

Summary 1**Introduction 2****Market 3****Inputs & Technology 4****SUMMARY**

The Indian toilet soaps business at approximately Rs.4,600 crores and 480,000 tonnes is a mature market. It is also a crowded market with over 200 brands. Furthermore, in 1999, the key trend has been downtrading by consumers under the impact of economic downturn. The result of this is that the cheaper brands are growing at the expense of the premium ones. Most leading companies have had to increase focus on what is called the 'sub-popular' brands, either through new product introductions or re-positioning of existing products to offer a better value proposition for the consumer. Cost of inputs is important with oil and caustic soda prices cyclical. Fortunately for soap companies, oil prices softened in 1999 compared to 1998 and rupee exchange rate was also relatively stable compared to 1998.

ETintelligence.com

INTRODUCTION

The Indian toilet soap market is dominated by Hindustan Lever, which started production in 1933 in India under the name of Lever Brothers India Limited. There are many international and domestic players. Key players are Nirma, Procter & Gamble, Godrej Soaps, Colgate-Palmolive, Reckitt & Colman, Wipro, Karnataka Soaps & Detergents & Johnson & Johnson.

HLL is beginning to feel the heat of competition over the last 1-2 years. At the top end, it has lost market share to Reckitt-Colman's Dettol, which has come from nowhere and has become the largest soap brand in the premium segment with about 12% market share, overtaking HLL's Liril. Nirma is beginning to mount pressure in the sub-popular segment. Even in overall terms, Nirma's market share is up to 20%.

The market is divisible into four categories – premium, popular, sub-popular and carbolic soaps. The price brackets are as follows –

- Premium – over Rs.12/75 mg
- Popular – Rs. 8-12/75 mg
- Sub-popular – Rs.5-8/75 mg
- Carbolics – Rs.5/75 mg

While there are too many brands to be listed, the following table lists the key brands of main companies.

Table: Main brands of leading companies

Company	Brand	Segment
Godrej Soaps	Cinthol	Premium
	Godraj No.1	Sub-popular
	Marvel	Popular
	Ganga	Sub-popular
HLL	Lifebuoy (plus, gold, family, liquid)	Carbolic
	Lux (international, face wash, shower gel)	Premium
	Liril, Pears	Premium
	Jai, Breeze	Sub-popular
	Moti	
P&G	Camay	Premium
Wipro	Santoor, , Babysoft	Premium
	Wipro Shikakai	Popular
Karnataka Soaps & Detergents	Mysore Sandal	Premium
Henkel-Spic	Margo, Chek	Popular
Reckitt-Colman	Dettol	Premium
Colgate-Palmolive	Palmolive Naturals	Popular
Nirma	Nirma Beauty	Popular
	Nirma Lime	Sub-popular

MARKET**Size**

The Indian toilet soaps business is approximately Rs.4,600 crores at retail level (about Rs.3000 crores at ex-factory prices) and 480,000 tonnes. The market grew from 4.30 lakh tonnes to 4.79 lakh tonnes at about 3.6% between 1995 and 1998. This signifies a mature market. The reason for this is already high penetration. Rural penetration is reportedly as high as 88%.

Among individual companies, HLL turnover is believed to have grown at 10.7% in first half of 1999, compared to 6% in the same period of 1998. Godrej Soaps registered about 15% growth.

Structure

In terms of product categories, shares are as follows:

Table: Product Category Shares

Category	Share
Premium	22%
Popular	40%
Carbolic	15%
Sub-popular	23%

HLL is believed to have lost 2-3% market share in 1999. Its market share could be down to about 67-68% from about 70% in 1998. Gainers have been a host of other players – Nirma, Godrej, Reckitt and Wipro, all of which have seen sales expand by over industry averages. Nirma has reached a size of 15% as of late 1999. Godrej Soaps with about 7.5% is the third largest player followed by RCI about 6% and Wipro (4.5%).

Demand and Prices

The story in 1999 has been the sharp pick-up in growth rates in the sub-popular segment. While the premium segment (Lux International, Cinthol Ultimate, Camay etc.) has been recording an incremental value growth of 5 per cent, the popular soaps segment (Colgate Palmolive, Nirma Beauty Soap) is growing at 4 per cent, the carbolic soaps (Lifebuoy) at a negative 2 per cent while the sub-popular segment (Breeze, Jai, Nirma Lime, etc.) has been growing at 25 per cent.

In line with consumer's tendency to downtrade during 1999, producers have largely tended to cut prices. For example, Colgate-Palmolive dropped the prices of Palmolive-Naturals from Rs 9.50 for a 75 gm pack to Rs 8 while the 125 gm pack priced at Rs 14.50 is now replaced with a 100 gm pack at Rs 10.50 per pack.

INPUTS AND TECHNOLOGY

Companies differentiate based on product attributes, branding and positioning. Total Fatty Matter (TFM), perfumes and colours are some of the actual ingredients used to differentiate the product.

The main ingredients of a soap are fatty acids and caustic soda. Fatty acids are derived from vegetable oils in India, whereas in other countries animal tallow is also used. The oil used plays an important role in product attributes. Palm oil gives a lasting fragrance, olive oil gives skin nourishment, coconut oil is used for lathering properties. The Bureau of Indian Standards sets a minimum level of TFM for any toilet soap must carry. Otherwise they qualify as 'bathing bars'.

In developed countries, combination product, which are part-soap and part-detergent are gaining popularity. These have better lathering and rinsing property. Liquid and gels are another innovation which as recently come about. Certain attributes like skin proteins, natural oils etc are better delivered in a liquid or gel product.

The commonly used oils in India are palm stearin, coconut oil and rice bran oil. However, domestic supply of these is limited with a deficit of about 300,000 tonnes. Palm oils and searing imports from South Asian countries like Malaysia and Indonesia are used to bridge the gap.

ETintelligence.com