Consumer Group, and BigBasket are looking to join Trent Hypermarket Ltd, and Aditya Birla Retail Ltd in competing for sales through the offer of private label ranges. Despite offering competitively priced home care products, these retailers will still face an uphill task in challenging the leading players which have established a stronghold on the market through strong distribution and marketing.

Traditional Grocery Retailers Dominate but the Landscape is Gradually Changing as Consumers Go in Search of Convenience

Traditional grocery retailers continued to dominate the distribution of home care in India. Many consumers still live in rural areas and tier 3 cities where the preference is for 'mom and pop' stores (traditional grocery retailers) with these independent/family-run businesses being more widely available than modern grocery retailers. These local stores also typically offer smaller pack sizes which are more affordable, although the range of brands on offer is sometimes limited. Modern grocery retailers continued to win share at the end of the review period though as the number supermarkets and hypermarkets continued to

grow. These stores offer a wider choice while they also offer the convenience of a one-stop shop. E-commerce continued to see dynamic growth in 2019 albeit from a low base. Online retailers such as Amazon Pantry, Grofers, and BigBasket offer attractive discounts as well as doorstep delivery of products. It is likely that this will support the ongoing development of e-commerce over the forecast period as internet penetration increases and consumers become more comfortable with shopping online.

Increased Hygiene Awareness Key to the Development of Home Care

Efforts by the government and home care manufacturers to raise awareness about the need for good hygiene should continue to pay dividends over the forecast period as more households look to purchase these products. Consumers increasingly recognize that a clean home is not necessarily a hygienic one and so are showing a willingness to invest in products with germ-killing properties. This should have a strong positive impact on categories such as toilet care, multipurpose cleaners, and home care disinfectants.

Despite the possession rate for washing machines remaining low it is nonetheless on an upward trajectory as incomes rise and consumers increasingly look for time-saving solutions in the home. This should result in a strong performance from automatic detergents which is expected to see its value sales almost double over the forecast period. On the other hand, automatic dishwashing is likely to see sluggish growth with dishwasher appliances still viewed as an unnecessary luxury by most households.

Air care is another category which is projected to have a bright future with India's polluted and congested cities creating an increasing need for products which can mask bad smells. Additionally, it is also an area seeing significant investment in innovation and new product development with fragrance seen as important to many Indian households. ■

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Health and Wellness in Australia**