

# Winning with Customers in Asia

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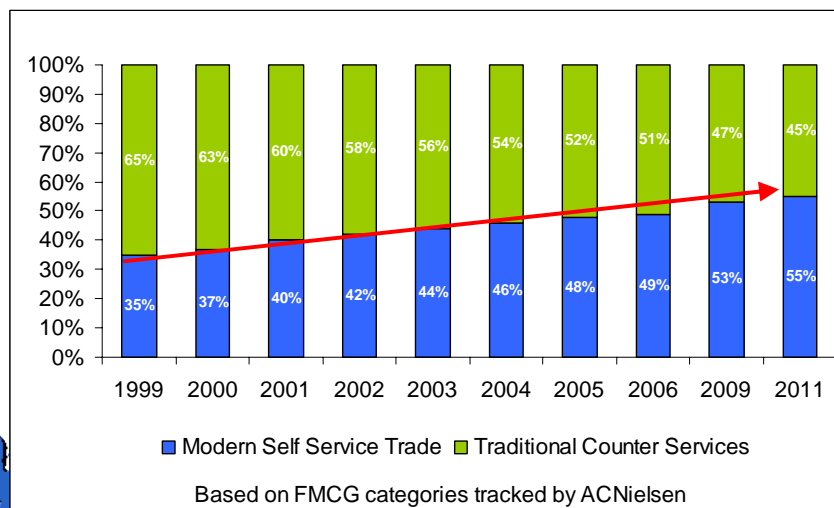
## Agenda

- Developments in the retail market
- Serving, Growing and Delivering value to shoppers and customers in Asia
- India review

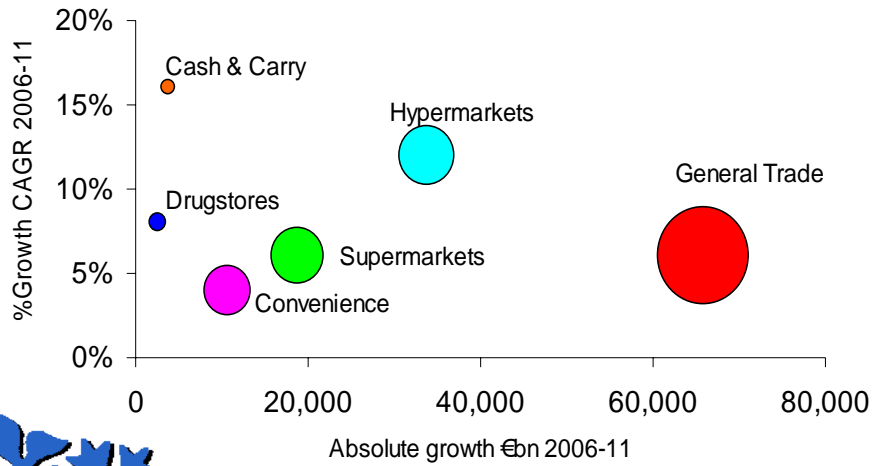


## Share of trade in Asia (excl. Japan)

The modern trade has now reached a 49% share of grocery sales in Asia

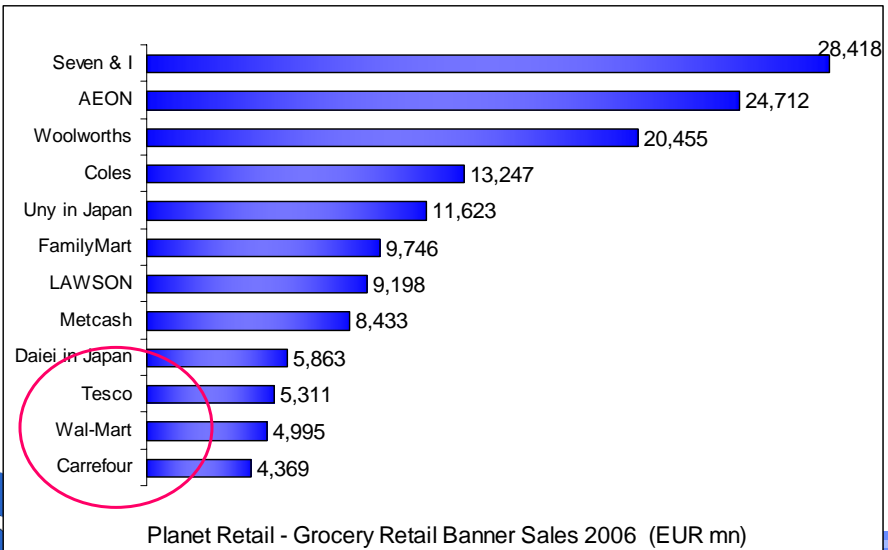


## Retail channel sources of growth



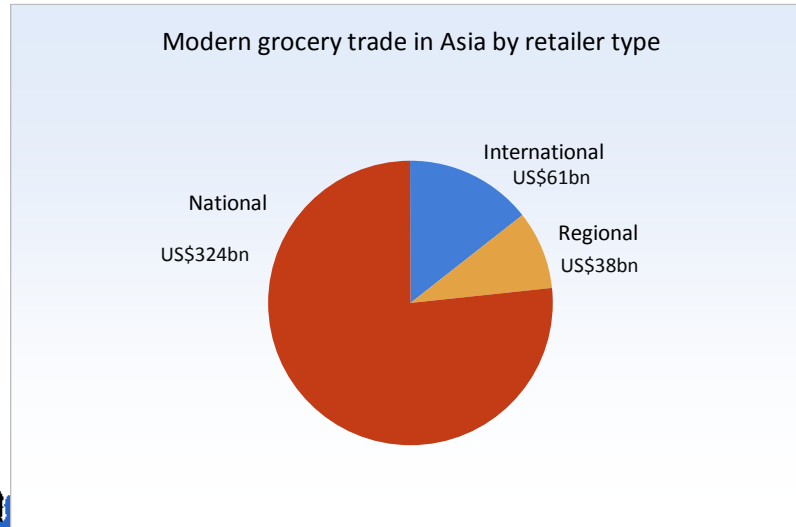
Source: Planet Retail 2007

## Global retailers have a tough task ahead in Asia



Planet Retail - Grocery Retail Banner Sales 2006 (EUR mn)

## Retailers: winners and losers in Asia modern trade



### In summary

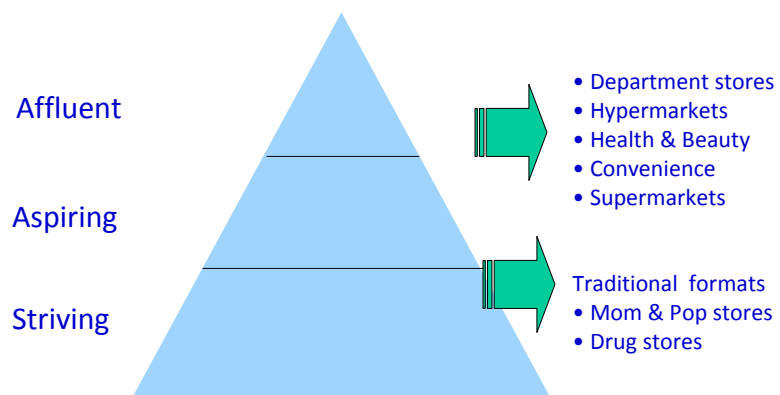
- **Classic retail** channel development is emerging in Asia
- All channels will **grow**, but Modern formats faster than Traditional formats
- **Multi national** retailers will not have their own way
- Well defined channel strategies will be required to win : “one size will **not** fit all”
- **Multi –skilled teams** will be needed to serve multi – channel requirements

## Aligning Customer Development to our Unilever Asia Africa Vision

- **Serve** 4.7billion shoppers & 16+million customers
- **Grow** categories & our people
- **Deliver** great shopping experiences and world class customer service



## *Serve* our diverse retail portfolio



## Strategic objectives

**Unbeatable in  
General Trade**

**Winning in  
Modern Trade**

**World Class People  
World Class Customer Service**



## Strategic objectives

**Unbeatable in  
General Trade**

- Modern distributors
- China expansion
- Everyday Great Execution
- Micro Marketing



## Strategic objectives

**Winning in  
Modern Trade**

- Joint business plans
- Optimised trade investments
- Brilliant customer marketing



***Grow* Categories....**







***"Fresh Ideas from KNORR  
that Nourish!"***





Dish association packs



Wet Market Congress



Stall owner as brand ambassador



Cooking lessons for traders

Photo Me – Stall owners as brand ambassadors



## Knorr dish association pack



## *Grow* our people

- Multi Skilled Key Account teams
- 50 000 salesmen ,dedicated to Unilever
- Cash salesmen/women serving rural communities



## Winning with customers: First choice for customers

We are ranked  
**#1**  
in 10 out of 12  
countries



# Thank You

Serve, Grow, Deliver



# CUSTOMER DEVELOPMENT

*BUILDING A WORLD CLASS CUSTOMER DEVELOPMENT  
SYSTEM IN INDIA*

Sanjiv Kakkar  
Customer Development India



## The Indian market place....

*Some key facts*

Population 1.1 billion  
3,800 Towns  
6,27,000 Villages  
7.75m retail outlets  
Highest store density

**Hindustan Unilever**  
4000 distributors /customers  
700,000 outlets covered  
1200 field personnel  
7000 3P personnel

Many Indias  
One  
Hindustan Unilever

Environment  
Changing trade character  
Changing competitive intensity  
Changing consumer expectations

# Changing Indian Market Place



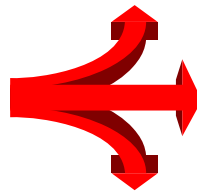
## Changing Indian market place...



Wholesale



Retail



Modern Trade



Wholesale



Family Grocers



Mass Retail incl. Drug / Cosmetic



Rural



# Emerging Modern retail customers

**Local retailers**

Reliance Growth is Life, TATA, FOODWORLD Happy Prices. Happy Shopping!, FOOD BAZAAR WHOLESALE PRICES, D Mart, TRINETHRA SUPER MARKET, FabMall

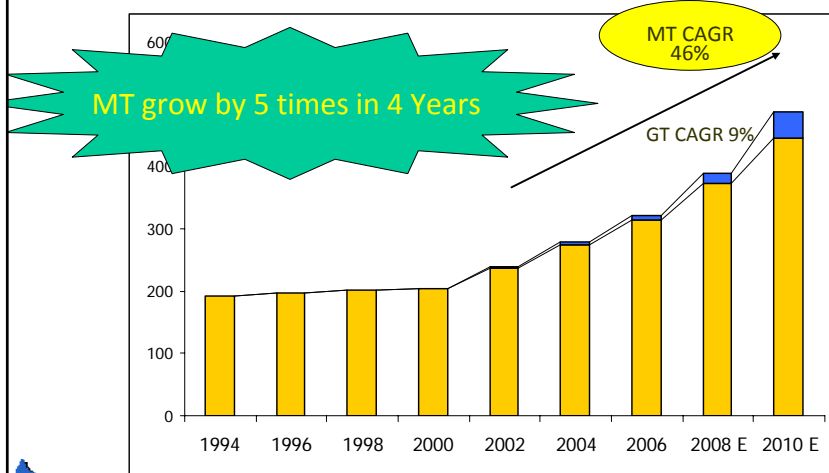
**Multinational retailers**

Dairy Farm, METRO, Holding in FW / H & G, SHOPRITE, 2 Stores : Started 2003, Started in Nov 2004

**Prospective entrants**

Carrefour, TESCO, WAL\*MART, WATSONS

# Retail sector growth in India...



Modern Trade will be 10% of Retail sector in India by 2010

Source :EIU, Euromonitor, AT  
Kearney Analysis

## Emerging hybrid structure

General Trade no. of outlets CAGR  
7% since 2000



Yet Modern Trade contribution  
growing... to 5% in 5 yrs



Source Ac Nielsen

## Growing importance of rural India

- One in every 8 people on this planet lives in an Indian village!
- 775 million people in 638,000 villages compared to 250 million in urban India.
- Projected contribution to population in 2025 will be 63% (despite faster urbanisation)
- Rural poverty declining-incomes rising
- Per household consumption in rural India will equal today's urban levels within 10 years !

**52% of the country's GDP,  
60 % of consumption expenditure**





## Key Customer Development Initiatives



### Key Customer Development initiatives

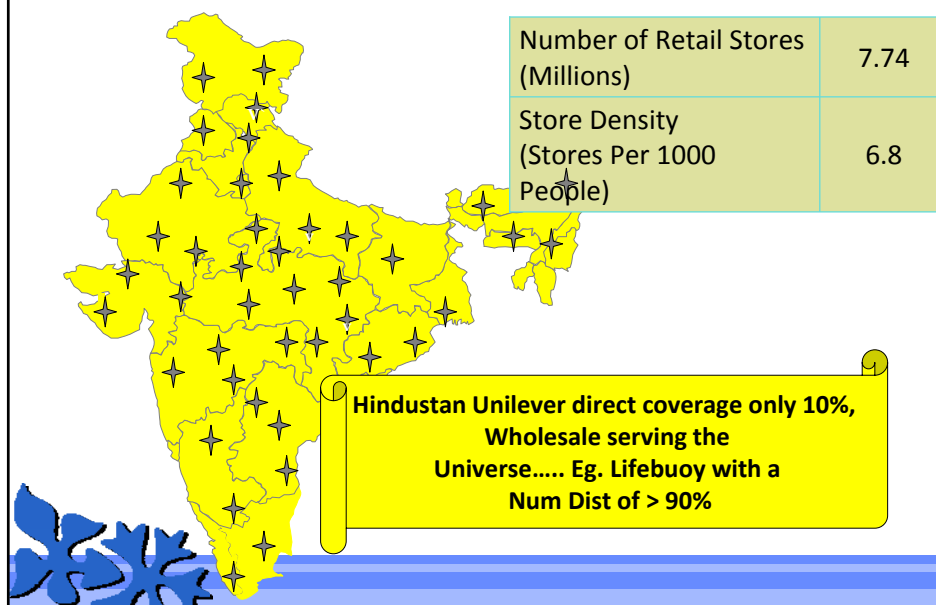
- Shopper differentiated channel segmentation in urban markets
- Expanding reach in rural markets
- Partner Modern Trade to drive growth
- Strong customer collaboration
- Leverage IT for growth



## Shopper differentiated channel segmentation in General Trade



## Wholesale a key route to market ...



## Wholesale a key route to market ...

**Vijeta**

Rishta jeet ka!

- One Hindustan Unilever value based channel program
- Over 30000 customers
- 40% of our turnover
- Strong customer recognition – Loyalty program



## Key Customer Development initiatives

- Shopper differentiated channel segmentation in urban markets
- **Expanding reach in rural markets**
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## Rural approach

*Reach is competitive advantage*

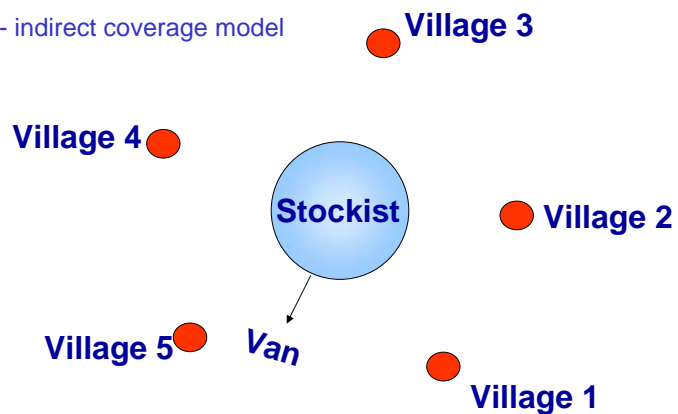
- A unique 4-tier distribution system
  - IDC/ CIDC
  - Streamline
  - Small towns (<50K)
  - Shakti network (<2K)
- Availability and brand presence drive market growth



## Hindustan Unilever distribution systems

*Phase I up to 1999*

Concern - indirect coverage model

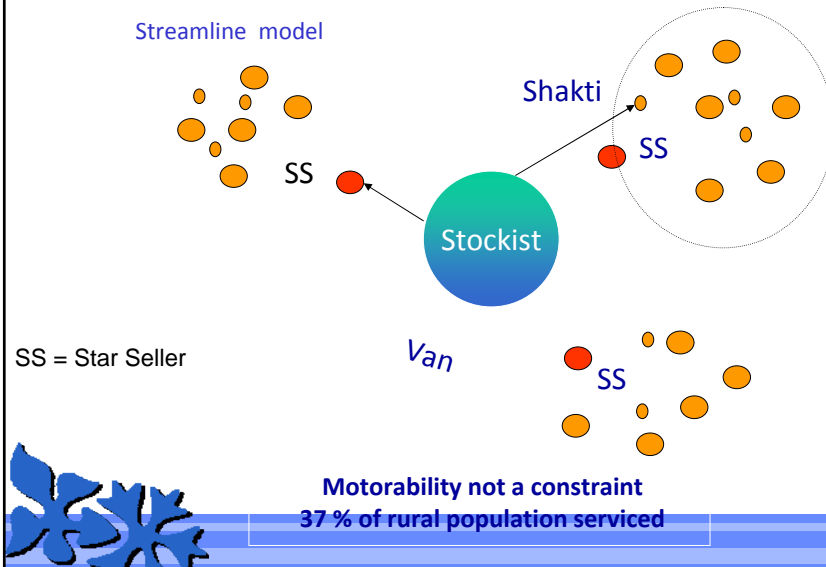


Only motorable villages covered  
25% of rural population serviced



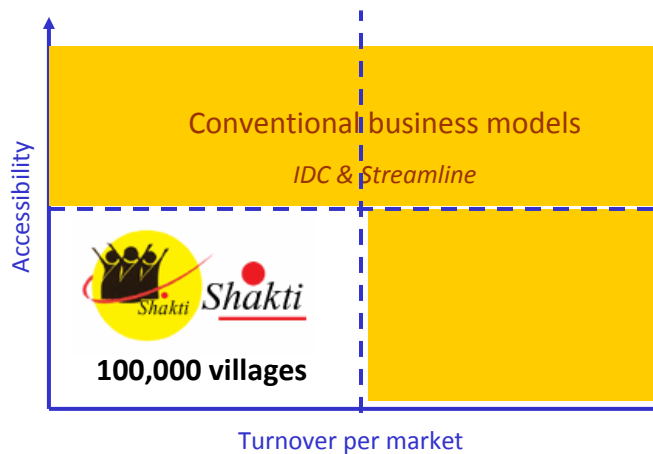
# Hindustan Unilever distribution systems

Phase II 2000-2005



# Hindustan Unilever's approach to rural distribution

Phase III 2005 -



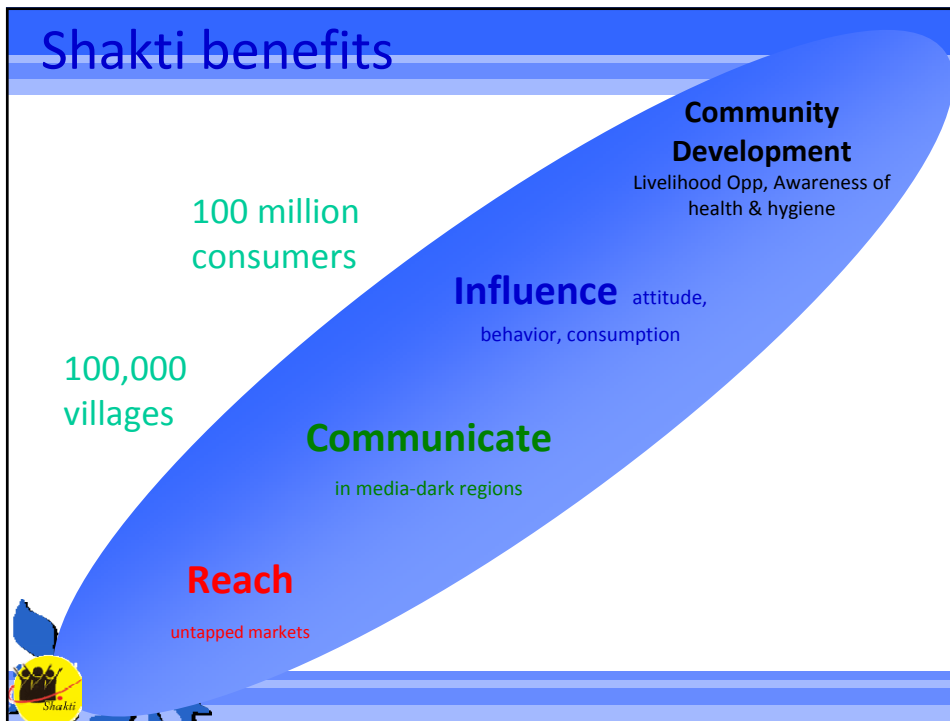
Shakti- Reach untapped markets through unique business model  
Aim: Cover 50% of the Rural Population

## Shakti : a win-win market development channel

- Building rural reach:
  - Underprivileged rural women work as Unilever's distributors
  - Sustainable income for the women
  - Availability driven through direct contact with 3 mil homes daily
- Building brand communication and influence:
  - A brand ambassador for Unilever
  - Driving our vitality message
- Status: 40,000 entrepreneurs reaching more than 100,000 villages



## Shakti benefits



## Key Customer Development initiatives

- Shopper differentiated channel segmentation in urban markets
- Expanding reach in rural markets
- **Partner Modern Trade to drive growth**
- Strong customer collaboration
- Leverage IT for growth



## Partnering Modern Trade

### *Strategic principles*

- Be the first : 6 -12 months ahead of peers
- Go as One Unilever : One Unilever Modern Trade structure
- Serve directly : Removing inefficiencies, customised to their needs with use of IT
- Build capability : Hindustan Unilever Field Services – JV with Smollan Group SA
- Write the rule book : Unilever Trade terms driving performance indices



Growth >= Channel Growths  
Shares >= General Trade Shares

## Key Customer Development initiatives

- Shopper differentiated channel segmentation in urban markets
- Expanding reach in rural markets
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- **Strong customer collaboration**
- Leverage IT for growth



## Customer Collaboration... earning customer delight

*'eQ' is strategic tool for measuring quality, satisfaction and loyalty – promoted by Neilson*

	Unilever 2006	Unilever 2006
OVERALL eQ™ INDEX- GT	81	83
OVERALL eQ™ INDEX MT/CSP	83	85

Strong foundation for building world class customer engagement

Our Target : Be World Class at EQ @ 85+

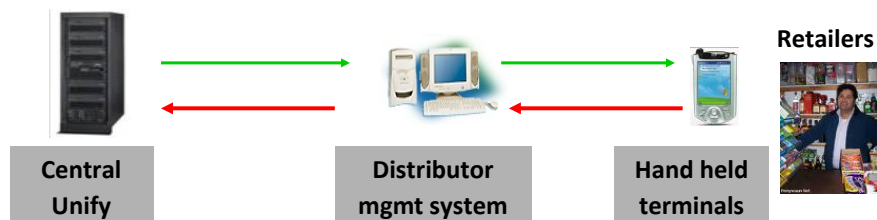


## Key Customer Development initiatives

- Shopper differentiated channel segmentation in urban markets
- Expanding reach in rural markets
- Partner Modern Trade to drive growth
- Strong customer collaboration
- **Leverage IT for growth**



## Leveraging IT for growth



- Fully connected 4000 distributors daily
- Online sales info flow
- Continuous replenishment based ordering systems
- Rolling out hand held terminals across the distribution chain for order booking at front end



## Headlines

Structure and role of the Indian retail is changing, presenting unique go to market challenges

Shopper differentiated channel segmentation will drive growth in hybrid markets

Investing ahead of time to lead the charge in the booming Modern Trade

Building reach and activation a competitive advantage in Rural

Delivering World Class customer delight

