

Customer Development Case Study – Q4

Driving Ice Cream Sales in India

Unilever accounts for 27% of all ice cream sales worldwide with its key brands of Magnum, Walls, Ben & Jerry's, Carte d'Or and Cornetto.

Traditionally, Unilever's largest markets for ice cream have been developed countries, however the fast pace of growth in emerging economies has been the force behind growing ice cream sales in recent years. Ice cream sales in India and Thailand have doubled over the past five years, while sales in Indonesia have tripled. Staggering growth in China now means that one third of all ice cream purchased worldwide is consumed there. The key drivers for this growth are increasing urbanisation, growing middle classes, higher disposable incomes and out of home food consumption. These factors have also fuelled the dramatic increase in the sales of premium brands.

Currently the major sales channels for ice cream in India are via the following retail channels:

Modern trade - comprised of larger retail chains which offer standardised store layouts, a variety of products and a modern shopping experience. Unilever has relationships with these stores at a national or regional level. Modern trade makes up approximately 10% of all commercial transactions for Unilever in India.

General trade - covers the vast array of independent 'mom and pop' stores across the country and makes up the greatest portion of Unilever sales in India. Each of these stores is an individual customer to Unilever and is serviced by a Unilever representative covering a geographical area.

Rural markets – these are scattered over vast areas with low per capita consumption rates for packaged products. However, it is estimated that nearly 1 in 8 people in the world live in an Indian village (91 million) and that in the next ten years the average household consumption for rural homes will match the current consumption of urban households.

Within the ice cream market, sales are also driven out of parlour or 'scoop' stores and vending channels (which include street vendors).

Additional Information

The Energy Challenge:

Driving ice cream sales in India, and other emerging countries, poses many challenges for Unilever due to the need for dependable road networks and a stable electricity infrastructure for cold storage. Currently 75% of India's cold storage network is concentrated in just 5 states: Uttar Pradesh, Gujarat, Punjab, West Bengal and Himachal Pradesh. The problems caused by having an inconsistent power supply have seriously limited Unilever's market penetration in India.

In a country of 1.25 billion people it is estimated that at least 550 million people are either without electricity or only sporadic power (up to three hours a day). This



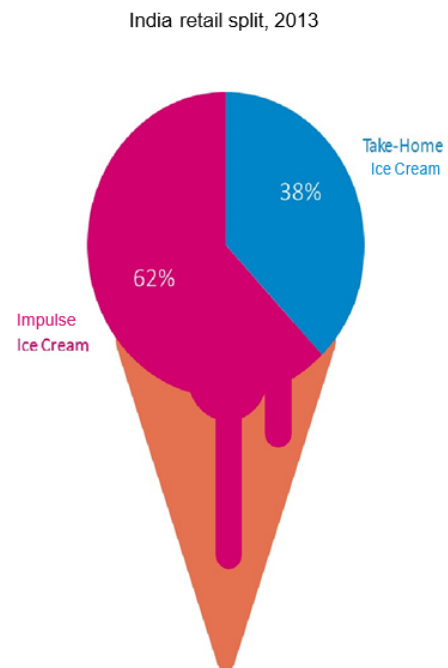
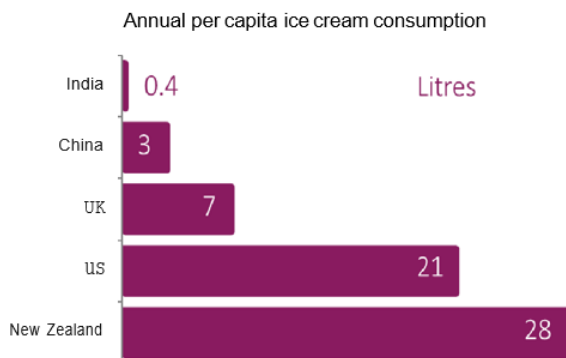
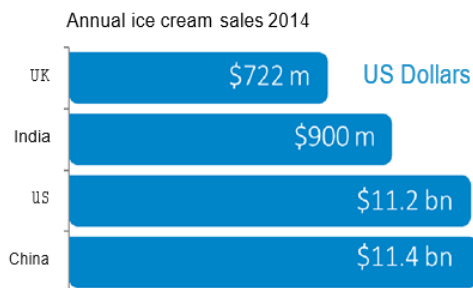
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problem affects not only those in rural areas where the grid does not reach, but also those living in city slums who cannot afford to connect to the grid. Most of the country's electricity is currently from antiquated coal-fired power plants but there is a sense of urgency around developing India's renewable energy to keep pace with the ever growing demand. The current Indian government have pledged to greatly increase India's renewable energy capacity, including solar, wind and hydro(water) power.

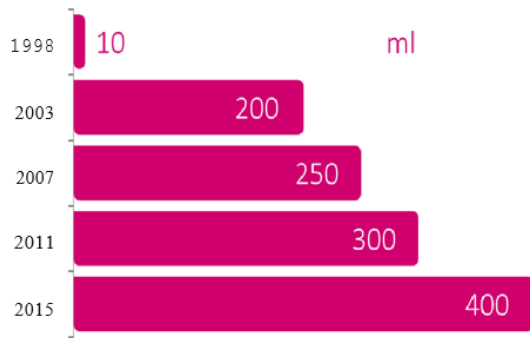
In the short term, the most likely solution for bringing power to rural and remote areas is through the development of rooftop solar power, or the use of 'microgrids'

which are powered by a mix of small renewable energy sources and diesel generators. As for how to improve the reliability of the existing grid, there does not seem to be a simple solution that does not required significant investment

Ice cream sales statistics



India's annual per capita ice cream consumption



Possession of refrigerator, 2013

