



27/07/18 COVER STORY

NK Daga: The sweet scent of success

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There's a light drizzle outside the South Delhi luxury hotel. The petrichor, combined with the mild scent wafting through the corridors, provides a rare pause in an otherwise polluted city. The fragrance originates from an artificial wall of pink Turkish roses that runs along the hotel's ballroom entrance. There must be at least a hundred roses, one of which has found its way into the pocket of Narendra Kumar Daga's dinner jacket. Daga, seated in the ballroom, is the managing director of Kolkata-based McNROE Consumer Products, makers of the popular Wild Stone men's deodorants and slightly lesser-known Secret Temptation line of women's fragrances.

Why the roses?

Our new fragrance is composed of a thousand Turkish roses, says someone from Daga's team. We are calling it Desire, he adds.

It's for women, interrupts Daga.

Daga runs the second largest fragrance company in India, after Gujarat-based Vini Cosmetics which sells Fogg deodorants and perfumes. As of March 2018, McNROE had a market share of 9.2% by volume—6.7% through Wild Stone and 2.5% with Secret Temptation, according to a study conducted by market research firm Nielsen and commissioned by McNROE. The study was shared with *The Ken* by an industry executive.

This skew between the popularity of his Wild Stone and Secret Temptation brands, he explains is the reason behind this launch. Daga wants to boost the female fragrance and deodorant portfolio of his company. He is convinced that if there is a way to disrupt the deodorant market and beat the competition, it is with female fragrances.

His company, McNROE, named after yesteryear's American tennis legend John Patrick McEnroe, is a privately-held family business, started by him in 1986. In the year ended March 2018, McNROE claims to have earned Rs 408 crore (\$59.4 million) in revenue. The company had managed a profit of Rs 2.16 crore (\$314,463) in the previous financial year, according to RoC documents sourced from Paper.vc. In a departure from the ways of most modern companies, McNROE has never raised funds from outside the family—largely stayed away from media and advertising (for a while) at

Simple. Focused. Driven.

Daga's company takes after the man himself. The 60-year-old perfumer is a traditionalist. A man of humble roots. Slightly reserved. No flashy clothes. No branded accessories. He's wearing a silver-grey suit for the occasion. He isn't bound by the trappings of wealth as he recounts traveling in buses and shared taxi cabs. He loves sports and has a noticeable competitive streak; little wonder then that he named a company after a sportsman. Above all else though, his passion for business and his love for fragrances comes through in the way he describes his products.

But things are changing now, both for Daga and his business. He says that his first 32 years in the business were merely his first innings. There has been ambition but no definite strategy. With increasing competition, the company wants to move beyond the spray and pray approach.

This time around, Daga is coming to the crease with far more experience. He's sized up the competition. Now, it's time to execute his game plan. To disrupt the market and grow. Daga's company wants to open itself up, to media, advertising, and possibly even investors. In the process, his team is getting bigger. 400 people now. This team has a mission—to be the largest player in India's deodorants and fragrance market and triple the company's

Daga has a more personal mission—to keep his legacy intact as McNROE enters this new phase of expansion. His drive to beat competition comes with the worry that his company may lose his essence, his legacy and his intent to make the life of his consumer a little better. With a fragrance that they won't forget.

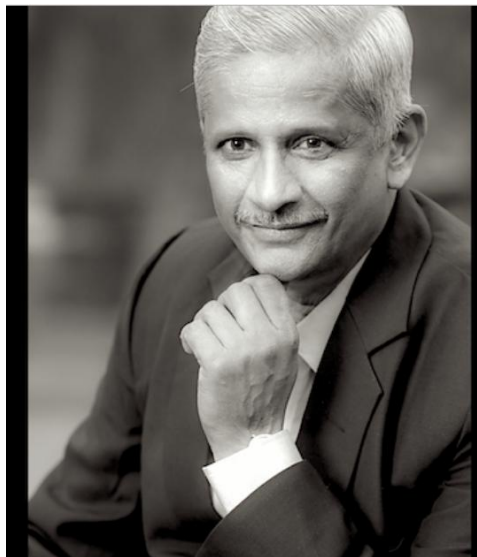
Shadows of the past

If you talk to Daga long enough, you realise that he has unconsciously divided his life into two parts. Pre and post-1999. Let me do the same here.

Daga's business began far from the glitz and luxury of the ballroom we're in. His first venture was a small kirana shop in Bhadrak, Orissa. It was the early 1980s. He had no plan, just something to prove.

That small shop eventually became an FMCG distribution business. But he wasn't satisfied. "I observed foreign companies setting up their base in India and it bothered me. I wanted us to have something of our own that connects with consumers," he says. In pursuit of this, he stumbled upon a product that would change the course of his life—talcum powder.

Talcum was the only low investment, low-risk product he could find, and it's also what made him fall in love with fragrances. "It was about relieving an unpleasant part of the consumer. That's what made me happy," says Daga. In 1986, he relocated to Kolkata and launched his talcum powder under the brand Heaven's Garden. The first was a floral fragrance called Luxury.



“It was a competitively priced product, and in a few years, gained a market share of 13% in northern and eastern parts of the country,” Daga recounts. This, despite competition from far larger companies like Hindustan Unilever Limited-owned Ponds and Emami.

To compete with these bigger players, Daga knew he had to take Heaven’s Garden to the next level. He took out a loan and set up a manufacturing facility in Odisha. He launched two new product categories—soaps and antiseptic creams. Both categories were a part of Daga’s scented product line.

The Odisha facility was stocked to the rafters with new products. The year was 1999. A bad time to be in Odisha. A super cyclone was on its way, and Daga’s fortunes were about to nosedive.

The 1999 Odisha super cyclone razed Daga’s facility to the ground. Like his facility, Daga’s plans lay in ruin. He was knee-deep in debt and fresh out of luck. The cyclone is an unpleasant memory which he has locked away. One can tell it was painful. If you ask about the losses, he just shrugs.

Once burnt, forever shy

The cyclone passed, but there was still a storm for Daga to weather—debt. He would spend the next few years paying off his dues. By 2006, Daga had paid off his debt. His company was reduced to just its flagship product—Heaven’s Garden. Finally on steady ground, he set about rebuilding.

The only thing he has known and loved are fragrances. So he started there. The idea was simple—extend his product line to deodorants and perfumes. Secret Temptation, their women’s offering, was launched first. A few months later, Wild Stone was launched for men.

While Daga wanted to focus on Secret Temptation, Wild Stone was a bigger hit. The timing was perfect. Not only was the men’s deodorant market already larger than the women’s, it was just gathering momentum at the time as well. Additionally, Wild Stone’s **advertising** was a hit. Taglines like ‘Wild Stone: Wild By Nature’ were a hit. “Advertising did wonders for us, and Wild Stone became a household name,” says Daga.

Wild Stone grew rapidly in the late 2000s and was on its way to beat Hindustan Unilever-owned Axe which dominated the market. Building on the deodorants’ success, the Wild Stone product line was extended to

the deodorants' success, the Wild Stone product line was extended to include perfumes, talcums, soaps, and shaving creams. Secret Temptation was overshadowed by Wild Stone's success.

But as the brand was gearing up to take control of the market, it hit a speed bump. In 2011, another home-grown company, Gujarat-based Vini Cosmetics entered the fray, introducing the market to liquid-based sprays rather than the existing gas-based ones, a move which was later followed by most players including McNROE. Vini's 'no-gas' deodorant brand Fogg took over the market, leapfrogging Wild Stone and even dethroning market leader Axe. Its popular tagline 'Fogg chal raha hai', which claimed that Fogg lasted longer than gas-based deos (because liquid doesn't vaporise easily), made it more popular than any other deodorant brand.

Since Fogg's entry, business has been hard for McNROE. Neither Wild Stone nor Secret Temptation has been able to topple Fogg, even after launching new products with a no-gas proposition. As of March 2018, Wild Stone was the fourth-largest deodorant product by volume after Fogg, Nivea and Park Avenue, according to the Nielsen study.

But Daga has dealt with worse. Now, he's ready to hit back.

Scents and sensibilities

Daga's stopover (and my meeting) in Delhi is part of a multi-city tour. This tour, encompassing visits to Kolkata, Hyderabad, Delhi, Mumbai, Chandigarh, Lucknow, Ahmedabad, and Bhubaneswar, is about tomming McNROE's brands, especially Secret Temptation. "It is an under-tapped category, women's deodorants. So far, the deodorant market has been dominated by men-oriented products," says a brand consultant, who has worked with McNROE. He is not authorised to speak with media.

For a few years now, the deodorant segment has been growing rapidly. Between 2015 and 2017, the market grew by 22%, according to data from market research firm Euromonitor. While Euromonitor does not have a split for the male and female segment, the growth has been led by men's products only, according to industry executives. Finally, the women's market, aided by an increase in the number of women in the workforce, is where the opportunity lies.

Daga is leaving no stone unturned to realise this opportunity. It is, he believes, the key to becoming the largest fragrance maker in India. In his pursuit, Daga has the support of his elder son Ankit, who is currently pursuing his MBA from the Indian School of Business in Hyderabad. He is McNROE's chief marketing officer.

With fresh blood comes fresh ideas. The most visible sign of this has been a major rebranding of the company, with new logos and packaging. The focus of this multi-city tour has been to meet with distributors as well as media to communicate this revamped image. Daga wants to expand the dealer base for Wild Stone and Secret Temptation from the current 340,000 to 600,000 this year itself.



His son, meanwhile, plans to educate people and create what he calls fragrance awareness. “People in India don’t know fragrances. Thousands fragrances go unnoticed here. If you can sell the smell, you can sell the product a little better,” Ankit told *The Ken* in a meeting last year.

The father-son duo is expanding outside India too. In the last year, the company has begun retailing in Bangladesh, Sri Lanka, Nepal, and Pakistan as well. International countries, as of today, account for 4-5% of McNROI revenue. By 2022, Daga hopes to reach Rs 1,200 crore (\$175 million) in revenue. To this end, the company plans to enter the premium perfume market, while a second manufacturing facility in Haridwar is also on the cards.

A nose for fragrances

Daga comes from a family of businessmen. From an area in Kolkata where everybody knows everybody. Too close-knit. Whatever Daga did in school that day would reach his father before Daga himself would.

No marks for guessing that he never completed his graduation. He says he didn't see the point. Before setting up shop in Odisha, he briefly joined his father's business but never fit in. He says he could not associate his vision with his father's. He was too proud to build a business with a name that was not his own. His father's business was taken over by his two elder brothers. Daga left home, a disappointment to his father.

He is the textbook definition of self-made. There was nobody to teach him business. He did his own research, exploring creative fragrance centres in France and Brazil. He watched online videos to learn. He studied the youth demographic he wanted to target. He made the fragrance business his life.

It reflects in his products. Every fragrance is tested multiple times before it hits the shelves. His wife is his first critic. All new fragrances have to be validated by her before they become a McNROE product. Daga tests them too, at least four times a day.

He is now setting up a full-fledged 4,000 square foot fragrance lab in Kolkata. The lab will be dedicated to capturing new fragrances and smells from around the world. Daga's own creative centre, the new "House

But even as he has one eye on the future, he worries the company he built may forget its past. His legacy. Its origins. He is worried that a bigger, younger team may take the company forward in ways different than his own. Rome wasn't built in a day, and people need to remember that, he says. He is trying hard to keep his ways alive.

These days, he spends his time overseeing recruitments and holding follow-up sessions with his employees. He is passing on his values to his son, who will eventually take over from Daga. "That has been the essence of my company and that's how it should always be," he adds. For a son who couldn't bear the thought of working for his father, he has created an empire for his own son to inherit.

He has led a simple life. One with a lot of struggle, no work-life balance, and a wife who never complained. "I am a lucky man," he says. For now, Daga is focused entirely on overseeing McNROE's transition into its bold, new avatar. He is clearly not ready to retire. You can't quit on fragrances, he says.

As we move out of the ballroom, I am reminded of Patrick Süskind's description of a fragrance. "For people could close their eyes to greatness, to horrors, to beauty, and their ears to melodies or deceiving words. But they couldn't escape scent. For scent was a brother of breath."

Outside, the rain has stopped; the fragrance from Turkish roses remains.