

MAKING A DENT INTO THE RURAL MARKET

(A Case Study of Hindustan Unilever Limited)

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Abstract :

The rural Indian market is no doubt having huge potentials yet to be tapped, but at the same time this market has plenty of obstacles to be handled properly for making a dent in to the rural market. The better understanding of rural market characteristics and rural people psych will help the marketer to integrate in the life of rural people more efficiently and effectively. In this paper we have thrown the lights on the challenges of rural market and the practices of HUL on overcoming these challenges for integrating itself with the life of rural customers.

Keywords: *Rural marketing mix, Rural marketing mix policy, Challenges of rural market.*

Introduction :

The real India lives in the village. Rural marketing is the new buzzword as the new marketing mantra for the survival and the growth of and the success forcing companies to go rural. These statements tell the importance of rural marketing for the survival and the growth of any marketers and is supported by the facts given below-

The total FMCG market is in excess of US\$16.4 billion and is set to treble from US\$11.6 billion in 2003 to US\$33.4 billion in 2015. It is currently growing at 14%. With 12.2% of the world population living in the villages of India, the Indian rural FMCG market is something no one can overlook.

Need and Importance of Rural Marketing Mix Policy :

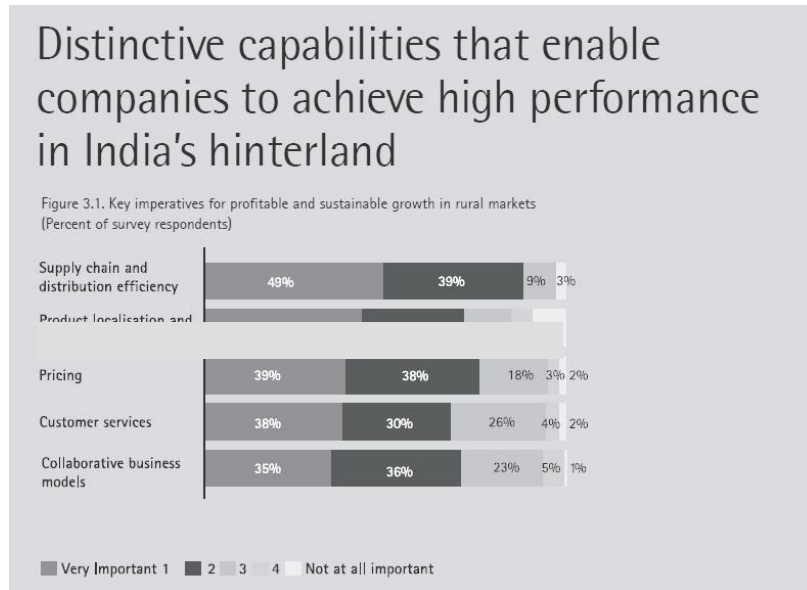
As we know the differences between the rural and urban customers on the parameters of the environment they are living, the marketers must try to formulate a different policy of marketing mix for marketing to the rural customers, containing the guidelines for providing coherence in decision making with respect to any course of action under well defined and determined situation.

If a simple question is asked -

- Who does not want to get more out of their life?
- Who does not want to add vitality in their life and?
- Who does not want to look good, feel good?

The response of these questions will be definitely “no” and major portion of the “no” will be coming from the rural people, because of their higher representation in total population in INDIA. In this buzzword of ruralize the success will be with only those marketers who understand the challenges of rural market well and try to formulate a proper guide lines and framework on their marketing mix because of the challenges of rural market depicted below in Figure 1.

Figure 1 : Distinctive Capabilities



Source: Accenture Research Report Masters of rural markets: The Hallmarks of High Performance

The major problem in rural marketing (as per the figure 1) is distribution followed by the customization of the products and others also making an significant affects for the success that’s why it becomes obligatory to that marketer who wants to go for rural marketing, the solution of all these aspects can be better solved by formulating a separate marketing mix policy which must be capable of handling these aspects.

Rural Marketing Mix :

Marketing mix refers to the set of tools used by a company to promote and sell its brands or product in market.

“The most important decisions, and indeed the essence of the marketing manager’s task within a company, are decision about the controllable marketing variables: decision about what E.Jerome Mc Carthy termed the 4Ps: product,price,place and promotion.”

On contrary to the traditional 4P’s model, some of the marketers are adopting the 4A’s model, which is considered to be more customers oriented. As per figure 2, “The 4A’s of rural marketing mix i.e. Affordability, Availability, Acceptability and the Awareness have been now universally accepted both by practiconers and the academicians, as touch stone for the success of any product/ business strategy in the rural market. What 4P’s are to mainstream marketing, the 4A’s are for the rural marketing.”

Figure 2 : 4 A’s Model

4P’s(Interaction means with the customers)	4 A’s Challenges
Product capability of satisfying the needs and wants.	Acceptability
Price the amount the customer has to pay for acquiring the product.	Affordability
Place refers to the point where sale is made.	Availability
Promotion activities under taken to make product known and preferred among the target customers.	Awareness

Acceptability as a Challenge :

Catering to the 70 crore rural customers residing in the 6 lakh villages, where the habits, customs and the culture changes every 100 km ,the customization of products to suit the requirements of such diverse demographics hence becomes logical for the acceptability of any product.

Affordability as a Challenge:

As being the major and sole element of marketing mix which earns revenue and the exchange value, the needed amount and the determinant of the market demand for the product.

Availability as a Challenge:

Making the product available has always been a critical task in the rural market.

Awareness as a Challenge:

Creating consumer awareness about the product and making it affordable for the rural customers will pay dividends only if the advertised products are available in the rural market.

The better understanding of rural market characteristics and rural people psyche will help the marketer to integrate the life of rural people more efficiently and effectively. As like an umbrella it will cover more and more rural customer and once it happens, may lead a faster growth of any marketer in rural market as discussed earlier that the FMCG market will be driven by the rural market.

Rural Marketing Mix –The HUL Way :

How far should a giant company go to understand poor customers in far away markets? How does such a company manage to sell its product profitably to hundreds of millions of people, dispersed and isolated, with hardly any disposable income to spend? How does it develop brand loyalty in markets where, for generations, people have chosen to buy the product that was cheapest or the items that a store actually had in stock — if they bought anything at all? These are the questions that occupy in the minds of high-level policy makers and marketers at most powerful global companies. HUL also considers these questions and try to formulate a policy that helps them in penetrating in the rural market. The Figure 3 : Depicts the various aspects of HUL rural marketing mix policy.

According a HUL spokesperson, rural India presents enormous potential for growth—both in terms of penetration and consumption across the categories it operates in. As a market leader, HUL has led this growth through its range of products and market innovation. Our portfolio—which includes premium brands for the affluent, value-for-money brands for middle-income consumers and affordable quality products for low-income consumers—provides us with a well-entrenched capability to leverage the opportunity in rural areas,” says the HUL spokesperson.

HUL observers say that the company’s objective to acquire greater customer centricity is based on innovation across products, pricing and even supply chain. “Everybody wants brands,” argues Keki Dadiseth, 55, who is in charge of home- and personal-care products worldwide and who is also a director of Hindustan Lever. “And there are a lot more poor people in the world than rich people. To be a global business and to have a global market share, you have to participate in all segments.

Figure 3 : HUL-Rural Marketing Mix Policies and Practices

Marketing Mix	Building Blocks	Policy	Practicing Tools	Objectives
Product	Delivering the new/modified utility oriented products.	Winning with brands and innovation: By reinventing and developing the distinctive new products with proven consumer benefits want that people	<ul style="list-style-type: none"> • Covering all sphere of human life. • Offering new/ modified utility oriented products. 	Integrating in the life of rural customers with the product by overcoming the Acceptability as a challenge.
Price	Pricing for inducement of more trial in low unit packaging with more customer value.	Winning in the market place: By reinventing the marketing with affordable innovations.	<ul style="list-style-type: none"> • Lower price point with low units packaging. 	Integrating in the life of rural customers with the price by overcoming the Affordability as a challenge.
Place	Hitting the hinterland for business and social objectives.	Winning with the people: By reinventing the selling business partners	<ul style="list-style-type: none"> • Direct and indirect coverage. Project Streamline. • Project Shakti 	Integrating in the life of rural customers with the place by overcoming the Availability as a challenge.
Promotion	Promoting for education /awareness in ruralised fashion with ruralised media vehicle.	Winning in the market place: By reinventing the marketing with responsible communication.	<ul style="list-style-type: none"> • Participation in fairs. • Grameenon Ke Beech, Lifebuoy Swasth Chetna and Khushiyon Ki Doli campaign. • Project Vani & Shakti. 	Integrating in the life of rural customers with the promotion by overcoming the Awareness as a challenge.

Source: Articulated by the author based on the information via. www.hul.co.in

1. Winning with Brands and Innovation: By reinventing and developing the distinctive new products with proven consumer benefits that people want :

Modified utility oriented products: Being a carbolic soap, the red brick was offering was used mainly for males. Lifebuoy active green now talks about HUL's favorite gamble ingredient .hoping to leverage herbal fad in the country, the soap talked of natural ingredients like Tulsi and Neem.

HUL made significant investments in quality up gradation by investing more than Rs 400 crores or 5 percent of the sales revenue from 2001 to 2005 for example; wheel was strengthened with enhanced fragrance to differentiate it in the discount segment, and as about 20-25 percent of the detergent soap can be melted white washing in running water, therefore, HUL developed soap with a coating on five sides, which saves 20 percent wastage even in a hostile user environment.

2. Winning in the Market Place: By reinventing the marketing with affordable innovations and responsible communication :

HUL found that retailers in villages cut the 100 gm lifebuoy soaps in to smaller pieces and sold to the villages. This promoted HUL to launch a 75 gm cake of lifebuoy for price sensitive consumers. In late 2003,

HUL introduced an 18 gm soap priced at Rs.2. The low priced and small size lifebuoy had a new packaging, similar to that of shampoo sachets and was sold in strips of twelve.

Low Units Packaging: It is very important to understand the psyche of rural people and modify the marketing mix accordingly so as to fit to cater to rural demographics. They do not have a big dwelling place, they might not have place for storage and many of them earn their wages daily so that they can't spend in buying bulk, the companies have taken up a strategic move. "The most popular concepts to hit the rural market have been sachets. Sachets meet the needs of rural consumers in several ways. Sachets are inexpensive, they occupy a small amount of space, and they allow consumers to experiment with new products that they may never have tried before".

HUL significantly changed the manner its brands were being presented at point of sale by replacing with stronger visuals, bolder and brighter colors with model making an emotive appeal directly to consumers.

HUL is tapping the rural markets with the intention of giving its rural consumers a chance to sample its brands with a 'difference'. Speaking to Business Line, Mr. Sudhanshu Vats, Vice President, Home Care and Skin Cleansing, HUL, said, "Deep down in India, the frequency of usage of FMCG categories is low. We want to drive consumption reaching out to the top villages in the top states. Our target is to reach out to 50,000-60,000 villages with experiential and educational campaigns for our brands." From giving demos on the germ kill proposition of Lifebuoy to the grease cutting technology behind its dish wash brand of Vim, HUL is showing live examples of what its brands can do for its rural consumers instead of simply thrusting it on them. With program such as Khushiyon Ki Doli (a palki or palanquin with LCD TVs and DVD player moves around the village to educate rural housewives about HUL brands).

Project I-Shakti : By the end of 2003, HUL pilot tested its latest information technology based rural marketing initiative, the project I-Shakti in Nalgonda district of Andhra Pradesh in association with the Andhra Pradesh Government's Rajiv Internet Village by installing net enabled computers in the home of Shakti dealers .

3. Winning with the people: By reinventing the selling business partners :

HUL evolved Project Shakti to reach areas of low access and low market potential. The company is creating demand for its products by having its Shakti dealers and educating consumers on aspects like health and hygiene.

Project Shakti will be our vehicle to deepen our rural reach to the entire rural India," MS Banga, chairman, HUL, told FE. HUL has married its rural penetration programme with Project Shakti to achieve better results, as coverage through the stockiest route will not be as.

Harish Manwani, chairman of HUL had said: "Encouraged by our rural initiative Project Shakti which is targeted at rural women, we are planning to launch of Shakti Man to help out men folk in rural belts."

HUL has shown the way to other companies producing fast moving consumer goods (FMCG) on how to penetrate the rural market. Intensifying its reach in the rural markets, HUL has decided to make its brands more 'experiential' in nature instead of merely making them available in these media dark markets. They have carried out one of the largest sampling exercises for this purpose to overcome barriers like lack of brand awareness, ignorance of product benefits and complete absence of any first-hand experience of usage. This development approach of rural marketing will not only create the much needed capacity to consume but will also develop emotional bond with the company and its brands with an intention of overcoming the challenges of rural market.

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