

Shaktimaans To Power Rural Reach

by [Vikas Mohapatra](#) on August 16th 2010 and filled under [Retail and Merchandising \(General\)](#)

Forty-two-year-old Sudharkar Sahoo is a farmer in Sarapari village in Orissa's Khurda district. Till a few months back, he used to till land for a part of the day and had nothing to do for the rest. Financially, Sudharkar's family of four was not overstretched considering that his wife, Suprabha, too, earned an income. Being a 'shakti amma', Suprabha was an entrepreneur distributing consumer products for multinational giant Hindustan Unilever (HUL). Now, Sudharkar's family income is about to more than double as he has been picked up for a specific task by the maker of Lux soap and Wheel detergent. The company is utilising the skills of the likes of Sudharkar to distribute its products in remote villages which have a demand for such products, but don't have a distribution network. Sudharkar must be happy that the hike in income will take his family closer to the comfort zone. What he may not be aware of is the importance of the role he is about to play in a mission that is going to triple HUL's rural reach in a year's time. He is among the first lot of 'shaktimaans' who have been roped in by HUL to fulfil its ambition of reaching villages with population of less than 2,000 and are beyond the reach of the company's redistribution stockists (RS). Every day, Sudharkar sets out on a bicycle which has been provided by HUL for him to commute to villages to distribute products and sachets of popular brands like Wheel, Lifebuoy, Pond's, Brooke Bond, among others, to aspiring consumers. Earlier, these consumers had to satisfy their needs by purchasing products from nearby villages where the company has direct distribution. Now, their needs will be met in their own villages by the visiting shaktimaans. In May, HUL chairman Harish Manwani had said that the company would treble its rural reach in two years. It was considered an audacious target by many industry observers and analysts tracking the company. "What we are going to do in the next two years (trebling rural distribution) is what we have achieved in the last 25 years," Manwani had said, adding that there was a business plan and that the distribution reach would bring in more sales. Though details were not disclosed, it was clear that the efforts would eventually shore up HUL's sales in the future. TOI now learns that the daunting task of increasing the rural reach by three times is expected to be completed within a year. To begin with, HUL has completed a pilot in Orissa, which has 50,000 villages where 1,500 shaktimaans like Sudharkar are already operational. They cover 25,000-odd outlets, with each shaktimaan covering 5-6 villages in his vicinity. Says Hemant Bakshi, executive director, sales and customer development, HUL: "One of the main triggers for the move was that there's now better connectivity in the form of roads and infrastructure to remote villages across India. Earlier, it was impossible to penetrate these areas. Last year, we looked at what we could do to bring about the next big leap in rural coverage. This year, we are putting it into action." HUL is extending the Orissa shaktimaan model to other states. In the next couple of months, the company would rope in 25,000 shaktimaans across villages in India, covering about 1.5 lakh villages, which would triple its reach in a year. This means that HUL would achieve 100% coverage across villages. The company has drawn up a blueprint of all the 6 lakh villages in India through digital mapping. HUL already reaches 63 lakh outlets, of which 10 lakh are reached directly through van operations and RS. Of the 10 lakh outlets, 2.5 lakh are in rural areas, where the company reaches directly. The plan is to add 5 lakh outlets to take

the coverage in rural areas to 7.5 lakh. In addition to the shaktimaans, the company is also increasing, wherever possible, its direct reach, but only in villages where the population is above 2,000. Of the five lakh, 2.5 lakh will be direct reach outlets. "It was decided that in villages where the population is 2,000-plus, we would continue to reach through our direct van operations and RS. But to reach the population strata below 2,000, we are using unconventional means (sic). That's where shaktimaans come in," said Bakshi. Who is a shaktimaan? A shaktimaan is a male member of a shakti entrepreneur family. In 2000, HUL collaborated with self-help groups to expand its rural reach under project shakti. It partnered women entrepreneurs called shakti ammas from rural areas of Andhra Pradesh and 14 other states by offering them opportunities for business. HUL soon figured out that the menfolk from shakti households, who would by now be familiar with the operations and product range of the company, could be used for the next leap – to reach villages with a population of less than 2,000. They have been christened shaktimaans. Rural distribution system Almost all FMCG companies have been following the hub-and-spoke method of reaching out directly to rural areas. This involves a carrying and forwarding (C&F) agent who would supply products to the distributor who, in turn, would supply to the star seller and then to the rural outlets which sell goods to consumers. The hub-and-spoke method was dismantled by HUL last year across India, barring two states as connectivity to rural areas improved. The company has done away with star sellers and now it is the RS who takes the supplies from C&Fs directly to retail outlets. Each RS is responsible for 20 shaktimaans. Impact on HUL's sales Around 45% of HUL's sales turnover of Rs 17,524 crore comes from rural markets, valued at around Rs 8,000 crore. "Growth will come eventually," says Bakshi, when asked how project shaktimaan would drive the company's sales in the future. With roughly 70% of India's population residing in rural areas, FMCG companies cannot ignore this market for long. Like ITC, HUL and several others like Godrej Consumer Products (GCPL) too have already started to make a concerted effort to build their rural presence by increasing their reach in villages by 70%. GCPL added over 6,000 villages to its coverage last financial year. It's a matter of time before other FMCG companies follow suit.