

## Rural Marketing: A Case Study on Hindustan Unilever Limited

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### Abstract:

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has emerged. This paper is an attempt to find out the various initiatives taken by HUL to reach the rural consumer. Hindustan Unilever is the pioneer and largest player in India's FMCG market. HUL was the first company to step into the Indian rural marketing. HUL started its first effort towards going rural 1960's onwards, through indirect coverage of accessible rural market through its urban network stockists and distributors. HUL proactively engaged in rural development in 1976 with Integrated Rural Development Programme in Etah district of Uttar Pradesh. In 1990, HUL launched 'Operation Streamline' for distribution of products to inaccessible rural markets with High potential using unconventional transport like bullock carts, tractors and bicycles and appointed rural distributors and star sellers. In 2000, HUL started Project Shakti to reach inaccessible low potential rural markets. This project has reached 100,000 villages. HUL embarked upon Project Samuriddhi in 2003 to create sustainable villages in Dadra and Nagar Haveli. Today HUL's products touch the lives of two out of every three Indians.

### INTRODUCTION

Over the past few years, the rural markets have emerged as one of the most lucrative markets for Indian companies. In the recent past, many organizations have forayed into rural areas and this has proved fruitful and beneficial for them. The Indian rural markets provide abundant opportunities for organizations to enter and operate profitably. The large population base of rural India enables the companies to earn a reasonable amount of revenue. According to a white paper prepared by CII-Technopak, the rural market grew at an impressive 25% in the

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year 2008 and by the year 2010-11 has grown to approximately 720-790 million customers with a size of US\$425 bn. Rural India has emerged as a large market for numerous goods and services such as financial services, FMCG, healthcare and telecommunications. In today's competitive scenario, the rural markets are as vital as the urban markets for marketers.

### **Rural Markets are Becoming More Important**

The rural markets have become a favourable destination for marketing companies in view of the following reasons:

- **Competition in Urban Markets** - The level of competition in the urban markets has intensified and is increasing tremendously. It is also stated by many experts that the urban markets are almost saturated. Therefore, penetration into rural markets is inevitable for sustained business growth. The rural markets are relatively untapped and this provides better scope for growth.
- **Changing Consumption Pattern in Rural Areas** - The consumption pattern in rural India and the demand for new products have shown an encouraging trend. The purchasing power of rural consumers has increased significantly over the past decade. This, in turn, has transformed the consumption pattern.
- **Improved Lifestyle** - The rural consumer is no longer dependent only on traditional products. For instance, in most villages, shampoos have substantially replaced the traditional product *shikakai* which the rural people have been using since years. Similarly, the use of gas cylinders has become popular in place of conventional *chulas*. Today, the consumption basket of rural people is not limited to agricultural and allied products. They are keen on buying modern products that can augment their style of living.
- **Huge Population Base** - The huge population base in rural India provides a massive opportunity for the companies to sell their products and services on a sizeable scale. Apart from a large population, the increased presence of media and higher literacy level has created a lot of awareness amongst them.
- **Rapidly Growing Market** - At a conference organized by the Confederation of Indian Industry (CII-Northern Region), Somak Ghosh, President, Corporate Finance and Development Banking said, "India's rural markets are growing at double the rate of urban markets. The total number of rural households has risen from 135 million in 2001-02 to 153 million in 2009-10 giving a tremendous push to the rural retail opportunity." The rural consumer is changing and is now willing to experiment with new products. On the one hand, they purchase products of basic necessity, while on the other hand they are even buying luxury products that can offer some comfort. Therefore, the opportunities in these markets are quite large and need to be explored.

Following table shows the contribution of rural market to total all India market:

**Table-1:** Contribution of ‘Rural Market’ to All– India Market \*

Sr No.	Product Category	Name of the Product	Contribution Rural Market (%)
1	Washing & Cleaning Material	Detergents & Washing Powder	55.0
		Bars	68.0
2	Toiletries	Premium Soaps	26.0
		Popular Soaps	50.5
		Tooth Paste	39.0
		Tooth Powders	24.5
		Shampoos	16.5
		Safety Razor Blades	58.0
		Shaving Rounds	42.0
		Shaving Creams	8.0
3	Cosmetics	Talcum Powders	43.0
		Hair Oils	25.0
		Acne Preparations	23.0
4	Food & Beverages	Packaged Tea	45.5
		Coffee	18.0
		Milk foods	22.0
		Beverages	15.0
5	OTC	Glucose Powder	42.0
6	Misc.	Batteries	59.0
		Torches	33.0

\*Source – LG Rural Marketing Report 2006

## THE FOUR P’s IN RURAL MARKETING

The 4 Ps of marketing might have to be modified as per the requirements and expectations of the rural people.

- **Rural Product Strategy**

The rural markets generally prefer simple and easy to use products. The packaging has to be convenient and cost-effective. Sophisticated packaging that only adds to the cost and does not provide any additional convenience is of no help. For instance, the sachet revolution played a great role in making many consumer products popular in the rural areas. The product literature should be simple and easy to grasp. The information provided should outline the functional benefits clearly and in a transparent manner. The products should be able to cater to the distinct needs of rural customers and provide value for money.

### Examples

- HUL developed a combined soap and shampoo that was cost-effective and also less harsh on hair than ordinary soaps. HUL launched the new soap-cum shampoo ‘Breeze 2-in-1’

- LG Electronics launched its Sampoorna television with Devanagari script on-screen display, which also provided better signal reception in rural areas.
- Bank of India introduced the concept of *Bhumiheen* credit cards to extend credit card facilities to landless farmers.
- Nokia has introduced mobile phones for rural markets with features that suit the rural users such as local language, call limits, etc.

- **Rural Pricing Strategy**

The rural customer is price sensitive and expects value for money. Therefore, the pricing has to be in line with this expectation. Marketers have to therefore devise strategies that can make their products affordable for rural customers. Many companies have opted to offer their products in smaller units so as to make them more viable for the rural markets. More importantly, the concept of value engineering should be applied to rural markets to make the products affordable. This technique involves replacing costly raw materials with cheaper ones, without sacrificing quality and functionality. This concept has already been implemented in the food industry, where soya protein has replaced milk protein in many food products. Although soya protein is cheaper as compared to milk protein, the nutrition value remains the same. However, if the product belongs to an expensive category like high end mobile phones, then the positioning has to be done in a way that the product is perceived as a bundle of utilities by the rural customer, which still provides value for money in its category.

### **Examples**

- Godrej has introduced its Cinthol, Fair Glow and other Godrej products in 50 gram packs that are priced at Rs. 4-5, particularly for the markets of Uttar Pradesh, Madhya Pradesh and Bihar.
- Lux toilet soap is made available in 25 gram packs in rural areas.
- Philips introduced its free power radio, a radio that does not require power or battery for operation, for Rs. 995.
- Tata Tea introduced a new brand of tea, Agni Sholay, in three different packs to cater to the needs of all the segments in rural areas. It was priced at Rs. 31.50, Rs. 13 and Rs. 6.50 respectively for 250, 100 and 50 gram packs.

- **Rural Place Strategy**

All possible efforts should be made to make the products available at the doorstep of the target audience. Direct contact with the local vendors and retailers has to be established. Cooperative societies, public distribution system, feeder markets, village weekly markets,

fairs and festivals can be utilized to ensure adequate distribution of one's products. Formulating an integrated and efficient channel of distribution remains a challenge for the marketers. However, several companies have been able to establish a distribution system that has catered to the rural people efficiently.

### **Examples**

- ITC, through its format echoupal, uses the Internet to communicate and reach out to the rural people.
- Hindustan Unilever uses vans to deliver its products to local vendors and retailers in rural areas, thus vastly improving its reach. The delivery vans serve as mobile warehouses.
- Ajanta India distributes its products (toothpaste, toothbrush, shaving cream, etc.) through the *paan wala* as well as through chemist stores. The company has approximately 700 distributors all over the country.
- Many companies even use animal carts to carry their products, so that they can reach even the remotest areas which are not connected by motor able roads.

### **• Rural Promotion Strategy**

The promotional activities should be undertaken through media that are comfortable and appropriate for the rural areas. Positive word-of-mouth through local reference groups and opinion leaders is considered as the key to success in the rural markets. Traditional art forms such as puppet shows and street plays or creating awareness through village *panchayat* members can prove to be fruitful. Other methods like distribution of pamphlets, use of mobile publicity vans and advertising on walls can also assist in establishing a relationship with the rural masses.

### **Examples**

- Asian Paints selected some opinion leaders in the villages and painted their houses to demonstrate that the colour does not come off.
- Life Insurance Corporation of India made use of puppet shows to create awareness amongst the rural people regarding the importance of insurance products.
- ICICI Prudential promoted its product in the *haats*, *mandis* and other local markets organized in the rural areas. It also educated the rural people by advertising through mobile vans.
- Many companies use folk theatre formats as a means to promote their products. The Government of India utilized this medium for selling seeds and fertilizers.

## **From Four P's to Four A's**

The traditional four P's of marketing -- product, price, place and promotion, as outlined above -- have been replaced by a different framework for analysis. "A number of companies have worked on various elements of the marketing mix to improve the four A's -- affordability, awareness, availability and acceptability -- for rural markets," he says. "FMCG companies innovated on package sizes to introduce low price points. They have customized promotional strategies for rural markets using local language and talent. Some FMCG players continue to expand rural penetration (HUL's Project Shakti, Tata Tea's Gaon Chalo). Coca-Cola's Parivartan program has trained more than 6,000 retailers to display and stock products. Dabur has created a training module ASTRA (Advanced sales training for retail ascendance) in several regional languages. A number of auto companies have launched rural-specific campaigns."

## **RATIONALE FOR THE STUDY**

Over the years, the Government of India and various state governments have been emphasizing development of rural areas through investments in improving infrastructure, increasing productivity and by promoting modern agricultural methods. They have also been formulating and implementing schemes for employment generation. These efforts have resulted in making India's rural economy comparatively more vibrant and prosperous.

This article documents the various initiatives taken by India's largest FMCG company Hindustan Unilever Limited to capture the rural market

## **METHODOLOGY**

Primary data is collected through personal contact. Secondary literature is drawn from proprietary sources available on various websites. The other sources include research papers published in online and printed journals, news agencies, blogs, etc. The literature sourced has further been edited and categorised to make it suitable to study the considered objective. This exploratory research investigates the various initiatives taken by Hindustan Unilever Limited to reach the rural consumer.

## **DISTRIBUTION STRATEGIES OF HUL**

In rural India particularly, availability determines volumes and market share, because the consumer usually purchases what is available at the outlet, influenced very largely by the retailer.

Hindustan Lever Limited has a distribution network which is one of their key strengths that helps them reach their products across the length and breadth of our vast country. To meet the ever-changing needs of the consumer, HUL has set up a distribution network that ensures

availability of all its products, in all outlets, at all times. This includes, maintaining favourable trade relations, providing innovative incentives to retailers and organizing demand generation activities among a host of other things.

Therefore, over the decades, Hindustan Lever has progressively strengthened its distribution reach in rural India, which today has about 33 lac outlets. Direct rural distribution in Hindustan Lever began with the coverage of villages adjacent to small towns. The company's stockists in these towns were made to use their infrastructure to distribute products to outlets in these villages. But this distribution mode could only be extended to villages connected with motorable roads, and it could cover about 25% of the rural population by 1995.

### **THE EVOLUTION OF HUL'S DISTRIBUTION NETWORK**

The first phase of the HUL distribution network had wholesalers placing bulk orders directly with the company. Large retailers also placed direct orders, which comprised almost 30 per cent of the total orders collected. The company salesman grouped all these orders and placed an indent with the Head Office. Goods were sent to these markets, with the company salesman as the consignee. The salesman then collected and distributed the products to the respective wholesalers, against cash payment, and the money was remitted to the company.

The focus of the second phase, which spanned the decades of the 40s, was to provide desired products and quality service to the company's customers. In order to achieve this, one wholesaler in each market was appointed as a "Registered Wholesaler," a stock point for the company's products in that market. The company salesman still covered the market, canvassing for orders from the rest of the trade. He would then distribute stocks from the Registered Wholesaler through distribution units maintained by the company. The Registered Wholesaler system, therefore, increased the distribution reach of the company to a larger number of customers.

The highlight of the third phase was the concept of "Redistribution Stockist" (RS) who replaced the RWs. The RS was required to provide the distribution units to the company salesman. The RS financed his stocks and provided warehousing facilities to store them. The RS also undertook demand stimulation activities on behalf of the company. HUL soon realized that the RS would be able to provide customer service only if he was serviced well. This knowledge led to the establishment of the "Company Depots" system. This system helped in trans-shipment, bulk breaking, and provided a stock point to minimize stock-outs at the RS level.

In the recent past, a significant change has been the replacement of the Company Depot by a system of third party Carrying and Forwarding Agents (C&FAs). The C&FAs act as buffer stock-points to ensure that stock-outs do not take place. The C&FA system has also resulted in cost savings in terms of direct transportation and reduced time lag in delivery. The most important benefit has been improved customer service to the RS.

The role performed by the Redistribution Stockists has also undergone changes over the years. Financing stocks, providing manpower, providing service to retailers, implementing promotional activities, extending indirect coverage, reporting sales and stock data, screening for transit damages are some of the functions performed by the RS today. HUL has grown

manifold over the years. In the process, the number of factories and the number of SKUs too have increased. In order to rationalize the logistics and planning task, an innovative step has been the formation of the Mother Depot and Just in Time System (MD-JIT). Certain C&FAs were selected across the country to act as mother depots. Each of them has a minimum number of JIT depots attached for stock requirements. All brands and packs required for the set of markets which the MD and JITs service in a given area are sent to the mother depot by all manufacturing units. The JITs draw their requirements from the MD on a weekly or bi-weekly basis. At present, HUL's products, manufactured across the country, are distributed through a network of about 7,000 Redistribution Stockists covering about one million retail outlets. The distribution network directly covers the entire rural population.

In addition to the ongoing commitment to the traditional grocery trade, HUL is building a special relationship with the small but fast emerging modern trade. Its scale enables HUL to provide superior customer service including daily servicing, improving their range availability whilst reducing inventories. HUL is using the opportunity of interfacing more directly with its consumers in this retail environment through specially designed communication and promotions. This is building traffic into the stores while yielding high growth.

An IT-powered system has been implemented to supply stocks to redistribution stockists on a continuous replenishment basis. The objective is to catalyse HUL's growth by ensuring that the right product is available at the right place in right quantities, in the most cost-effective manner. For this, stockists have been connected with the company through an Internet-based network, called RS Net, for online interaction on orders, despatches, information sharing and monitoring. RS Net covers about 80% of the company's turnover. Today, the sales system gets to know every day what HUL stockists have sold to almost a million outlets across the country. RS Net is part of Project Leap, HUL's end-to-end supply chain, which also includes a back-end system connecting suppliers, all company sites and stretching right upto stockists. RS Net has come as a force multiplier for HUL Way, the company's action-plan to maximise the number of outlets reached and to achieve leadership in every outlet, by unshackling the field force to solely focus on secondary sales from the stockists to retailers and market activation. HUL Way has also led to implementing best practices in customer management and common norms and processes across the company. Powered by the IT tools it has further improved customer service, while ensuring superior availability and impactful visibility at retail points.

## **HUL'S RURAL MARKETING STRATEGIES**

HUL has been at the forefront of experimenting with innovative methods to reach the rural consumer.

## **INDIRECT COVERAGE APPROACH**

HUL started its first effort towards going rural 1960's onwards by indirect coverage of accessible rural market with high business potential through its urban network of stockists and distributors. Under this approach company vans were replaced by vans belonging to Redistribution Stockists, which serviced a select group of neighbouring markets. Rural areas with lower business potential but accessible were assigned to retail stockist accessing all villages on fortnightly basis.

## **OPERATION HARVEST**

The reach of conventional media and, hence awareness of different products in rural markets was weak. It was also not always feasible for the Redistribution Stockist to cover all these markets due to high costs involved. Yet, these markets were important since growth opportunities were high. Operation Harvest endeavoured to supplement the role of conventional media in rural India and, in the process, forge relationships and loyalty with rural consumers. Operation Harvest also involved conducting of product awareness programmes on vans.

## **CINEMA VAN OPERATIONS**

These are typically funded by the Redistribution Stockists. Cinema Van Operations had films and audio cassettes with song and dance sequences from popular films along with also comprising of advertisements of HUL products.

## **PROJECT STREAMLINE**

In 1998, HUL took its first tentative step to expand rural distribution. The target was to reach inaccessible rural markets with high business potential. Through Project Streamline, HUL created a hub and spoke system and appointed sub-dealers who had the opportunity to serve villages in their vicinity. This project covered villages with population of 2000. The pivot of Streamline is the Rural Distributor (RD), who has 15-20 rural sub-stockists attached to him. Each of these sub-stockists is located in a rural market. The sub-stockists then performs the role of driving distribution in neighbouring villages using unconventional means of transport such as tractor, bullock cart, etc and transport suitable to interconnecting roads, like cycles & scooters . The sub stockist is known as the Star seller for that area. The star seller reaches the product to retailers in villages in his area and collects the money from them as stocks are purchased by him on credit from the distributor. Hindustan Lever is thus trying to circumvent the barrier of motor able roads. As a result, the distribution network, as of now, directly covers about 50,000 villages, reaching about 250 million consumers. The company simultaneously uses the wholesale channel, suitably incentivising them to distribute company products. The Streamline system has extended direct HUL reach in rural markets to about 37% of India's rural population from 25% in 1995 and the number of HUL brands and SKUs stocked by village retailers has gone up significantly.

HUL has in the recent past established a common distribution system in rural areas for all its products. Given the number of brands and their packs the rural retailer usually requires, one HUL representative can take all the products from the company portfolio that he needs. This common distribution system is now fully operational, under one Regional Sales Manager exclusively dedicated to rural markets of each region of the country.

While the model served the company well, HUL had little or no control over the distribution chain. Smaller regional brands would come along, offer better mark ups and sell goods on credit and take away a significant portion of business in a short span. Significantly, the shopkeeper who stocked HUL products felt no loyalty to the company and could switch sides overnight.

### **PROJECT SHAKTI**

Project Shakti was initiated to reach inaccessible rural markets with low potential with a target to reach villages with population below 2000. Started in 50 villages of Nalgonda district of Andhra Pradesh, HUL has been implementing Project Shakti since 2001. Under the project HUL has partnered with Self Help Groups (SHGs) of rural women. SHG were offered the option of distributing relevant products of the company as a sustainable income-generating activity. The model hinges on a powerful win-win relationship where the SHG engages in an activity which brings sustainable income while Hindustan Lever gets an interface to interact and transact with the rural consumer. A member from a SHG is selected as a Shakti entrepreneur, referred to as 'Shakti Amma', to become direct-to-home distributors of HUL products in rural markets. HUL has invested resources to provide on the job training and support to such Shakti Ammas. The Shakti Ammas receives goods from the HULs rural distributor which is then sold directly to consumers and retailers in the village. Each Shakti Amma usually services 6-10 villages. Shakti Ammas are provided HUL products on a `cash and carry basis and also avail micro credit from SHG or local Banks wherever required. Wide range of products relevant to rural customers are marketed through this route – like Lifebuoy, Lux, Ponds, Wheel, Clinic Plus , Nihar, Pepsodent, Annapurna salt and 3 Roses tea. A typical Shakti entrepreneur conducts business of around Rs.15000 per month, which gives her an income in excess of Rs.1000 per month on a sustainable basis. As most of these women are from below the poverty line, and live in extremely small villages (less than 2000 population), this earning is very significant, and is almost double of their past household income. For HUL, the project is bringing new villages under direct distribution coverage. On its commencement in Andhra the project resulted in 15% increase in rural sales in Andhra. HUL extended the project to other states of the country. Currently, there are over 45,000 Shakti entrepreneurs covering over 100,000 villages across 15 states and reaching to over 3 million homes. Plans are being drawn up to cover more states, and provide products/services in agriculture, health, insurance and education. This will both catalyse holistic rural development and also help the SHGs generate even more income. This model creates a symbiotic partnership between HUL and its consumers, some of whom will also draw on the company for their livelihood, and helps build a self-sustaining virtuous cycle of growth.

In 1999, HUL stated its policy to double its turnover in next five years. It took ten years to double its sales. This was achieved with the help of initiatives taken by the company at rural level. HUL implemented innovative projects of 'Project Shakti' and 'Operation Bharat' and result is shown the following table:

**Table-2: Financial Performance of HUL –10 Year Track record \*\***

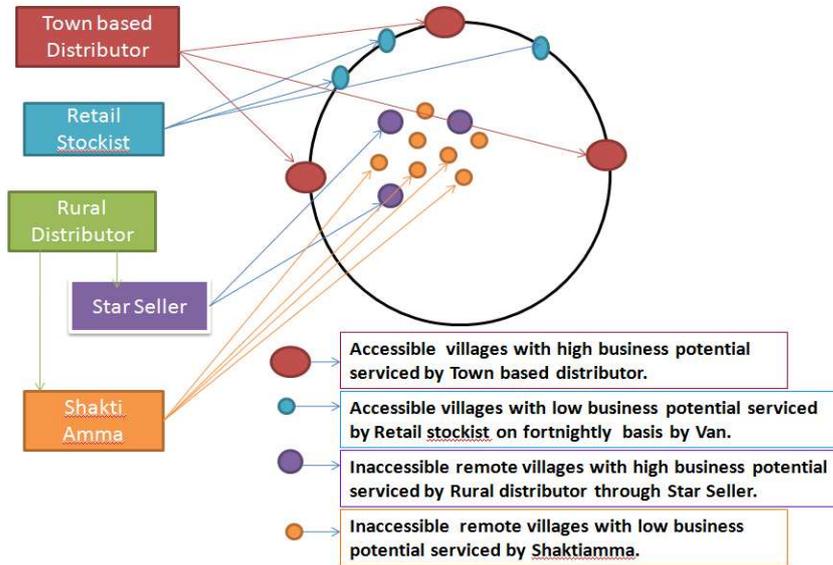
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008-09
Rs. crores										
<b>Profit &amp; Loss Account</b>										
Gross Sales*	10917.69	11392.14	11781.30	10951.61	11096.02	10888.38	11975.53	13035.06	14715.10	21649.51
Other Income	318.98	345.07	381.79	384.54	459.83	318.83	304.79	354.51	431.53	567.79
Interest	(22.39)	(13.15)	(7.74)	(9.18)	(66.76)	(129.98)	(19.19)	(10.73)	(25.50)	(25.32)
Profit Before Taxation @	1387.94	1665.09	1943.37	2197.12	2244.95	1505.32	1604.47	1861.68	2146.33	3025.12
Profit After Taxation @	1069.94	1310.09	1540.95	1731.32	1804.34	1199.28	1354.51	1539.67	1743.12	2500.71
Earnings Per Share of Re. 1#	4.86	5.95	7.46	8.04	8.05	5.44	6.40	8.41	8.73	11.46
Dividend Per Share of Re. 1#	2.90	3.50	5.00	5.16	5.50	5.00	5.00	6.00	9.00	7.50
<b>Summarised Profit and Loss Account</b>										
	Rs. lakhs (except EPS)									
	Fifteen Months Period ended 31st March, 2009		Twelve Months Period ended 31st December, 2007							
Net sales	20239,33		13675,43							
Other operational income	362,23		193,66							
Total	20601,56		13869,09							
Operating costs and expenses	(17561,37)		(11796,77)							
<b>PBDIT</b>	<b>3040,19</b>		<b>2072,32</b>							
Depreciation	(195,30)		(138,36)							
<b>PBIT</b>	<b>2844,89</b>		<b>1933,96</b>							
Interest income (net)	180,23		212,37							
<b>PBT</b>	<b>3025,12</b>		<b>2146,33</b>							
Taxation	(524,41)		(403,21)							
<b>PAT (before exceptional items)</b>	<b>2500,71</b>		<b>1743,12</b>							
Exceptional items (net of tax)	(4,26)		182,35							

\*\* Source - HUL Corporate website. www.hul.co.in

### THE LAST MILE CHALLENGE – Project Shakti – Extended Through Shaktimaan

In expanding its reach to villages with a population below 2,000, HUL is making use of the men folk in Shaktiammas' families enabling HUL to service an additional 200,000 villages. Each Shaktimaan is given products to sell as well as a sturdy bicycle to take to villages within a 5-kilometre radius. Only 20,000 top performing Shaktiammas have been given the option of having their men folk work with them. The number of products or SKUs they carry is restricted to about 50. HUL had initially estimated it could add about 300,000 stores through this route but has already received suggestions on 400,000 stores that can be added.

**Table-3: HUL Rural Distribution Snapshot \*\*\***



\*\*\* Pictorial representation of HUL Distribution Network

### HUL’s “Khushiyon Ki Doli” – A new Campaign Strategy

The latest brand building initiative by the HUL in the rural India is “*Khushiyon Ki Doli*”. The main motto behind the campaign is to create awareness with the use of technology and engaging the common mass. Four set of *dolis* or *palkis* are moved all around the village. Equipments like LCD TV, a DVD Player and a small generator is there in each of these *dolis* or *palkis*. The village housewives are the main target of audience. The wide ranges of HUL’s products commercials are shown on the LCD’s. As a common human habit it has been observed that the rural masses always look upon the urban mass. HUL’s new campaign can easily grasps the attention of rural housewives and children. As soon the LCD’s are on, the rural crowds stands in awe keeping close view of the video with full concentration since it’s something new for them. The commercials of Surf Excel, Close Up toothpaste, Huggies diapers etc all have enchanted the rural lot. To make the campaign more interesting HUL has also organised few games at the end with prizes like special offers on bundles of products few sachet as prizes.

Khushiyon Ki Doli, which was launched in 2010 in three states – Uttar Pradesh, Andhra Pradesh and Maharashtra – was an outstanding success. Through this initiative more than one crore (10 million) consumers were contacted directly in more than 28,000 villages across these three states in 2010. Through this initiative about 170,000 retailers were also contacted in these villages in 2010. In 2011, HUL extended this initiative to five states –

West Bengal, Bihar, Maharashtra, Andhra Pradesh and Uttar Pradesh, thereby covering around 70K villages, 25 million consumers and 4 lakh retailers.

### **Three stages of the programme:**

The module follows a three-step process, starting with awareness, moving on to consumer engagement and finally retail contact.

The first step of spreading awareness is achieved through a team of promoters who head to each village and invite the villagers to a point what is known as 'Mohallas'. At the meeting point 'Mohallas' make them aware of the company, its products, their benefits & healthy & hygiene habits. In every village, there are about 4-5 teams who conduct these events in local language / dialect for small focused groups so that it allows for greater engagement and involvement for the consumers. During this activity, brands are introduced with the help of TVCs & short AV's that are played continuously. The promoters by way of 'live' demonstrations bring alive the hygiene benefits of using such brands, which in turn shall improve the quality of their daily life. To increase the 'fun' element and enhance involvement, promoters also conduct simple quizzes and games around the brands and daily hygiene habits. As part of this activation, we offer schemes both for the participating consumers and also local retailers for generating trial among consumers, this helped in enhancing availability at village retail point.

Post the mohalla activity, the promoters go from home to home and conduct consumer home visits to generate trial where they offer attractive promotions / purchase schemes to the consumers. Similarly, there is another team which visits all the shops in the village which ensures improved availability and visibility of our brands.

### **FUTURE INITIATIVE - Gateway to Rural: Beyond FMCG**

Hindustan Unilever Ltd (HUL), which targets to have a million outlets in rural areas by 2011-end, has initiated a project named 'Gateway to Rural: Beyond FMCG'. In a bid to penetrate deeper into rural India in a cost-effective manner, the company is in talks with telecom firms, banks and financial services companies to create a joint distribution model to cover India's 6.38 lakh villages. In light of this HUL has initiated a pilot project with India's largest bank, the State Bank of India (SBI) in Maharashtra and Karnataka. HUL's Shakti Ammas, have doubled up as customer service-providers and opened around 1,000 accounts for rural folk. If this exercise proves scalable, HUL plans to roll it out across the country over the next 12 months.

## CONCLUSION

HUL has been following a sustained approach to tap the vast potential of India's rural market. The evolution of HUL's rural marketing strategies from an indirect approach to rural area to the door step marketing through Shaktamma shows that the company has come a long way since it took its first rural initiative back in the 1960's. A variety of changes are on the horizon which would impact rural distribution plans of HUL -

- Technology of digital maps – to study existing rural distribution reach and to draw up plans for increasing reach. Maps help for smarter route planning.
- Improved road infrastructure across the country leading to improved access to even remotest of villages.
- Reach of Television to rural area has rural consumers watching all programmes and ads as in the city. Aspiration to use same products as city folks is on the rise and buying habits of rural consumers is changing accordingly.

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