

# Consumer goods cos tweak business deals with retailers

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WITH modern retailing slowly picking up steam once again, consumer goods companies are re-evaluating business terms with their retail channels. Instead of adopting a uniform one-for-all strategy, companies, either in the FMCG or consumer electronics space, are now taking things on a case-to-case basis. The additional precautions are even more relevant in the aftermath of the debacle of the supermarket chain Subhiksha, which has left several companies feeling the heat of huge credit dues run up by the former.

"Most consumer goods companies are becoming stricter from the evaluation perspective, looking at debt ratios and past history. But once that evaluation is done, they are actually loosening the credit norms for robust retailers. Essentially, they are wanting to work with modern retail channels," feels apex industry body, Retailers Association of India CEO Kumar Rajagopalan.

Godrej Consumer Products (GCPL) vice-chairman Hoshedar K Press told **ET**: "Some of the modern retailers are still under strain and making losses. While previously we were much more liberal with credit limits, we are now enforcing it more strongly for some retailers."

Philips Electronics India is closely tracking sales in modern retail and accordingly managing its business terms and inventory. "We have customised our strategy. For instance, the focus on price promotions is more in eZone unlike in Croma. In case of Reliance Digital, we stress more on category management," said VP & head (consumer lifestyle) Mahesh Krishnan.

