

# We plan to carve out a niche in decorative paints market: Shalimar CEO

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Shalimar Paints, which has a century-old legacy, is now well-poised for a resurrection after a stagnant phase for almost a decade. The Rs.546-crore Kolkata-headquartered paint company has embarked on a new growth and expansion strategy by turning its focus on high-margin decorative business from industrial segment.

Its Managing Director and CEO Sameer Nagpal, who has been at the helm of the company for little over a year now, is spearheading the company's come back chapter. He spoke to **The Hindu** about the company's strategy and focus areas. Edited excerpts:

**Where did you miss the opportunity to grow in the decorative segment?**

Our strategy in the past was on industrial products. If you look at the market size, Rs.20,000 crore is decorative

and Rs.10,000 crore is industrial. The company's focus was on industrial segment, and, therefore, actions, required for consumer business such as distribution network, dealer and painter engagement, were not taken. With focus only on the industrial segment and due to a combination of other factors, we missed the bus on consumer segment – decorative. But, we are now changing our strategy from industrial to decorative. We are working on the key success factors for this business.

**What is the perception about your brand in the market?**

We may have areas of weaknesses. But, broadly, dealers will know Shalimar. Of course, the relevance of Shalimar was lost. We have not communicated anything about the brand in the past 8-10 years ... like what do we



stand for. But, today, we have changed our branding. As far as Shalimar Paint is concerned, people know about it but don't know what it stands for. Now, we have articulated our positioning as "the art and science of paint". So, our art and science strategy has two levels. First level is to offer good quality, and second level is to offer value proposition that others don't. Why are we saying this? Shalimar was South-East Asia's first paint company.

It has many firsts to its credit. It's only in the last couple of decades we lost our relevance. We need to regain that. Most of the other paint companies are focusing on emotion and colour, but we want to focus on paint and its quality. If we are able to successfully communicate the new positioning, our job will be done.

**How are you re-aligning to support decorative business growth?**

Our strategy is two-pronged. First, strengthen the bonding with dealers, and second influence the painters. So, we try for better engagement with dealers and try and give them the assurance that they can grow with Shalimar. Moreover, dealers are also frustrated a bit because they are dealing with only four companies

dominating them. They want more players. The consumer research we did revealed that painters have 51 per cent influence on the product.

In no other industry, an intermediary will have such a strong influence.

Dealers' influence is about 13 per cent. Brand's influence on consumer is only 4 per cent. Though brand is important, it is not driving sales in this business. Here, 10 out of 100 people consider Shalimar even now. We have not advertised in the last many years. Still, 10 people consider. And, two people buy. So, our opportunity lies in how can we make the painters and dealers recommend our brand.

**What are the key initiatives the company has embarked on?**

We have been investing in strengthening the relationship with dealer-partners as also revamping dis-

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tribution to improve service levels. As a result of dealer engagement programme, we started a club-dealer initiative.

Last year, our total decorative sales grew 2 per cent. But club dealers, who are 735 out of 8,000-9,000 dealers, saw 34 per cent growth. So, for me, if I can expand that 735 to a larger number, I can grow strongly.

Today, my current club-dealer base is 2,000 plus. In the first quarter of this fiscal, club dealers saw 66 per cent growth. So, my dealer engagement programme is paying dividends. We are now running painter programme, too. It is typically a plan to influence the painters to promote Shalimar.

So, painter programme helps us increase the sales through counters that help dealers to buy more from the company. These are among the initial steps we are doing.

**What are your immediate-term goals and targets in**

**decorative business?**

At present, two-thirds of our revenues come from the decorative segment. We are targeting growth and improvements in profitability.

We plan to carve out a niche in this segment. Initially, we are trying to do a lot of catching up. That is our Phase I strategy, that is, bring the company to the industry level, but in a slightly different manner. Our Phase II strategy will be based on innovation, and we are already piloting that. We believe that paint can do a lot more than what it does today. As we said, most brands talk about emotion. We respect that. However, we have a different thought process.

**We gather that south is likely to play a key role in your new growth curve. Could you explain?**

In terms of geographical split, we are strong in North India and weak in South. We sense that our biggest opportunity is in South due to high-

er urbanisation. Also, from a retail point of view, South is an exciting market. South accounts for about 29 per cent of decorative business of the industry.

For us, only 17 per cent of our sales are in South.

We are now looking for South as a market to focus, and our investment in Chennai plant will significantly lower my cost and improve product availability.

The plant is coming up at Gummidipoondi, near Chennai. We are targeting completion of work by January 2015. This plant will be dedicated only to decorative business. All the top end emulsions will be launched from this plant. This will be a mother plant to feed high-end products. Also, we are setting up a new distribution centre in Coimbatore, and this will solve our problem hugely.

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