

# Growth

## CORPORATE INNOVATION

# Summer Drinks Quenching FMCG Thirst

After two consecutive washed out seasons, companies such as Parle Agro, Amul, Hamdard Foods are anticipating a hike in demand for summer drinks

By Shrabona Ghosh

## Summer

has marched in early and after two consecutive washed out seasons, FMCG companies are anticipating a hike in demand for summer drinks such as lassi, sharbats, juices, fruit and dairy-based drinks, among others. The pandemic-induced lockdown and the subsequent restrictions led to a dip in the sale of beverages. Now, with

the curbs gone, consumers have resumed daily commute and this has led to a spurt in out-of-home consumption.

"After two years of a pandemic mandated lockdown, markets have finally opened up and are operating in full capacity. Consumers have resumed their daily commute and a large part

of our consumer base consists of people traveling to offices, schools and colleges. This has led to a huge growth in sales due to rise in out-of-home consumption. This, coupled with a good summer season, which is an extended season this year, we are expecting high growth for our beverage brands," said Nadia Chauhan, joint managing director and CMO, Parle Agro.

The company is looking at

over 30-35 per cent volume growth for its beverage portfolio in calendar year 2022 over last year. It recently launched a campaign for Frooti after two years. "The large-scale, creative branding for Frooti has generated considerable buzz and excitement among consumers across the country. For Appy Fizz and B Fizz, we have taken an aggressive distribution focused approach leading to

higher reach and growth.”

With increased health consciousness among consumers, fruit- and dairy-based beverages have witnessed accentuated demand. “Consumers have become more mindful about what they consume and this reflects in their dietary choices. A significant number of consumers are now actively shifting from synthetic beverages to natural, fruit-based and dairy-based beverages. Our product portfolio, which fits in the latter beverage category, is growing in demand and sales are increasing year-on-year reflecting consumers’ preferred choices.”

Hamdard India, the brand behind Rooh Afza, is also bullish. “With the onset of Covid-19, the last two summers have been subdued for summer drinks. However, with Covid-19 behind us, we are expecting summer of 2022 to be back to pre-Covid-19 levels. We are definitely expecting a spike in demand. No major disruptions are anticipated, as this category was subdued for a couple of years,” said Hamid Ahmed, CEO of Hamdard Laboratories India, food division.

The company is anticipating a growth across all beverages, including its sharbats, soft beverages, lassi and milkshakes. “With summers expected to be harsh this year, we are also expecting demand for energy providing products like glucose.”

Dairy heavyweight Amul is witnessing a 40 to 50 per cent higher sale in its summer product portfolio than its pre-pandemic levels. The company said this time demand is exponential. “The demand is at its peak across Horeca (the food service and hotel industries), in-home and out-home consumption. We have never witnessed such a surge. For the past two years people have been deprived from enjoying summers. With things going back to normal, people are venturing out more. With this level of demand we will recover all

losses and numbers will get better than pre-pandemic levels,” said R.S. Sodhi, MD, Amul. “Out-of-home consumption is a major driver of demand for cold beverages during the summer season. The last two years saw subdued demand given the prevalent work/learn from home conditions on account of the pandemic,” validated Anand Ramanathan, partner, Deloitte India.

### What's new?

Parle Agro has recently invested and launched a beverage brand in the dairy segment called Smoothh. The product is available at INR 10 for a 85 ml SKU. “With Smoothh, we made inroads in the dairy beverage category due to its disruptive price point, high quality taste and pack size. This led to the rapid growth of the brand. We believe there is enormous opportunity here and we have a big vision for the future of the brand and the category as a whole. We are working towards innovating further in this category with a long-term goal of dynamically transforming the dairy universe and unlocking its industry’s full potential,” said

Chauhan. Hamdard Foods is also mulling to introduce new flavors in its beverage segment. “We are expecting new flavors to come in the beverage segment from next year onwards, including local ones. We are working on the new products,” said Ahmed.

For Amul, Innovating in research and development is a constant phenomena. “Whenever, there is a new launch, it goes through a rigorous process of R&D,” said Sodhi.

### Rural demand

The peculiarity of the rural markets and rural consumers pose challenges to the marketers in reaching them effectively. However, despite challenges, these brands are expecting good business in the area. The Rooh Afza makers are experiencing a strong demand from rural areas, especially for the smaller packs, like sachets. The company is gradually building a strong distribution network in these areas. “The market for beverages, as a category, has increased due to this robust demand,” said Ahmed.

Sodhi, said, “For 75 years, Amul has been appreciated by people of age groups and

income brackets across all markets.”

Parle Agro’s beverage portfolio has been successful in garnering rural audiences. The disruptive pack sizes and price points have played key roles. “Growth in rural India has been consistent even during the lockdown. In rural areas we captured more market share for our beverage brands particularly because of our disruptive pack sizes and price points. Today, 50 per cent of our contribution for Smoothh comes from rural markets,” said Chauhan of Parle Agro.

The cause behind the sudden spike in demand can be attributed to out-of-home consumption and extreme temperatures. According to the India Meteorological Department, India recorded its warmest March this year since 1901. Temperatures across parts of central and western India breached the 40 degrees Celsius mark in March.

“The current year is also witnessing the onset of early summer with heat waves dominating various parts of north, west and central India. This will cause a rise in demand for cold beverages,” said Ramanathan. E



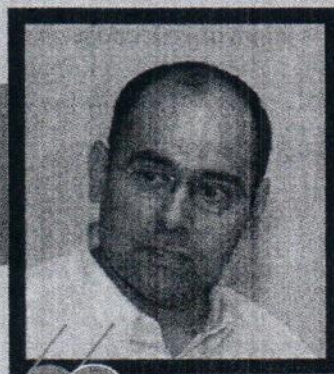
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