



CONSUMER GOODS

Brands advertise loyalty

India Equity Research | Consumer Goods

Despite a substantial slowdown in ad spends, sales growth trajectory of consumer companies largely remains intact. We attribute this to the huge mindshare occupied by these companies. According to a survey by Brand Equity (ET) on India's most trusted brands, consumer goods dominate with more than 80% share. Over the years, consumer companies have constantly innovated and extensively advertised (accounting for more than 50% of TV ads) hence few quarters of soft ad spends should not impact sales. We expect ad spends to remain muted in Q2FY12 (as per our channel checks with leading broadcasters) thereby cushioning higher RM cost pressure.

HUL dominates with 17 brands, Annapurna leaps to prominence

HUL has 17 brands in Top 100 (10 in Top 50). The company's intense focus on foods has paid off with Annapurna jumping 127 spots to enter the top brands list.

Innovation at the forefront, MNCs seem to be winning

MNCs seem to be doing better with a 70% share of top brands within the consumer segment due to constant focus on innovation and access to vast product folio of parent.

Company	No. of brands in Top 100
HUL	17
Coca-Cola	6
Cadbury	5
Pepsi	5
P & G	5
GCPL	4
GSK Consumer	4
Dabur	3
Nestle	3
Reckitt Benckiser	3
Titan, Bata, Britannia, Colgate, Emami, Marico, ITC, Pantaloon, Pidilite, Tata Chemical, Tata Global, Jyothy, Nirma	1 each

Source: Brand Equity

Our top picks faring well

Our top picks - HUL (with 17 brands in top 100), GCPL (4), Dabur (3) and ITC, Emami and Titan (with one each) have done well. Colgate's dominant position is a clear reflection of why companies like P&G and ITC are reluctant to enter the toothpaste market.

Abneesh Roy
 +91 22 6620 3141
 abneesh.roy@edelcap.com

Harsh Mehta
 +91 22 4063 5543
 harsh.mehta@edelcap.com

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Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.
Board: (91-22) 4009 4400, Email: research@edelcap.com

Vikas Khemani	Head Institutional Equities	vikas.khemani@edelcap.com	+91 22 2286 4206
Nischal Maheshwari	Head Research	nischal.maheshwari@edelcap.com	+91 22 6623 3411

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