

# Sleeping g

*Consumer demand drives double-digit growth in polyurethanes in India*

**Economic prosperity and rising standards of living make India a potential hotbed of future growth for polyurethane foam production, although the market poses a number of challenges. A new Shell Technology Centre opened in Bangalore this year will help to underpin the industry's development, by providing technical support to polyols customers in the region.**

**W**hile China continues its unabated rise to economic powerhouse, India looms heavily on the horizon of new markets for polyurethanes. With a population of over one billion people, of which it is estimated less than ten per cent sleeps on a foam-based mattress, the potential growth for polyurethane foam consumption in India is obvious. Already, the market is seeing double-digit growth from this relatively low base.

As their wealth increases, rapidly developing countries push up demand for consumer products. People abandon traditional methods and materials in favour of more modern, higher performing equivalents.

The comfort of polyurethane foam mattresses is also becoming increasingly important as standards of living rise. "In recent years there has been both regional and global shifts in the centres of production and consumption of

polyurethane (PU) foam," says Sonia Michiels, Shell Chemicals Global Business Manager for Propylene Oxide-Derivatives.

While China continues to grow at a rapid pace, Michiels says the industry is already looking beyond its borders and believes India will have a key role to play in the future development of the polyurethanes sector in Asia.

"Markets outside China are now also being looked at as new areas for investment but India is seeing more than double-digit growth, year on year. The increased consumer spending power of India's evolving middle class is fuelling the demand growth for foam products.

"But while India's potential is huge and exciting, it also poses some interesting challenges for our industry. The market still requires a lot of development in terms of appropriate products, logistics and technical and marketing expertise."

Foam production in India is still fragmented and localised, with many



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A large population and rising standards of living mean India could play a major role in the development of the polyurethanes industry in Asia.



Sonia Michiels, Global Business Manager PO-Derivatives, with Praduman Patel, Joint Managing Director of Sheila Foam, a leading foam producer and polyols customer in India.

“Not only has Asia emerged as a major producing area, it also developing into a significant consuming market”

small players, while transport infrastructure and distances involved make it difficult for regional producers to expand.

The dominance of natural bedding products, at times subsidised or protected by import duties on substitute materials, has also hindered the market penetration of PU foams at times.

“The Indian bedding market is substantial and dominated by low cost coir (coconut fibre), latex and cotton mattresses, but people are increasingly looking to upgrade to higher quality products made from or incorporating PU foam,” explains Aditi Sawhney, PO-D Sales Manager, India & Philippines.

With consumers still careful about how they spend disposable income she says that commercial and marketing skills necessary to influence purchasing behaviour also need to be developed. “The market is still very price sensitive in relation to alternative, value added products,” she says.

“Consumers need to be convinced of the benefits of moving to a more comfortable, longer lasting and higher value bedding product both through raised awareness and higher foam quality.

“Standards of living are rising in India, people are moving into more modern homes and apartments, and it’s natural that they want to switch to higher value products. The challenge for the polyurethanes industry is to communicate not just the comfort benefits of foam but also the economic benefits of more hardwearing bedding product.”

Better understanding of the technical issues around efficient, consistent production of good quality foams is also required. “Standards of foam production varies widely among the smaller players and is generally restricted to low- and medium-density foams that contain lots of fillers.”

With current high growth rates, she says that consolidation could be a natural step in the development of the foam sector.

“Some foamers are better placed than others to embrace new methods, raise standards and bring products to market.”

Sheela Foam has emerged as one of the few large players in the market, with plants across India. Today, it is the country’s leading producer with a market share of almost 40%, and has developed a network of distributors, retailers and showrooms. →



Aditi Sawhney, PO-D Sales Manager, India & Philippines - "we are looking to work with foam companies with the technical understanding to produce high quality products".

Sheela Foam's mattress manufacturing facility in New Delhi. The company has pioneered the introduction of new foam bedding products.

“There is a lot of entrepreneurial spirit in the Indian market and a huge thirst for technical knowledge”

The company, a longstanding Shell Chemicals customer, has spearheaded promotional campaigns that have helped to drive demand for foam products and raise quality across the market.

It has helped to introduce new products to the market which use layers of polyurethane foam to improve the comfort and longevity of coil-based mattresses, which otherwise may lose their support characteristics after a relatively short time. It has also developed higher density foams with improved hardness and durability.

#### POTENTIAL TO GROW

Sawhney says that a number of smaller players also have the potential to grow significantly. "We are looking to work with and contribute to those companies that are committed to developing the technical understanding for producing high quality and innovative foam products, as well as the marketing skills to commercialise them in an increasingly sophisticated market."

"There is a lot of entrepreneurial spirit in the Indian market and a huge thirst for technical knowledge. Companies appreciate the opportunity to buy from a global player willing to share experience and technical expertise. We can also offer support on commercial strategies such as developing value propositions."

The influx of major international retailers is also having a positive effect on the market. "As these big retailers move in they will not only provide the sales and distribution channels the market needs, but through their marketing expertise they will also help to improve the brand image of foam products," says Sawhney.

Shell already has a significant presence and recognised brand in India but is strengthening its position by opening a new technology centre in Bangalore. The Shell Bangalore Laboratories (SBL) will carry out research and development and provide technical support across a range of products including polyols.

