

Rural marketing strategy by colgate



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One can conclude that a tremendous opportunity lies in the oral care market in rural India. The Accentuate report gives several indications, including increase in recruitment prices resulting in greater purchasing power of rural population allowing consumers to buy discretionary goods. Between 2009 and 2012, spending in rural India reached US\$69 billion, significantly higher than the US\$55 billion spent by urban populations. Rural India accounts for about 50 percent of Indian's GDP and nearly 70 percent of Indian's population.

Colgate adopted the following marketing strategies for their low end product, Cabala Top through which they entered rural segment: 1. ' Sampans – Promotion Strategy Sampans – a specialist in rural advertising, was hired by Colgate to promote their reduce in the Indian hinterland. Main techniques used were door to door selling and use of publicity vans called AN vans. These vans were placed at strategic areas on specific market days of different villages in order to access a wider audience.

Local salesmen to breach the communication barrier, showcasing of educational films on oral hygiene were additional measures undertaken by Sampans. The major thrust of promotion was through schools and was in line with Colgate's school dental education plan in collaboration with the Indian Dental Association called "Smiling India, Bright Smiles, Bright Futures" 2. Van Model – Distribution Strategy Colgate demanded its distributors to be ' Interlined', I. E. Billing information should be computerized through the company software only.

They distribute the product to wholesaler and retailer in the assigned rural area. The distributors are given instructions by the company regarding the frequency of visit to be made by the vans to a particular town. An average subsidy of 4% per Van, is offered to the distributors based on their sales. Distributor's vans take orders from the wholesalers and retailers on their route and deliver the same on their next scheduled visit. The company gives an initial 5% discount to its distributors, who are asked to provide 10% discount to the wholesalers and retailers.

The loss incurred by the distributors is then reimbursed by the company. Thus overall, in order to attract distributor, the company gives extra 10% reimbursement credit on the price of goods sold to wholesalers & retailers apart from 5% initial discount. And the wholesalers and retailers avail the margin of approx 15%. 3. RSI 8 Strategy: Colgate-Palmolive (India) Ltd. Launched Cabala Top at an affordable price point of RSI. 8 which was an instant hit, with Cabala Top garnering a 5. Per cent share of the rural market. Cabala targeted the low price segment that accounted for around 25% of total category volumes.

Colgate Cabala caters to low economy segment as a competitor to brands like Balboa, Anchor etc. Consumers preferred Cabala because of the low rates, flexibility and quality assurance. Moreover, as population and purchasing power of the individuals are increasing there is increased market for toothpaste industry. Apart from the above mentioned strategies, Colgate also decreased their expense on advertisement. Despite low sales in the years 03-05, the company experienced increased net profit by decreasing their expenses on advertisement.