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RAMESH PATHANIA/MINT



Added income: Gita Devi became a Shakti amma three years ago.

CASE STUDY-1

Mother of all rural marketing schemes

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KHURRAMPUR, UTTAR PRADESH

What worries Gita Devi most about her business is not the economic slowdown but the tea that her neighbours are drinking. "They're drinking City Gold and Tata Tea," she tells Dharmender Mishra, her supervisor. "And they sing their praises. Why don't they like Brooke Bond then?"

"Maybe we should plan a tea party for them," Mishra says.

"Maybe," Gita Devi replies, looking uncertain.



**BHARAT
SHINING**

"We'll do the tea party—we'll do some sampling and a demonstration," Mishra says, reassuring her.

It's important for Gita Devi that her neighbours drink Brooke Bond. Gita Devi is Hindustan Unilever Ltd's (HUL's) chief salesperson for her village of Khurrampur and the nearby

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Mother of all rural marketing schemes

village of Shalimarbad, and one of at least 45,000 village entrepreneurs enrolled in Project Shakti, the rural marketing initiative of the country's biggest home products maker.

If the neighbours of all those entrepreneurs—or Shakti *ammās* (literally, “mother”, a respectful way to address women), as they're called—drink Brooke Bond, bathe with Lifebuoy and plump for HUL's other consumer goods, it will bear out Project Shakti's promise: to cultivate the vast markets of rural India, sourcing saleswomen from the very villages that it hopes to tap.

Project Shakti was launched in Andhra Pradesh's Nalgonda district in 2001, and it has swept the country with such success that Anglo-Dutch multinational firm **Unilever** is now customizing it to rural markets in Sri Lanka, Bangladesh and Vietnam. In 15 states, it has worked with self-help groups and non-governmental organizations to identify underprivileged women and train them to be saleswomen. Its timing has been fortunate: Its operational run has coincided almost exactly with a decade-long rise in rural India's purchasing power, the last two years yielding a particularly rapid rate of growth.

Nurturing rural markets

Analysts agree that rural markets will prove more resilient to the simmering global economic trouble. “Compared to last year, rural FMCG sales have grown at 6-8% over the last couple of months, while urban sales have grown at 4%,” says Debashish Mukherjee, a principal at AT Kearney in New Delhi. “For many of these FMCG companies, rural markets contribute 40-50% of revenues, which is very impressive.”

HUL is one of the few companies that could have pulled off Project Shakti, says Pradeep Lokhande, founder of **Rural Relations**, a consumer relations firm.

“It was possible because they have a basket of products to sell,” he says. “Another issue is cost—HUL has small packs, and they can push that so that the rural consumer can afford it.” (HUL says it does not track Project Shakti's contribution to its profits, although a spokesperson says that it has “played an important role in growing rural markets for HUL”).

On average, a Shakti *amma* records monthly sales of Rs10,000,

on which she earns Rs600-800; those earnings come out of a 3% discount that HUL gives her on its products, as well as a trade margin of approximately 10%. A really outstanding Shakti *amma*—a Diamond Shakti *amma*—can even book Rs30,000-40,000 of sales every month, often turning her house into an HUL store.

The ideal Shakti *amma* candidate is probably Rojamma, the woman from an Andhra Pradesh village who stars in her own 6-minute film on the HUL website. Abandoned by her husband, and with two young daughters to raise, Rojamma was rescued from that cinematically dire life by Project Shakti. “Everybody knows me, I am someone now,” a voice-over says on her behalf, “And I can have big dreams.”

Gita Devi's situation wasn't quite as precarious when she became an *amma* three years ago; her husband drives a tractor, and she joined to supplement that income and to better care for her five daughters and



one son.

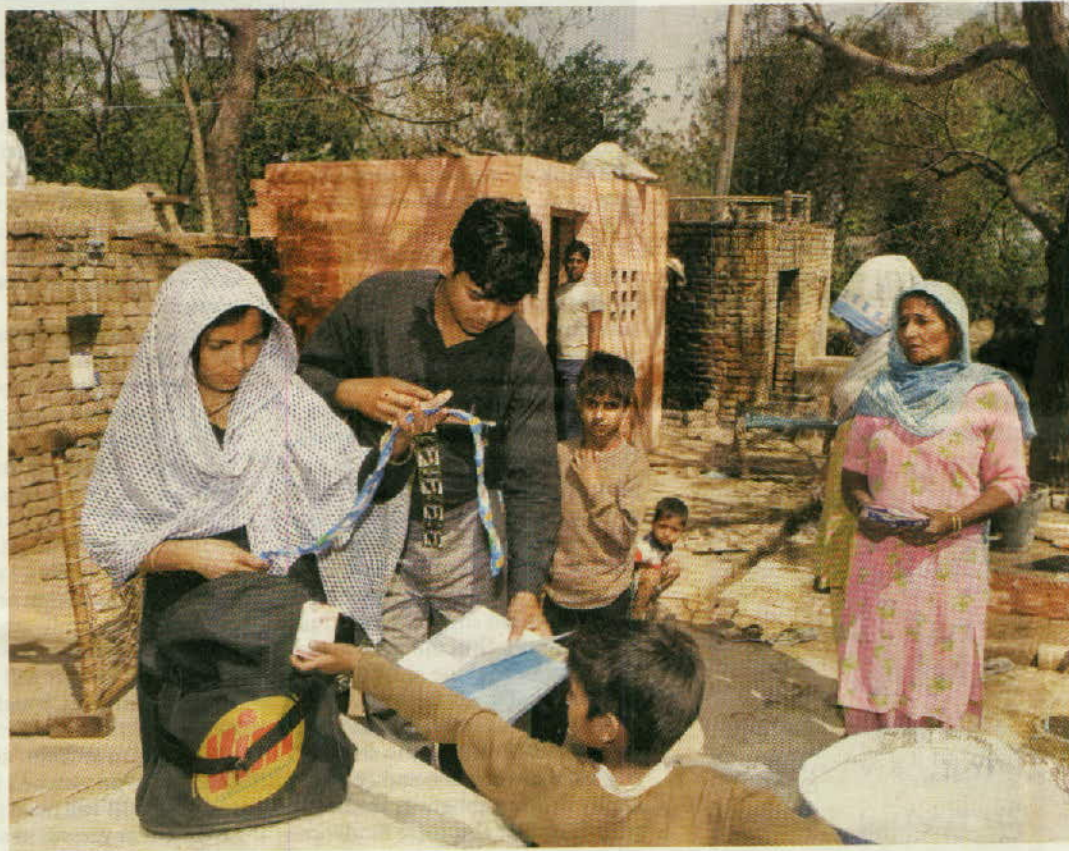
“I was able to pay for my daughter's sewing classes,” she says, indicating a girl who, ill with typhoid and hooked up to an intravenous line, smiles feebly from a bed. “I also bought that televi-

sion,” she adds, pointing to a set perched high in one corner, above a poster for the Mimoh Chakraborty film *Jimmy*.

Home-to-home

In a room at the back, next to portraits of assorted deities and another, smaller poster of *Jimmy*, is Gita Devi's stock of HUL products: soaps, shampoos, washing powder, lotions and creams. “I sell regularly to 70 houses in this village, and 50 houses in the next, so I visit those home-to-home once a week,” she says. “Otherwise, I go out for an hour every morning to new houses...to convince them not to buy from anywhere else.”

This routine would ordinarily be inefficient and time-consuming, but in a village where the Shakti *amma* knows everybody—knows what they can afford to buy and when they buy—and where everybody knows her, the inefficiencies fall away. “I can just go up on my roof and call out to Gita Devi, and she'll come over and give me what I want,” says Krishna Sharma, a housewife next door.



Show and tell: (above) Roshni, a Shakti amma from Dhindaar village in Uttar Pradesh, says sales of Fair & Lovely improved after she conducted a seminar to show her customers the right way to apply the cream; and (left) Shakti ammas go from home to home selling HUL products.

Earlier, Sharma made the trek to Muradnagar, at least 12km away, to shop. "There were small *kirana* stores in this village, but they had no range," she says. "They didn't have this, for instance"—she pulls a Pears soap bar out of Gita Devi's bag—"or this"—iodized salt.

Every 15 days, on such visits,

Gita Devi is accompanied by Mishra, who as a Shakti trainer helps his wards pitch HUL to prospective customers. Mishra supervises 25 Shakti *ammass*, helping them keep records, listening to their problems, and liaising with rural distributors; he and 40-odd other trainers are managed, in turn, by one of Uttar Pradesh's 14 rural sales officers. Gita Devi is thus FMCG's equivalent of last-mile connectivity.

Mishra's rural sales officer, P.K. Aggarwal, lives in Ghaziabad but makes village runs nearly every day, monitoring the network of Shakti trainers and *ammass* under him. Earlier, he worked with Project Shakti in eastern and central Uttar Pradesh, and he calls the state's western segment "far better off".

"The average income of a family in this belt is around Rs3,000 per month, and I've seen that rise by 6% or 7% in the last year and a half," Aggarwal says, adding that four out of every five of the villages' households are engaged in some way in wheat cultivation. Ghaziabad is one of the state's most prosperous districts, a sign of which is that the number of households in the district demanding employment under the National Rural Employment Guarantee Act is one of the three lowest in Uttar Pradesh.

Not cheap

To do business in rural India is not a cheap alternative. Apart from orienting an urban-centric

supply chain to access smaller villages, companies have to accept that rural consumers often have illogical or impenetrable loyalties. "Rural consumers are a more sensitive to getting value for their money, especially with consumer goods," Lokhande says. "Now a secondary school student is an opinion leader. He knows what he wants, and his parents will listen to him."

HUL learned very early that Shakti *ammass* should be encouraged to sell to retail shops as well as homes if they were to feel optimistic about their earning potential. "We also advise our Shakti *ammass* not to sell on credit," says Prashant Jain, an area sales and customer manager for central Uttar Pradesh (rural) with HUL. "Recovery is sometimes difficult, because many of these customers are also relatives or known to her in the village, so they feel embarrassed to ask for money. So we advise them to sell (for) cash only."

Another lesson rose out of Project Shakti's logistics. Jain describes how HUL initially thought it viable to only target villages with a population of 2,000 or more, how market strategists sat down with census lists, and how *ammass* were found in those selected villages and started off with a minimum of Rs10,000 worth of stock.

When HUL started delivering stock to these *ammass* twice a month, however, it realized that it was also in its best interests to cultivate Shakti *ammass* in the villages

that lay along that route, however small they were. "Even if we are just dropping off stock worth Rs1,000 or Rs2,000 at these villages on the way, it makes economic sense," Jain says.

Unorthodox solutions

Some of the *ammass*' problems require unorthodox solutions. Last year, Roshni, a Shakti *amma* in a neighbouring village called Dhindaar, found that her customers were dissatisfied with the effects of the Fair & Lovely she sold them. So she organized a seminar devoted to showing the women the correct way to use Fair & Lovely—what her Shakti trainer, Jitendra Kumar, calls the "aath ka funda", the method of daubing spots of the cream in a figure of eight on the face, and then massaging it in. "And now it sells much better," Roshni says.

The Fair & Lovely seminar was similar to the tea party that Gita Devi and Mishra are planning for Khurrampur—a marketing event to help persuade their audience to buy Brooke Bond tea. It's a sound idea, although Jain admits that to replicate such events across a state as large as Uttar Pradesh can prove costly, and the returns are not always commensurate with that expense.

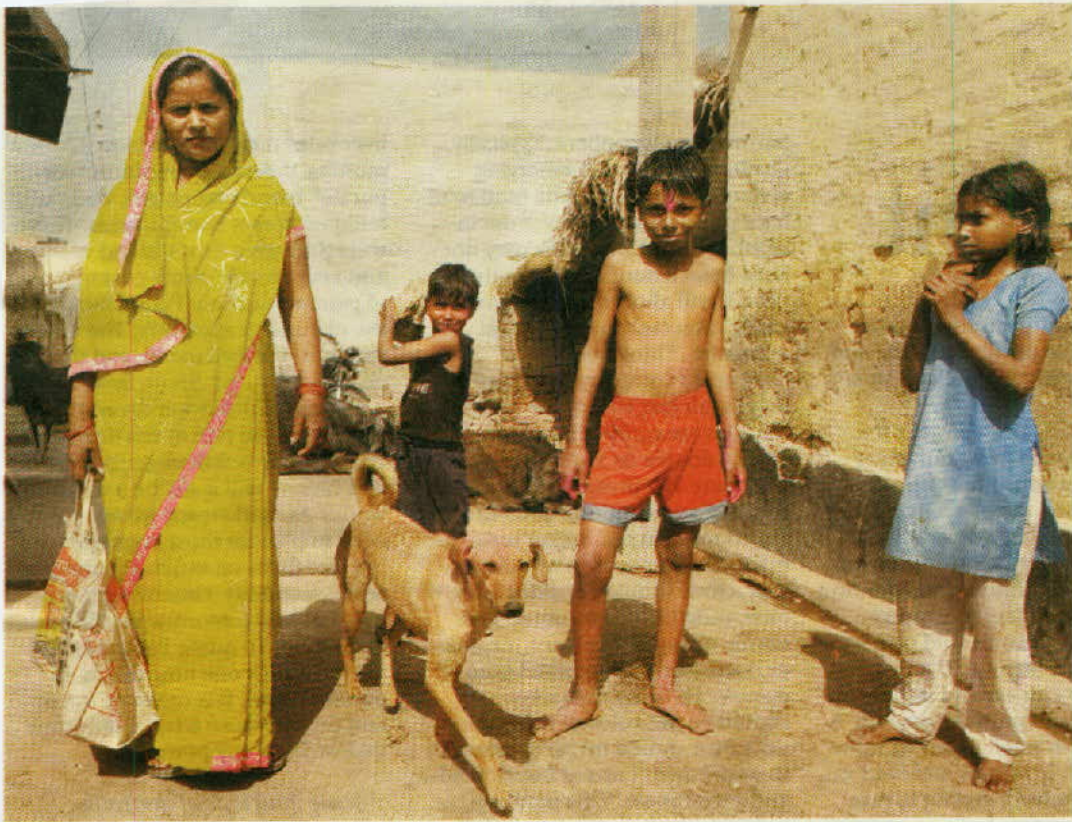
"But, more importantly, as a businesswoman, she needs marketing support. Having given her the business, it is my duty to give her the marketing support she needs as well," Jain says. "The good thing is that she's coming out and asking for it—she's not passive, she wants to actively sell. That's the most heartening part of it all."

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Girl power

For a first-hand account of how Project Shakti works, log on to www.livemint.com/shakti.htm



Making the rounds: *Gita Devi, HUL's chief salesperson for her village of Khurrampur and the nearby village of Shalimarbad in Uttar Pradesh, is one of at least 45,000 village entrepreneurs enrolled in Project Shakti.*

