

Jagan Institute of Management Studies
End-Term Examination, September, 2016
Trimester IV – PGDM (RM) 2015-17

Rural & Social Marketing
ET_RM_RSM_2809

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

- Q 1** Attempt the following:
- a) Discuss reasons for Indian Marketers to focus on Rural India?
 - b) Define “Rural” in context of Rural Marketing?
 - c) Briefly explain the role of Government policy in promoting rural markets.
 - d) Rural consumer Markets have high disposable income as compared to Urban Consumers. Comment
 - e) Analyze briefly the challenges in taking a brand in the Rural Markets **15**
- Q 2** Discuss the various segmentation strategies adopted by Marketing managers of FMCG goods to launch their products in Rural Markets? **12**
- Q 3** From “4 Boondon wala UJALA” to DAAG AACHE hain, Rural Consumers have linked brands to not to just their performance? Explain the statement in Light of the role of advertising in Rural Markets? **12**
- Q 4** “Social Marketing is a good tool over traditional marketing approach
“Elucidate in light of use of social marketing principles of Marketing? **12**
- Q 5** Discuss in detail the various pricing strategies adopted by Marketers for success of their products in Rural Marketing? **12**
- Q 6** Explain the following in light of Rural Marketing:
- a) 7 p’s of Social Marketing.
 - b) 4 A’s of Rural Marketing. **12**
- Q 7** **Read the case and answer the questions given at the end.**
Hindustan Levers Limited --- Entering Rural Market
The case discusses the marketing initiatives undertaken by leading Indian FMCG Company Hindustan Lever Ltd. (HLL) to strengthen its consumer base in rural India. Various rural marketing initiatives

undertaken by the company during the 1990s to establish a strong network in the villages have been discussed in detail.

The case also discusses the concept of rural marketing and its characteristics in a developing country like India, highlighting the factors that enabled HLL to withstand the tough market conditions and become the market leader in several product categories in early 21st century. Determine the various issues involved in the marketing of an FMCG product from a MNC in rural areas and the role of promotional practices and advertising for the same. Industry observers also felt that HLL was at an advantage compared to most of its competitors - thanks to its consistent, pioneering efforts towards establishing well-entrenched distribution and marketing networks to reach the vast Indian rural masses.

Teaching People How to Wash Utensils!

In June 2002, the employees of Hindustan Lever Ltd. (HLL), a subsidiary of the fast moving consumer goods (FMCG) major Unilever and India's leading FMCG Company literally took to streets. The company was undertaking a promotional exercise in the rural areas of three states - Madhya Pradesh (MP), Bihar and Orissa for its utensil-cleansing bar, 'Vim.' A part of HLL's ongoing television (TV) campaign, 'Vim Khar Khar Challenge', the promotion drive involved company officials to visit rural towns and demonstrate how vessels are cleaned with Vim. Commenting on this, Sanjay Bhel, HLL's Marketing Manager, said, "For the purpose, we are educating the rural masses on the ongoing 'Vim Khar Khar Challenge' TV commercial by conducting live demonstrations about vessel cleaning

Our aim is to tap the growth rate of the Rs. 4 billion scouring bar market - although it has been growing at a rate of 15% per annum, since last year it has been decelerating." This exercise was just one of the numerous marketing drives undertaken by HLL over the decades to increase its penetration in the Indian rural markets. The company had, in fact, earned the distinction of becoming one of the few Indian companies that had tapped the country's vast rural population so extensively. It was therefore not mere coincidence that around 50% of its turnover came from rural markets.

With the penetration of their products reaching saturation levels in many urban markets, FMCG companies had to turn towards rural areas in order to sustain revenue growth and profitability. Since the disposable income in the hands of rural people had been increasing in the late-1990s and the early 21st century, it made Hindustan Lever - Rural Marketing Initiative. Industry observers also felt that HLL was at an advantage compared to most of its competitors - thanks to its consistent, pioneering efforts towards establishing well-entrenched

distribution and marketing networks to reach the vast Indian rural masses.

HLL's origins can be traced back to the England based company, 'William Hesketh Lever,' established in 1885 by Lever Brothers. The company entered India in 1888 through the export of its laundry soap 'Sunlight.' In 1930, the company merged with the Netherlands-based Margarine Unie, [an established player in India through the export of vanaspati (hydrogenated edible fat)] to form Unilever Ltd. in UK. The same year, the company established the Hindustan Manufacturing Company for production of edible oil. Initially, a majority of Unilever's revenues came from soaps and vanaspati.

In 1932, HLL's Vanaspati accounted for almost three-fourth of India's production of nearly 6,000 tonnes. In October 1933, Lever Brothers (India) Pvt., Ltd. (LBIL) was incorporated as a wholly owned subsidiary of Unilever. Two years later, United Traders was set up for import and distribution of toilet products. These three subsidiaries were merged in 1956 to form HLL. HLL offered 10% of its equity to the public by an initial public offer in the same year. In the late-1950s the company undertook modernization of its facilities. It also expanded its manufacturing capacity for vanaspathi by buying factories at Trichy (Tamilnadu), Shamnagar and Ghaziabad (near Delhi). By 1960, HLL's annual production of vanaspati had gone up to 3,36,00 tonnes. In 1961, HLL introduced 'Lux' soap in a range of colors. The 1960s-1970s witnessed a series of new product launches - 'Anik' (clarified butter, in the early-1960s), Sunsilk (shampoo, in 1964), 'Rin' (washing-bar, in 1969), 'Clinic' (shampoo, in 1971), and 'Liril' (bathing soap, in 1974).

In 1975, HLL entered the oral care market with a gel toothpaste called 'Close-Up.' In late-1970s, HLL set up 70 medium and small-scale factories in the rural areas for manufacturing soaps and detergent. The company also diversified into manufacturing chemicals and set up chemical plants at Haldia (Calcutta, West Bengal), Taloja (Maharashtra) and Jammu (Jammu and Kashmir)...

HLL Goes to the Villages

Traditionally, HLL used both wholesalers and retailers to penetrate the rural markets. A fleet of motor vans covered small towns and villages. These vans induced retailers to stock HLL products and display advertising material in their shops. In many towns, there were redistribution stockists who carried bulk stocks and serviced retailers. There were some 7,000 redistribution stockists who served over a million retail outlets. In the late-1990s, HLL realized that despite its pioneering efforts to expand its rural consumer base, a large part of the

market remained untapped. Thus, the company set itself a target of contacting 16 million new village households by 1999.

This was to be achieved by strongly focusing on the sales, marketing, and production of the 'Power Brands' in the rural markets. HLL adopted a phased approach in order to meet its target and decided to address the key issues related to availability, awareness and overcoming prevalent attitudes and habits of rural consumers.

Penetrative pricing was also an important factor that was addressed. One of HLL's initial initiatives was in the form of 'Project Streamline' that was introduced in select states of the country in 1998. Project Streamline addressed the problems of the rural distribution system, to enhance HLL's control on the rural supply chain as well as to increase the number of rural retail outlets from 50,000 in 1998 to 100,000 in a time span of one year...

Staying on in the Villages

Continuing its focus on rural areas, HLL launched a massive rural campaign to reposition one of its leading brands, Lifebuoy, in February 2002. Lifebuoy was the single largest soap brand in rural India with 20 lakh soaps sold every year and had an estimated value of Rs 5 billion. The re-launch of 107-year-old Lifebuoy was primarily done to increase growth in the sluggish soap market. Commenting on this Category Head, Mass Market Soaps and Detergents, Sanjay Dube said, "It is the biggest and comprehensive re-launch of any of our brands."...

STRATEGIES ADOPTED BY: HINDUSTAN LEVER LIMITED

1. **EMPOWERMENT OF WOMEN** (creating income generating opportunities for women) PROJECT SHAKTI, their rural initiative, seeks to empower underprivileged rural women by providing them the opportunity to generate income. But as importantly, what it provides them is new found dignity and self-respect.

Supported by micro credit, these women form self-help groups and HLL'S rural direct-to-home distributors. This in turn helps them increase their reach, penetration and competition with rural consumers. This initiative has so far benefited women in 4750 villages in Andhra Pradesh, Karnataka and Gujarat touching about 7.5 million rural people. It has been widely supported by various developmental bodies and the government.

Their vision is to change the lives of women in one-lakh villages by making them shakti dealers. This provides economic opportunities for the underprivileged while creating a distribution and communication channel for our brands to access untapped rural markets with a consumer base of over 100 million Indians.

2. **REHABILITATION** (helping the underprivileged and specially

challenged children lead a normal life)

ASHA DAAN in Mumbai is a home for poorest of the poor. Managed by the missionaries of charity, it is actively supported by and operates from premises given by us. It has been home to over 20,000 people since 1976. It provides care and compassion as well as food, shelter and medication to the homeless, sick, infants and HIV+ patients.

ANKUR in Doomdooma plantations - Assam, KAPPAGAM and ANBAGGAM in their Tamil Nadu plantations are aimed at physically and mentally challenged children. The projects provide educational, therapeutic, vocational and recreational inputs which help the children to be self-reliant and engage in some fruitful occupation.

3. **INTEGRATED RURAL DEVELOPMENT** (improving the quality of life in backward areas)

Providing development opportunities in backward areas is an important part of our philosophy. 28 of their plants are located in the most underdeveloped regions of India spread across 11 political states. Apart from providing local employment they have also made efforts in the development of surrounding villages through their Integrated Rural Development program.

Communities in over 500 backward villages adjacent to our plants in locations like ETAH and ORAI in Uttar Pradesh have benefited through IRD their initiative span adult literacy, animal husbandry, modern farming, infrastructure development, education and medical care.

IRD is also an internal part of our business leadership training program, enabling every trainee to get an in-depth understanding of rural lifestyles, conditions, opportunities and challenges. Their involvement through this has made all their managers more sensitive to the needs and aspirations of rural area.

Questions:

- a) Develop a rural promotion campaign for HUL products to target the rural markets? 6
- b) Devise a Social Marketing Campaign covering all aspects of Social Marketing Program? 8
- c) In the light of STP, suggest a new positioning strategy for HUL New Lifebuoy? 5
