

IMPACT OF INNOVATIONS IN RURAL MARKETING: A CASE STUDY OF HUL

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Abstract *The applications of principles of creativity and processes of innovation are the causes of effectiveness in marketing. Innovation is defined as exploiting new ideas leading to the creation of a new product, process or service. Another way of putting this is that an innovation lowers the costs and/or increases the benefits of a task. A wildly successful innovation increases the benefits-to-costs ratio. The innovation in rural marketing is brought by significant changes in the marketing mixes and four A's. Innovative marketing of products is about leveraging the marketing mix, namely the four P's: Product (Design and Packaging), Price, Place, and Promotion in ways that has not been before by the organization implementing the innovations. Rural marketing is customisation of the products as per the requirement of rural consumers to create, deliver, and communicate value to customers. The standard of living, rate of consumption for the rural consumer is entirely different from the urban consumer. Various consumer goods companies have customised their prices and pack sizes for penetrating the rural market. For instance CavinKare's Chic shampoo sachet @ Re 1 has brought revolution in rural marketing. To develop a product to suit the rural scenario, companies came up with special rural products, like battery free radio by Phillips, Sampoorna TV by LG, chotta haathi, Tata Ace by Tata and so on.*

HUL truly exemplifies in the innovation of rural products like Chic shampoo etc. The impacts of the rural marketing on rural consumers have been cited in this case.

Keywords: *Innovation, Promotion, FMCG, Benefit-to-cost*

INTRODUCTION

Successful firms have come up with novel ideas right from designing rurally relevant products to focused communications. Product development for rural context has been a common feature of many successful companies. Be it soaps and detergents which are effective in rural waters (literally) or mobile phones that can weather dust and sweat, companies like HUL & Nokia have delivered products that hit home in the rural markets. Another case in point would be CavinKare: its shampoo brand Chic is the second largest shampoo brand in India mostly due to its strong grip on the rural territory. When it comes to marketing communications, many companies have come up with culturally relevant campaigns. LIC used puppet shows to educate the masses about life insurance policies. Coca Cola ran the 'Parivartan' programme for penetrating in rural retail market and Eveready conducted light shows in the breaks to spread the word about its product. HUL ran Lifebuoy's Swasthya Chetna Campaign in rural villages and unique multi brand initiative 'Khushiyon ki Doli' in five states. 40% of total consumer products of HUL are consumed in the fast growing markets of rural India.

HUL has been pioneer in developing rural markets through affordable brands and an unparalleled distribution reach. HUL has been developing innovative models for the enhancement of consumer products usage in rural India. The models like Sustaining sourcing, Enhancing livelihoods and Health and well-being. Under Sustaining Sourcing model, HUL is working with small holder tomato farmers in few states to help them adopt sustainable agricultural practices. The programme focuses on improving soil fertility, water management, and pest control. The use of drip irrigation has not only reduced water consumption and improved yields, but also reduced fertilizer and pesticide use. In 2011, 60% of tomatoes used in Kissan Ketchup in India were from sustainable sources. (Source: www.hul.co.in)

Under Sustainable Living plan, HUL is making a positive social impact. A great example of this is Project Shakti, a unique win-win initiative that has created income generating opportunities for 45,000 rural impoverished women (Shakti Ammas) and has also helped to increase the rural distribution of the Company. Project Shakti is an excellent example of 'doing well by doing good'. More recently, HUL is collaborating with the State Bank of India to bring financial inclusion to rural India. Shakti Ammas are acting as banking agents and providing basic financial services in villages

Descriptives

Rating of Model								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Sustaining Sourcing	40	5.9500	1.64784	.26055	5.4230	6.4770	4.00	8.00
Enhancing livelihood	40	5.9000	1.44648	.22871	5.4374	6.3626	4.00	9.00
Health and well-being	40	5.7000	1.06699	.16871	5.3588	6.0412	4.00	8.00
Total	120	5.8500	1.40018	.12782	5.5969	6.1031	4.00	9.00

ANOVA					
Rating of Model					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.400	2	.700	.353	.703
Within Groups	231.900	117	1.982		
Total	233.300	119			

where bank branches don't exist. This is currently a pilot project in Karnataka and Maharashtra and will be scaled up across the country once the pilot meets its action standards. (Source: www.hul.co.in)

Under Health and Well-being plan, Hindustan Unilever is leveraging innovation to address the whole area of safe drinking water, which is a big issue in rural India. The Pureit innovation addresses one of the biggest technological challenges – that of making safe drinking water available without the need for electricity or continuous tap water supply. The launch of Pureit sachet will help in a big way to make safe drinking water accessible and affordable to millions of consumers in India. (Source: www.hul.co.in)

The explosion in rural consumption and growing competition for scarce resources has really created demand for companies to adopt collaborative model for rural development. All stakeholders – government, NGOs, civil societies and corporate – have a role in enabling this growth while overcoming the attendant challenges. With the right kind of partnerships they can address the challenges of Indian rural market by finding innovative solutions and build on the opportunities. Despite rural market challenges like low literacy rate, resistance to change, seasonal demand, lack of infrastructure facilities and proper warehousing facility, threat of spurious products, HUL has been pioneer in developing rural markets through its innovative marketing strategies. Its distribution network directly reaches nearly 1.3 lakh villages and provides direct and indirect employment to thousands of people.

OBJECTIVES OF RESEARCH

1. To identify the models of innovations for marketing of HUL's consumer products in rural India.
2. To analyze the impact of these models among rural consumers for HUL's growth in rural India.

LITERATURE REVIEW

R.V. Badi and N.V. Badi (2004) are of the opinion that rural market development in India will help the process of activating factors of production leading to higher rate of economic growth, dispersal of economic activities, development of rural and tribal areas, employment opportunities, improvement of living standards of rural masses by empowerment and their active involvement in the process of growth. During recent times, some companies and organisations have implemented innovative projects to tap the rural market and deliver value added services to the doorsteps of the rural people through Internet-based marketing initiatives. Suvadip Chakraborty (2010). Coming up with some innovative techniques in distribution, and marketing of products in rural India, can make these companies to earn greater profits, market share etc. (Hagargi, 2011)

Bearing in mind that the rural market functions in highly complex environment, it is important for the marketers to formulate tailored strategies for rural areas. (Joshi, 2011)

As the primitive urban market required some breakthrough innovation to expedite the process of development, this market also calls for some properly chalked out, relevant

and path breaking innovations. Being on a different plane of market evolution, the taste, preferences, wants, and likings of the Indian rural market are markedly different from those of the Indian urban market. (Chattopadhyay, 2011)

Technology is going to make a huge difference to the way we look at rural India. The process has started and in the next few years there will be more progress in this area. (Goel, 2011)

“Rural marketing, as of now, is all about seeding the markets, creating awareness about brands and promoting a culture for consumption.” said Sharat Dhall, one of the persons who spent a lot of time in effective implementation of HUL’s rural initiative, Project Shakti. (Dixit, 2011)

METHODOLOGY

The size of the sample is 120 and the areas of sampling are villages of Nasik in Maharashtra. The type of sampling is convenience sampling. Sample has been collected from rural areas of Nasik in Maharashtra. The analytical tool used is SPSS 20. The respondents were interviewed and questionnaire was administered to them. The Anova one way is used for data analysis.

RESEARCH DESIGN

The null and alternate hypothesis are given as follows-

H0- The rural marketing models of HUL have significant impact on rural consumption.

H1- The rural marketing models of HUL have no significant impact on rural consumption.

DATA ANALYSIS

The three models identified which have been developed for rural India are- Sustaining sourcing, Enhancing livelihoods and Health and well-being.

The significant value of F derived is $.353 > .05$ which shows that null hypothesis is accepted. The models used by HUL have a significant impact on rural consumption. The types of models that HUL provides to its rural customers have significant impact on their consumption. HUL is getting unprecedented acceptance in their implementation of models in rural villages of various districts in India.

RESULTS

The different innovative plans used by HUL for increasing the rural consumption are proved to be effective. The initiatives help in creating a sustainable, scalable, and cost effective model to reach villages and to create a communication

package for rural India, which enables behaviour change in favour of soap usage. The i-Shakti service is an extension of HUL’s Project Shakti, which creates income-generating capabilities for underprivileged rural women by providing a sustainable micro enterprise opportunity, and to improve rural living standards through health and hygiene awareness.

CONCLUSION AND IMPLICATIONS

This is true that the challenges of transforming rural India are agriculture, rural employment, and employability as well as human development. HUL is engaged in rural development in association with NGOs and government agencies like NABARD etc. in various states like Maharashtra, Andhra Pradesh, Tamil Nadu, Karnataka, Madhya Pradesh and Gujarat for the various projects undertaken by them. HUL has earmarked several initiatives for enhancing the standards of rural consumers and received awards for them in this year. The corporates must come up with effective strategies for increasing the rural consumption and rural development.

LIMITATIONS

The size of the sample was limited to 120 due to shortage of time. The villages in Maharashtra undertaken for study could be explored further for more analysis.

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