

Headline: Godrej pins hope on demand, economic rebound

Description: Godrej Indonesia expects demand to pick up this year, remaining optimistic that Indonesia's economic performance will rebound in the second half of 2016.

Date: 21 July 2016

Publication: The Jakarta Post/ Printed

Author: Grace D. Amianti

Godrej Indonesia, the local unit of Indian consumer goods conglomerate Godrej Consumer Products Ltd. (GCPL), expects demand to pick up this year, remaining optimistic that Indonesia's economic performance will rebound in the second half of 2016.

The company is confident that consumer demand will regain pace soon after a weak start in the first quarter of the year, during which the country's economy grew by 4.92 percent, below government expectations. The company's belief is based on its assessment that the government's economic reform is progressing strongly, executives say.

"The government's various programs, including those in taxation, that are being implemented should help the economy. With the rupiah appreciating, it will keep inflation down," visiting Godrej Group chairman Adi Godrej told The Jakarta Post in an interview on Wednesday, citing the government's recently launched tax amnesty program as a laudable policy.

The company was also inspired with confidence in the government's efforts to trigger consumer confidence when Godrej himself was involved in a delegation of Indian business leaders visiting the country on July 18 and 19.

During the two-day visit, business leaders representing the Confederation of Indian Industry (CII) met with a number of top government officials and businesspeople to exchange ideas and learn more about business opportunities in the country.

In addition, Godrej said the company had performed well in all of its product categories last year, particularly in household insecticides, where it claims to be the country's market leader.

As previously reported, the company saw annual growth of 21 percent from when it entered the Indonesian market in 2010 until 2014. Last year, sales growth dropped to 10 percent, the firm making only Rp 3 trillion (US\$228 million) in sales. The company expects sales to increase by 15 percent this year to Rp 4.02 trillion.

"While many other consumer goods companies had weak sales last year, we still had decent growth. We hope that economic policy and the way the government is looking after things will help us to grow better," Godrej Indonesia president director Naveen Gupta said.

GCPL acquired PT Megasari Makmur Group in 2010. Since then, its personal-care products have become market leaders in their respective categories.

Hit, an insecticide, has generated the most revenues for the company, with a market share of roughly 50 percent, continued by Stella air fresheners and Mitu wet tissues.

The company is also convinced that its new Rp 263 billion factory, currently under construction in Surabaya, East Java, will help increase production capacity for existing products Hit, Stella and Mitu, as well as a new hair-care product.

“We already have the [production] line and the space, so we only have to bring in the machinery,” Gupta said.

Godrej currently has five plants in Indonesia, including a 30,000-square-meter factory in Gunung Putri, Bogor, West Java, launched last year to produce Hit and Mitu with an investment of Rp 1.3 trillion.

The company has also launched a new hair-care product, Gupta added, as it is a market leader for such products in various regions where it operates, including in Africa and South America.