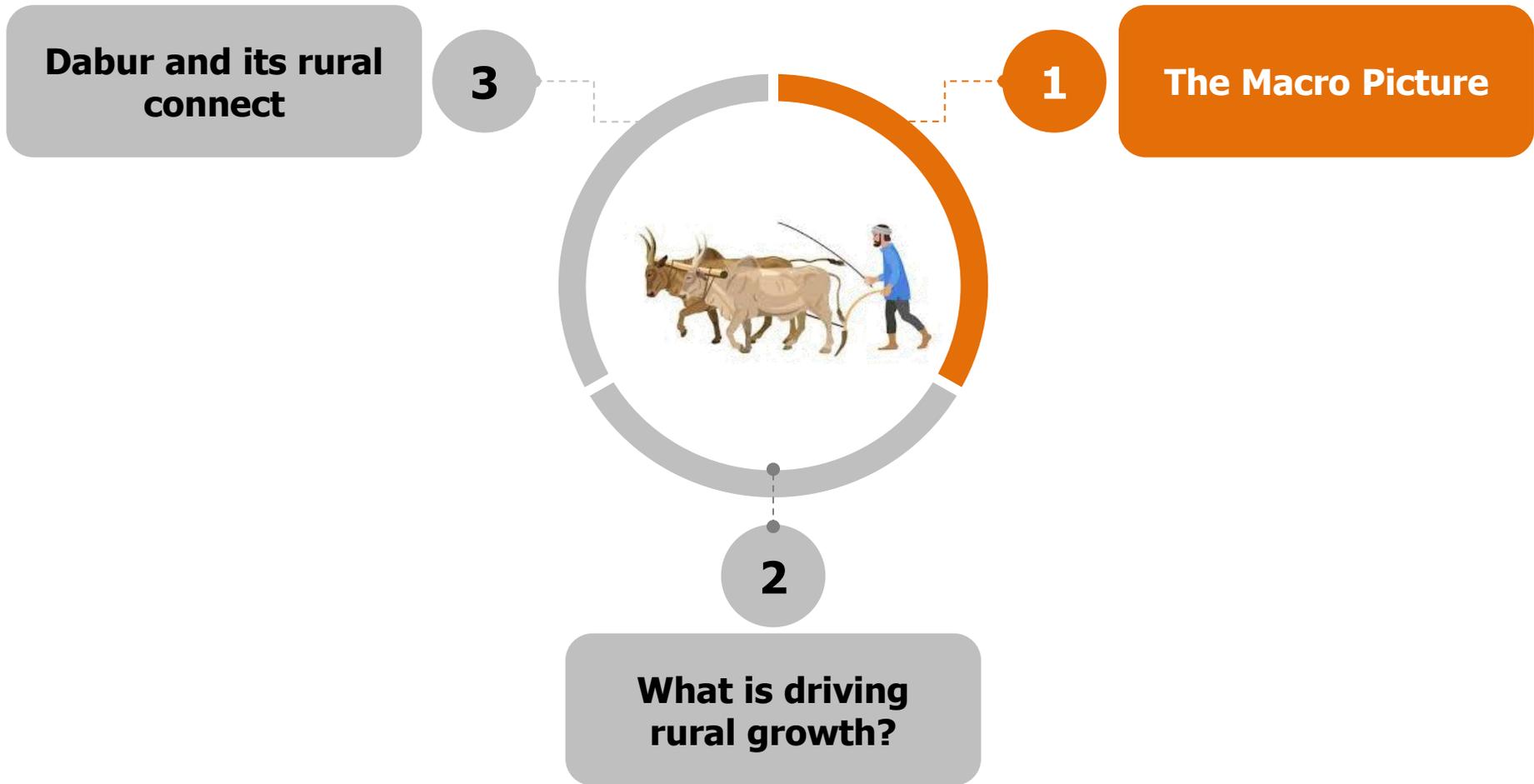




The Opportunity called 'Rural India'

By:
Sunil Duggal
CEO, Dabur India Limited





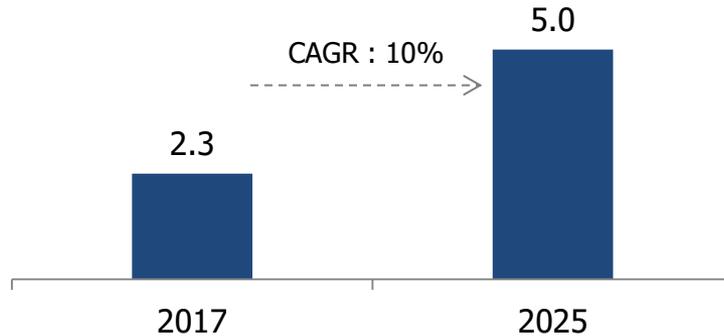
India is the fastest growing economy in the world



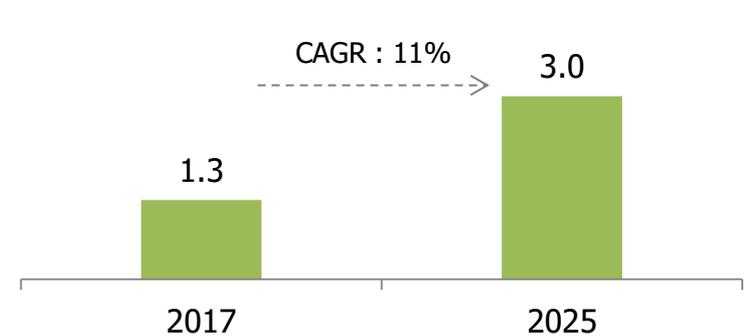
The Big Macro Picture

Consumption to surge ~2.5x by 2025

India's GDP (US\$ tn)



Consumption in India (US\$ tn)



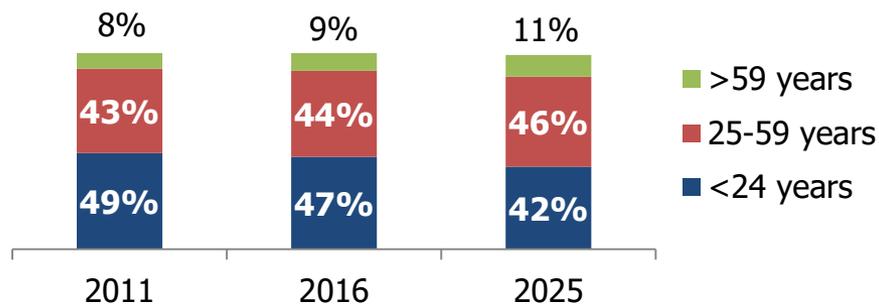
- Over the next 8 years, India's GDP is expected to scale up to US\$ 5 trillion
- Springboard of this growth will be the 3 Ds
 - **Demography:** India will add around 100 million people to its labour force over the next decade
 - **Debt:** Household leverage is too low, lot of headroom for it to rise
 - **Deregulation:** Building state capacity, Enabling Corporates, Empowering Households

FMCG : Drivers of growth



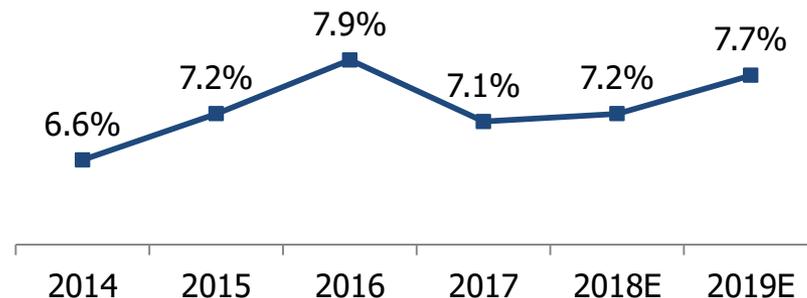
The great demographic dividend

India's demographic mix %



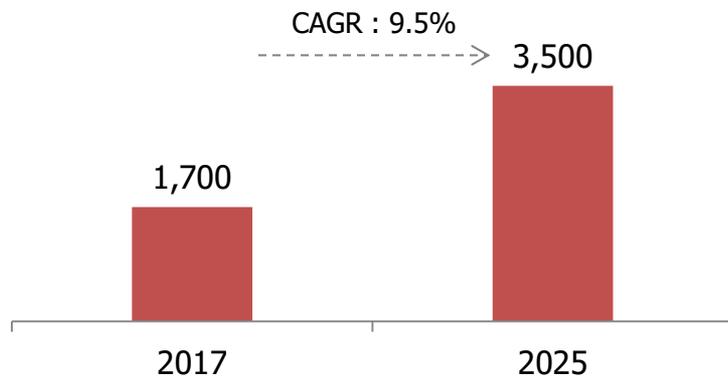
GDP growing at a good clip

GDP Growth Rate



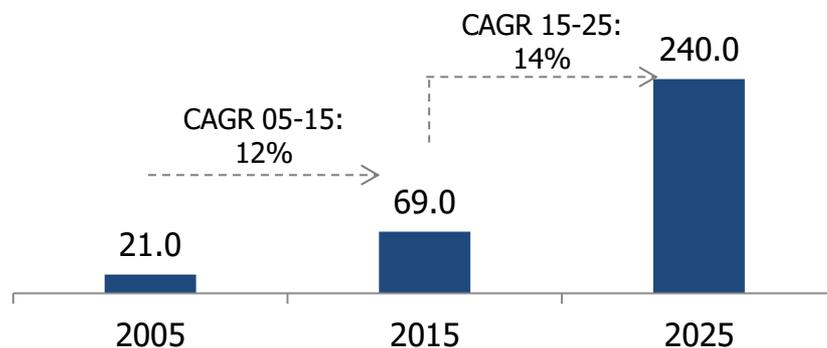
Rising Per Capita Incomes

Per Capita Income in India (US\$)



...will drive the growth of the FMCG sector

Indian FMCG Sector (US\$ bn)

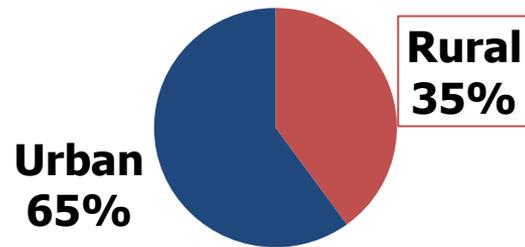


Significant opportunity in Middle and Lower Income groups



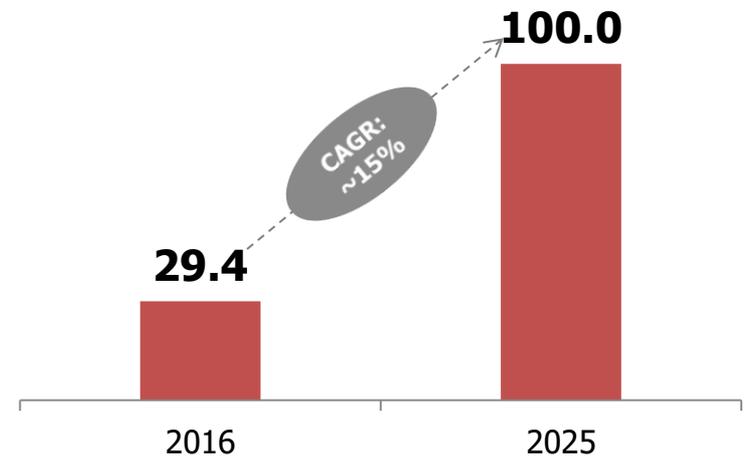
Income Groups	Households (mn)				Income Contribution	Expenditure Contribution
	Total	Total (%)	Rural %	Urban %		
Rich	4	1%	35%	65%	9%	3%
Higher Middle Income	67	23%	46%	54%	46%	33%
Total (High Income)	71	24%	46%	54%	55%	36%
Middle Income	89	31%	62%	38%	27%	31%
Lower Middle Income	83	29%	76%	24%	14%	22%
Total (Low Income)	172	59%	69%	31%	41%	53%
Poor	47	16%	87%	13%	4%	11%
Total	290	100%	66%	34%	100%	100%

172 mn households in Middle and Lower Income Groups offer significant potential – of these ~69% are in Rural



Rural FMCG Sector ~US\$30 bn

Rural FMCG Market* (US\$ bn)



Expected to grow at a CAGR of 15% and touch US\$ 100 bn by 2025

Dabur and its rural connect

3

1

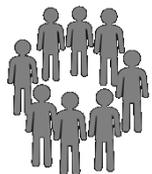
The Macro Picture



2

What is driving rural growth?

Rural India – Few Facts



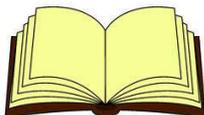
66% Population Contribution



6 lacs Villages



17 cr Households



67.8% Literacy Rate



50% GDP Contribution

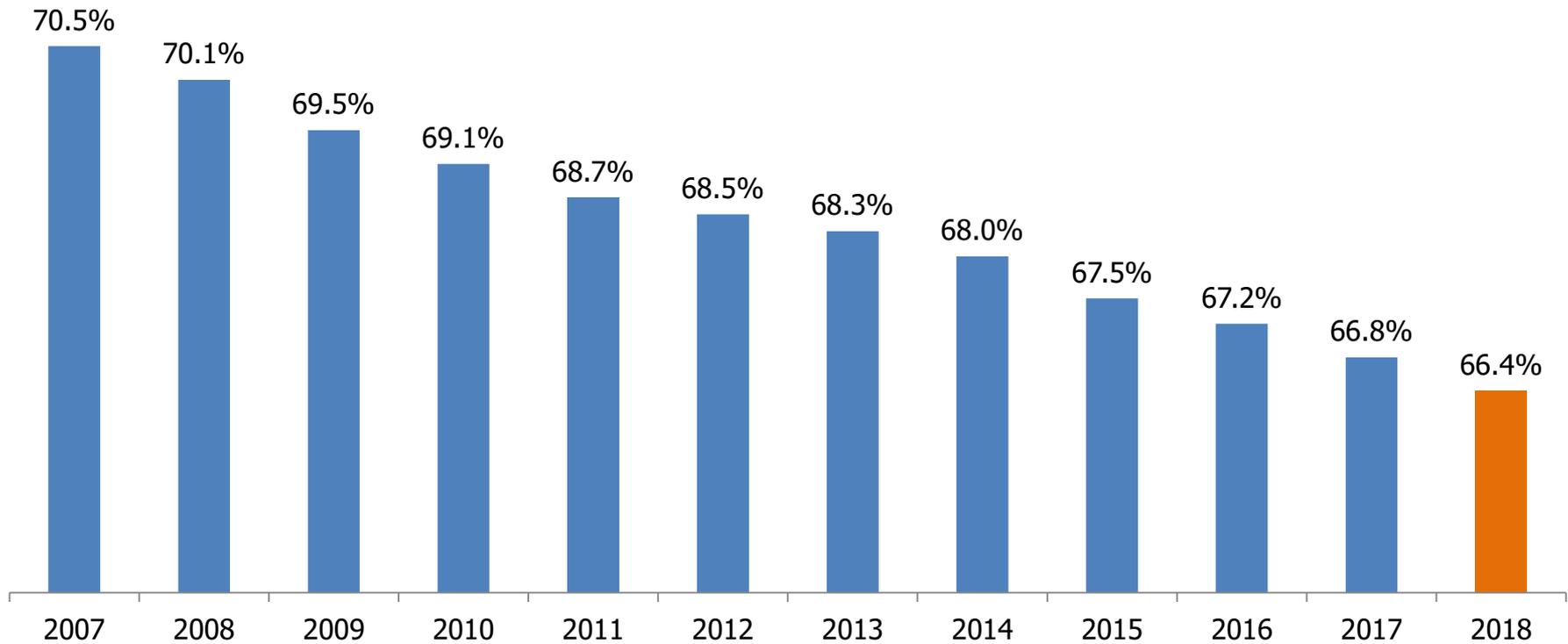
Rural Contribution to Sectors



66% of Indian population still resides in Rural



Rural Population as % of Total Population

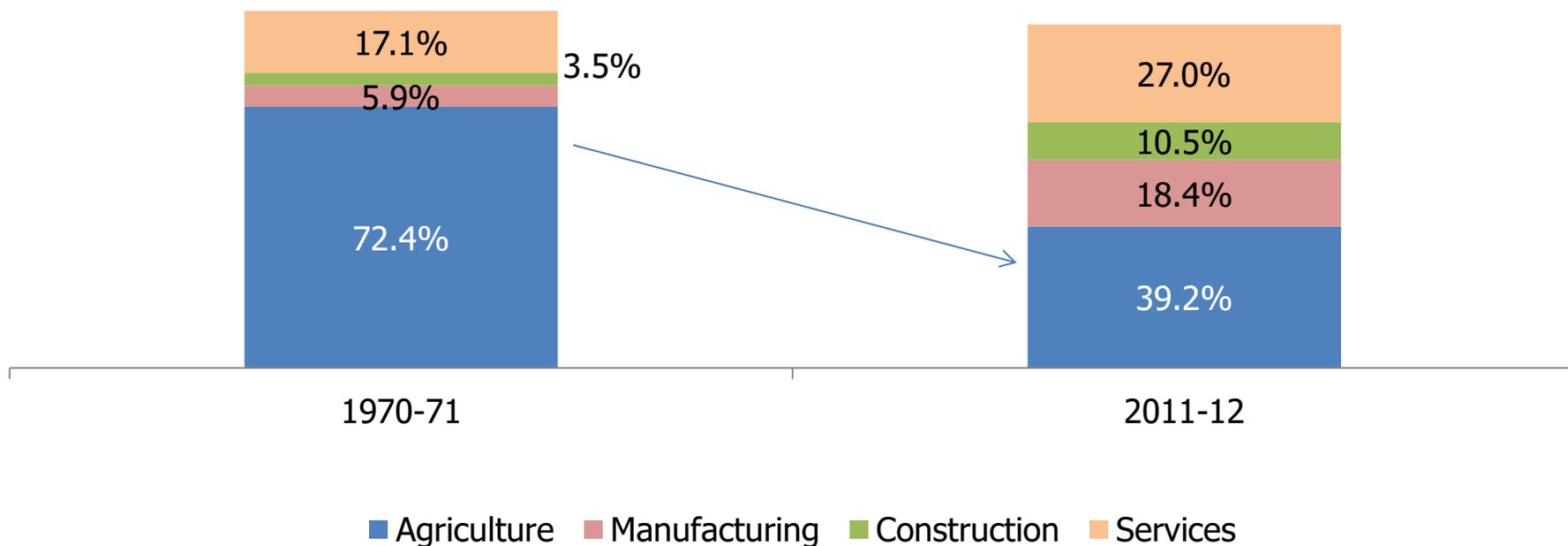


However, there is a steady decline due to urbanisation

Agriculture dependency is going down



Share of Rural Net Domestic Product

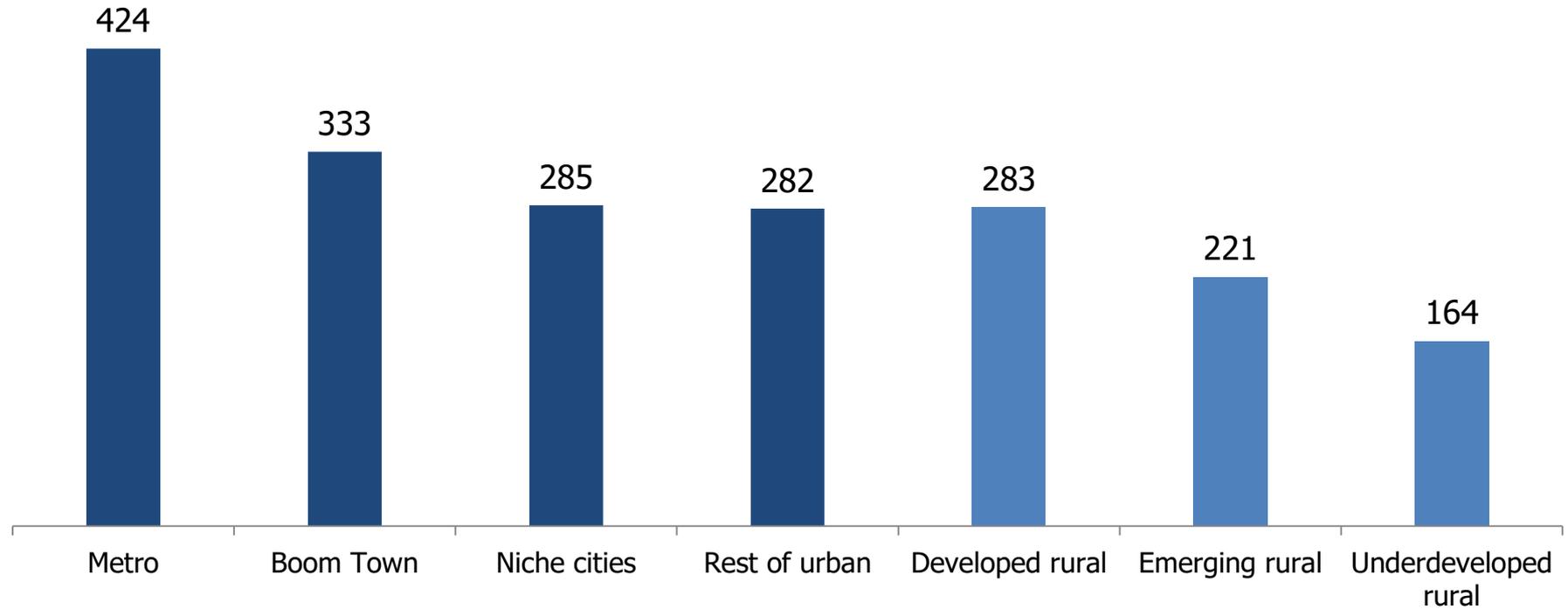


Contribution of Agriculture has gone down from 72.4% to 39.2%

Rural vs urban income levels



Average monthly household income (USD per month)

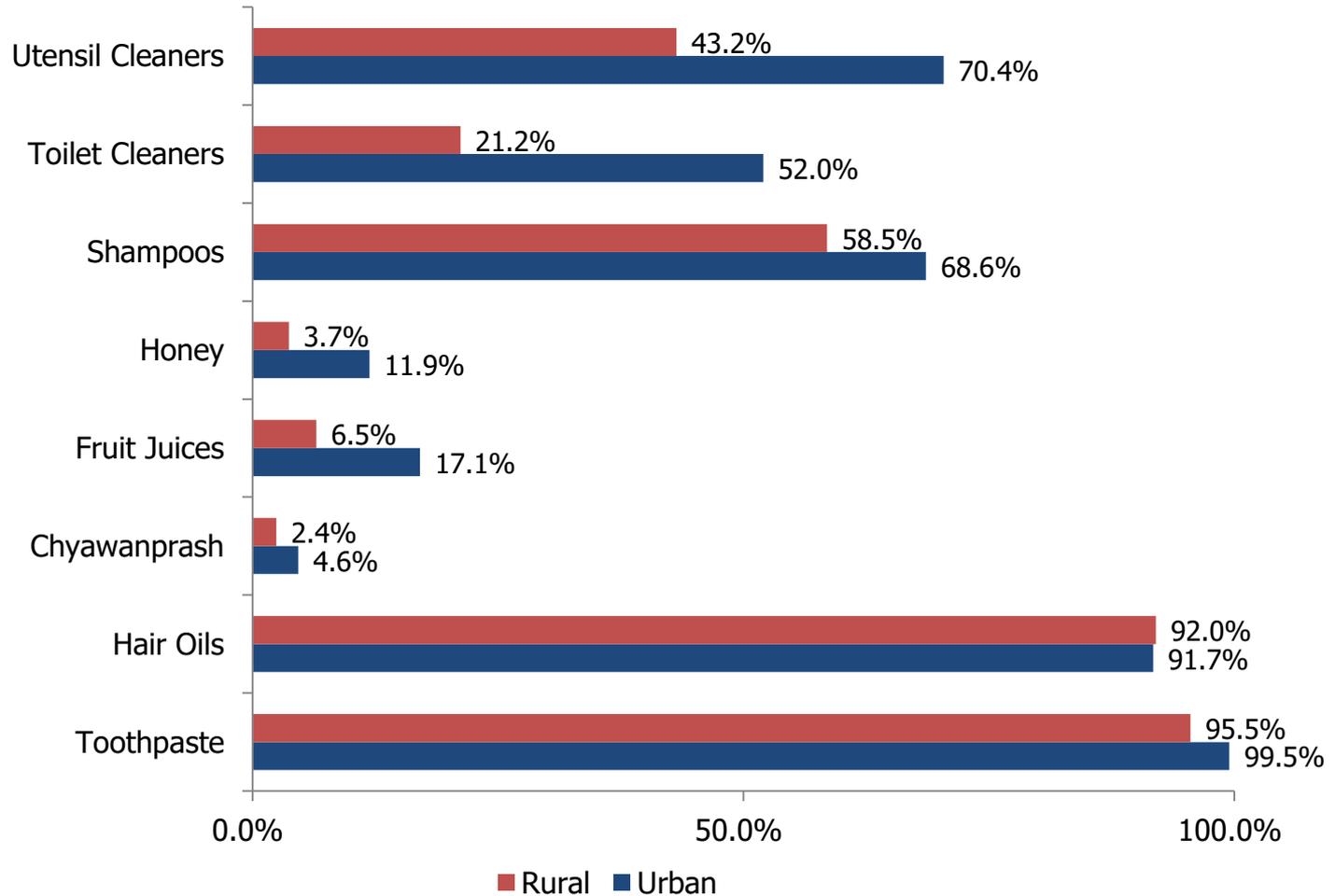


Rural incomes are almost half of Metros/ Big towns

Low penetration levels provide headroom for growth



Penetration levels in rural and urban India



Rural consumer is evolving – Becoming more aspirational



Aspirational

"I want my family to lead a more comfortable life"
- Rural Consumer A

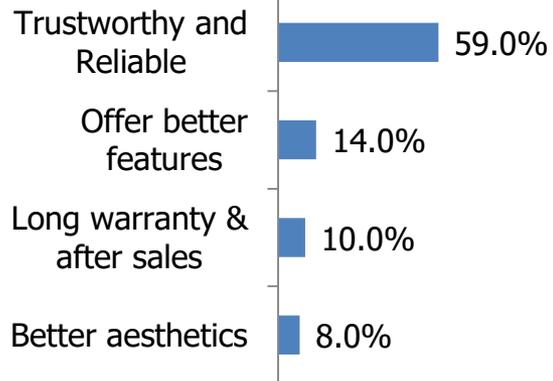
"I want to enjoy my life"
-Rural Consumer B

"I want to live an urban lifestyle and enhance my self-image"
-Rural Consumer C

1

Brand Savvy

Reasons for buying branded products



2

Trading Up

Smartphone

Toothpaste



Feature Phone

Tooth Powder

3

Exploring

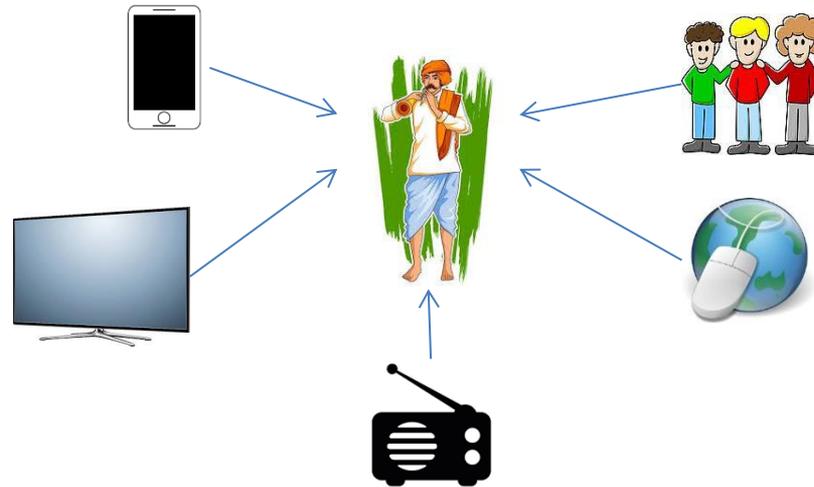
- Rural consumers are continually shifting to newer categories
- Lot of the rural consumers are buying consumer durables, discretionary staples for the first time
- Companies are also using this behavior to sell more of their product range

Rural consumer is evolving – Becoming more networked



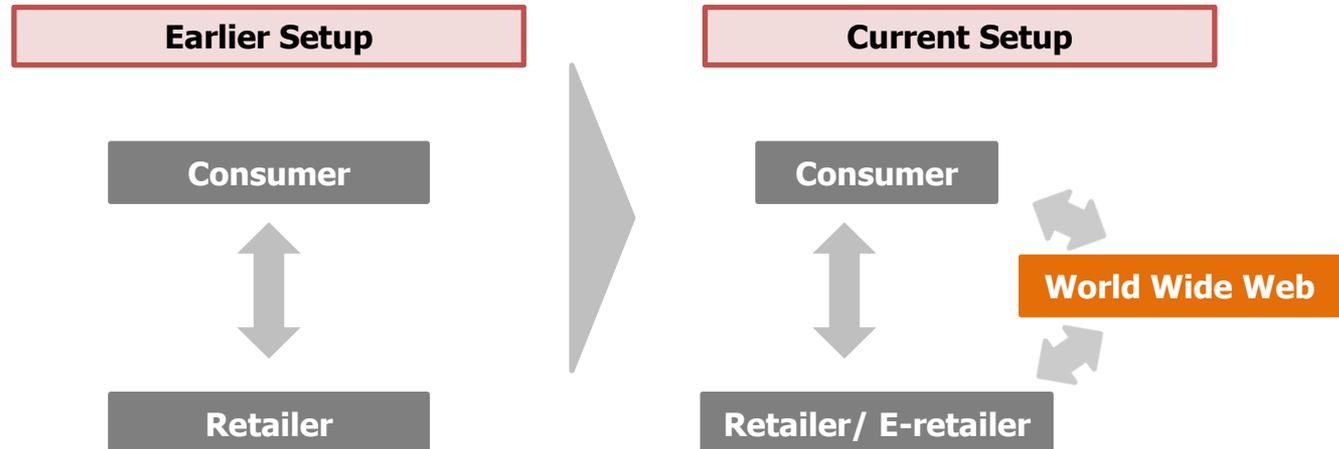
Networked

1 More Connected



TRAI data suggests that in the past four years alone, the subscriber base has expanded seven times in the villages, outstripping the three-fold growth in urban areas

2 More Proactive



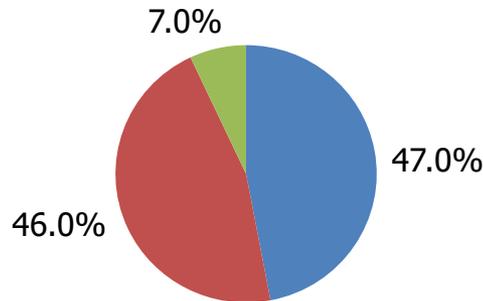
Rural consumer is evolving – Becoming more discerning



Discerning

1 Street-smart

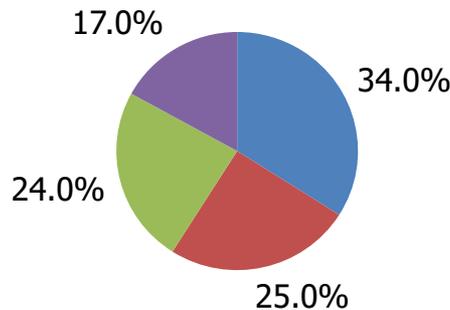
Impact of ads and celebrity endorsements on purchase decisions



- Some influence however no bearing on final decision
- No impact at all
- Buy mostly based on ads/ celebs

2 Value seeking

Weightage attributed to various considerations while shopping

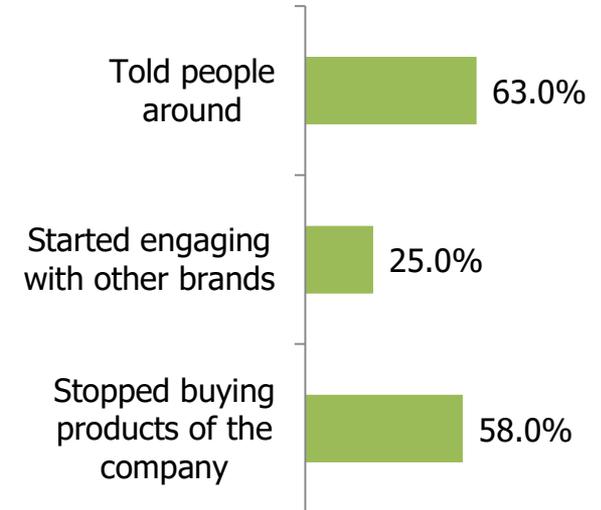


- Price
- Brand Image
- Functional Aspect
- Aesthetics

Rural consumers are more value conscious than price conscious today

3 Social

Reaction to bad experience with an organization's marketing/ sales practice

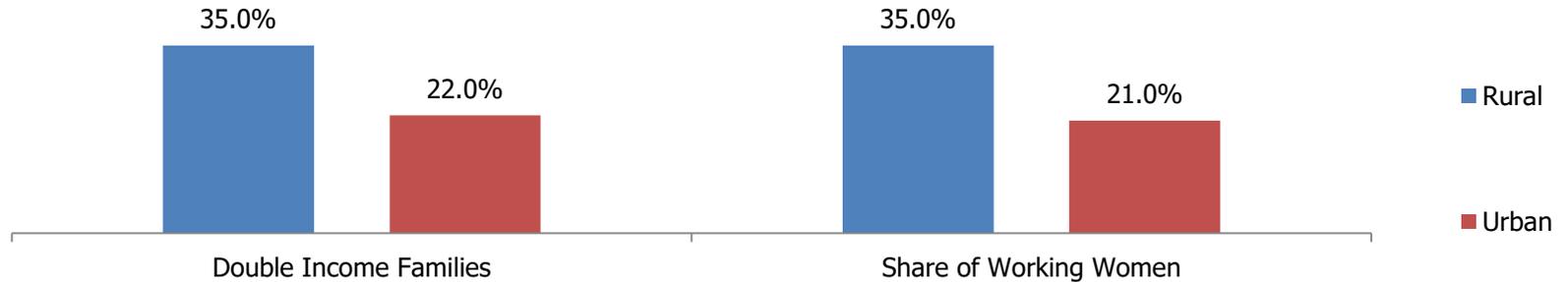


Rural consumers interact with one another more than their city counterparts

Rural consumer is evolving – Women are becoming more empowered



Empowered

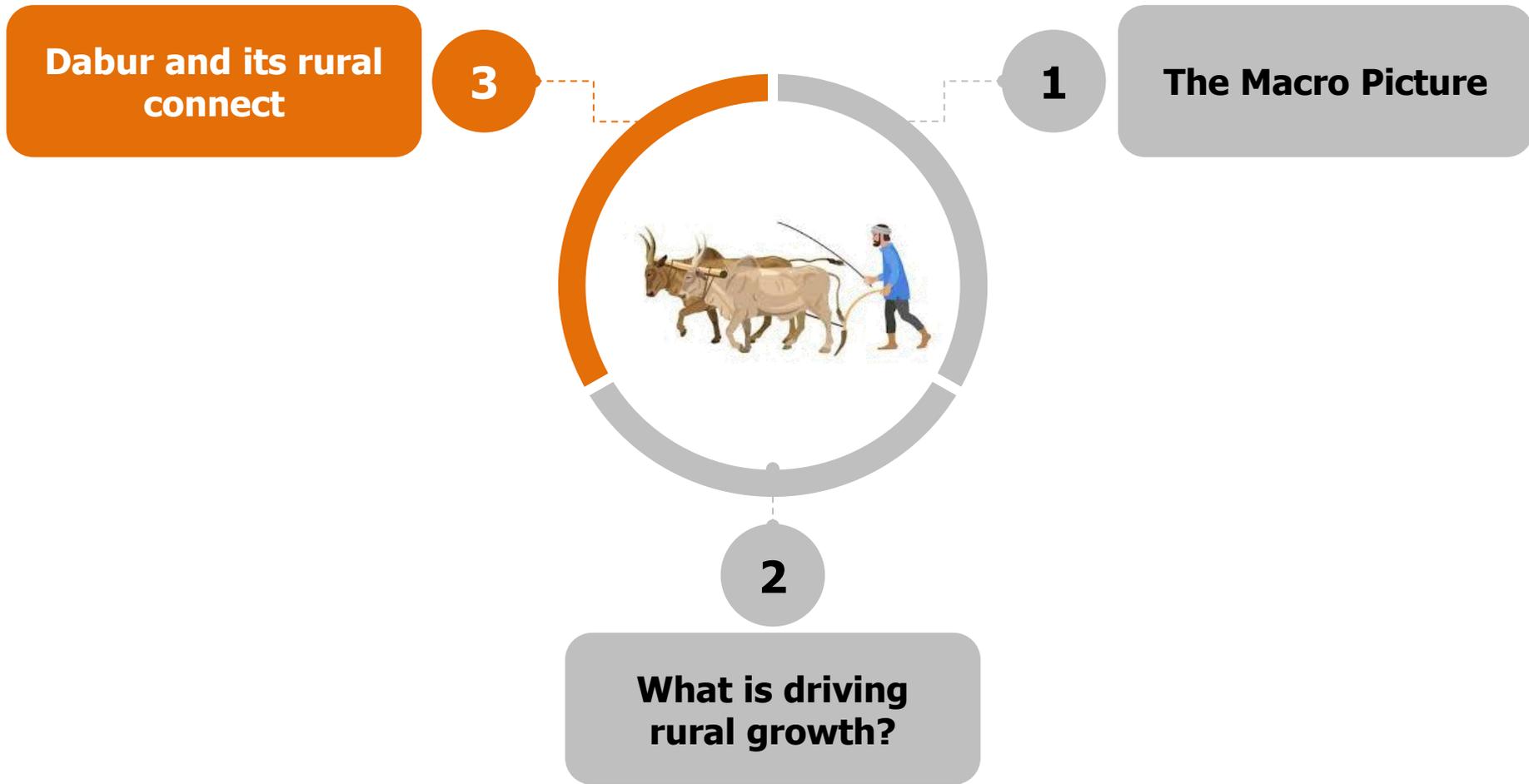


Social and governmental initiatives, microfinance models and women's self-help groups empowering women



Fostered female entrepreneurship and increase in working women in rural India

Agriculture Support	Continuity of Income	Increased Awareness and Behavioral Change	Better Accessibility	Financial Stability
 <p>Pradhan Mantri Krishi Sinchai Yojana</p> <p>Minimum Support Price 1.5 times the production cost</p> <p>Pradhan Mantri Fasal Bima Yojana To reduce farmer's risk and secure incomes</p>	 <p>MGNREGA In 2016-17, increased to INR 48,000 cr from INR 37,000 cr</p> <p>Skill India To boost employability through vocational training</p>	 <p>Digital India</p> <p>Swachh Bharat Abhiyaan</p>	 <p>Pradhan Mantri Gram Sadak Yojana Road construction accelerated to 133 km per day</p> <p>Integration of Villages Via 80,000 mini-buses connecting over 1,25,000 villages to rural markets</p> <p>100 Gram Panchayats to have WiFi hotspot</p>	 <p>Direct Benefits Transfer (through the Jan Dhan-Aadhaar-mobile trinity)</p> <p>National Health Assurance Mission</p> <p>Pradhan Mantri Ujjwala Yojana</p>



Dabur and its rural connect

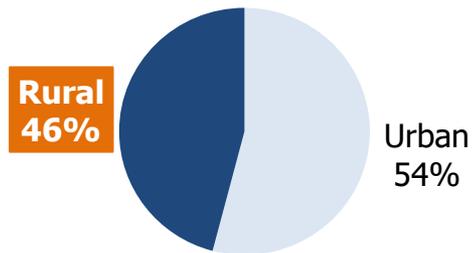


Rural contributes ~46% of sales of Dabur

Categories which are big in Rural

Brands which are big in Rural

Contribution to Sales



Hair Oils

Oral Care

Shampoos

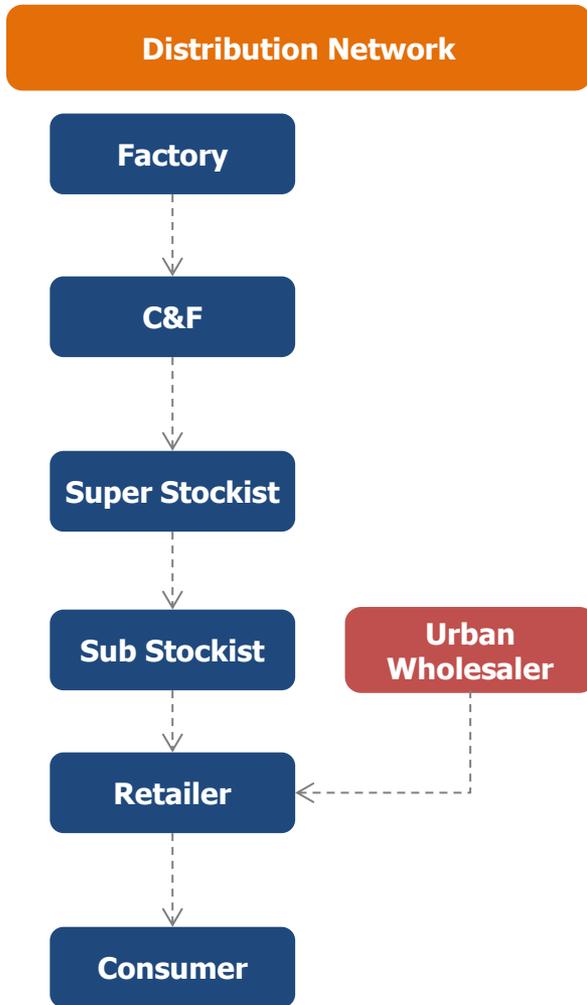
Digestives

Health Supplements

Baby Massage Oils

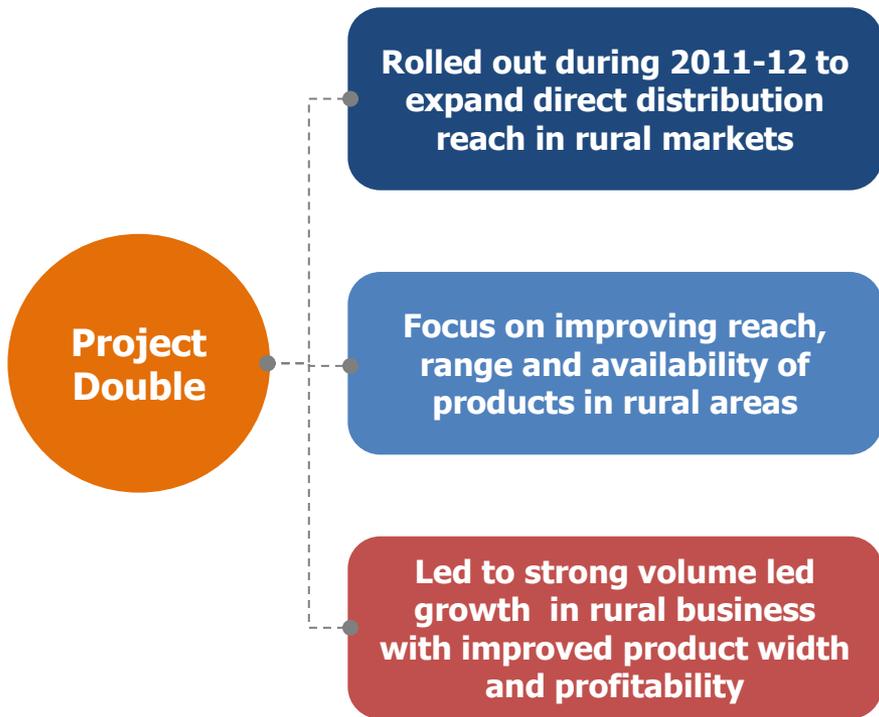


Dabur's distribution is a key advantage in rural

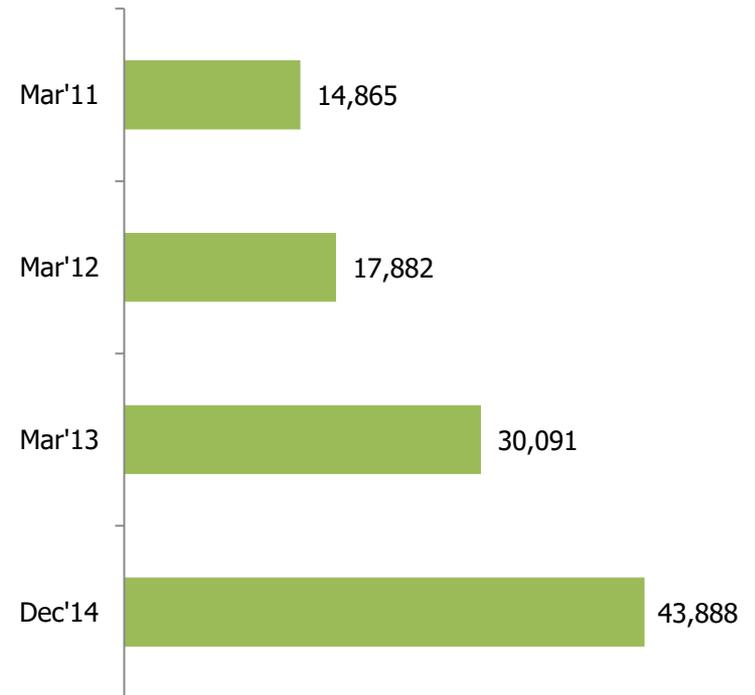


- 1 One of the largest distribution networks in India with total reach of ~6.4 mn outlets
- 2 Reaching directly 1mn+ outlets - ~4.5 lakh outlets in rural
- 3 Super-stockists – 366
Stockists – 3,361
Sub-stockists – 10,226
- 4 Covering ~42,000 villages of India
- 5 Rural salesforce of ~1,400

Project Double helped expand direct village coverage...



Dabur - Direct Village Coverage



Increase of c.3x

...and Project Buniyaad has been a key driver of growth



Urban Strategy

Leveraging potential through Channel based approach



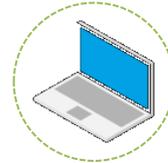
Rural Strategy

Split the front line teams into two to increase reach and frequency – Showing significant positive gains



Portfolio Focus

Leveraging split teams for focused portfolio building



Enabling Technology

Using technology to track and improve performance and automate processes



New Avenues of Growth

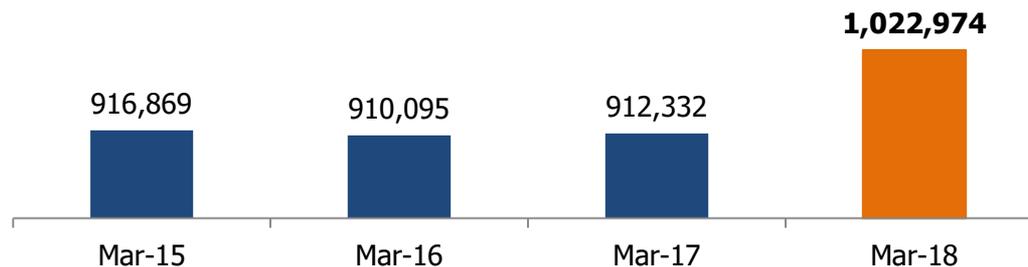
Leveraging the alternate channels of MT and E-comm to grow at a rapid pace



Continue Engagement

Using initiatives and technology to build and continuously motivate the trade and front line teams

Direct Reach – No. of Outlets



Project Buniyaad achieved its direct reach target of 1 mn outlets and continues to expand distribution

Key Changes for Rural under Project Buniyaad



Rural Sales force of 1,400

50% RSPs servicing HPC Range

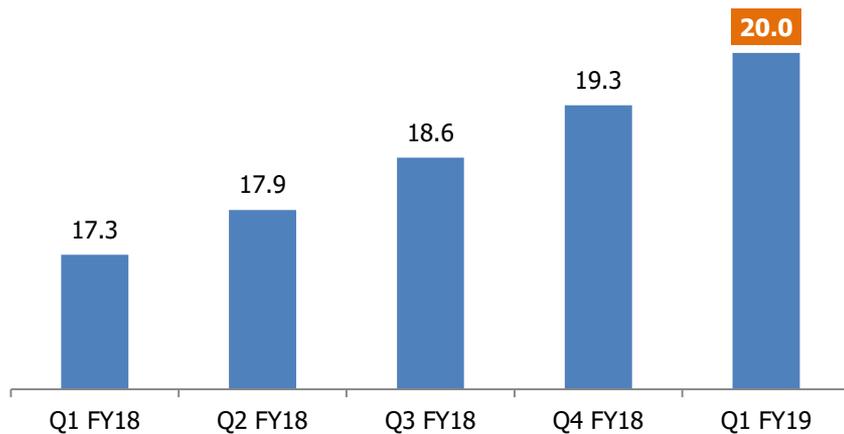
50% RSPs servicing HC Range

- 1** Increased Rural Servicing Efficiency & Frequency
- 2** Focus On Wider Range vs. only high Throughput Brands Previously
- 3** Small Sub Stockists now Covered Directly By Super Stockist
- 4** Smaller Kirana coverage improved due to enhanced focus
- 5** Visibility initiatives extended to include small kiranas

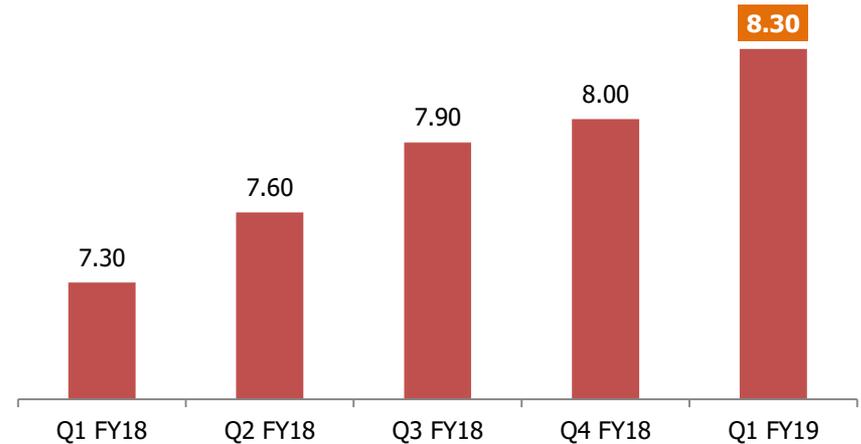
Project Buniyaad has led to larger distribution, higher efficiencies and improved hygiene



Increase in Lines Sold in Rural

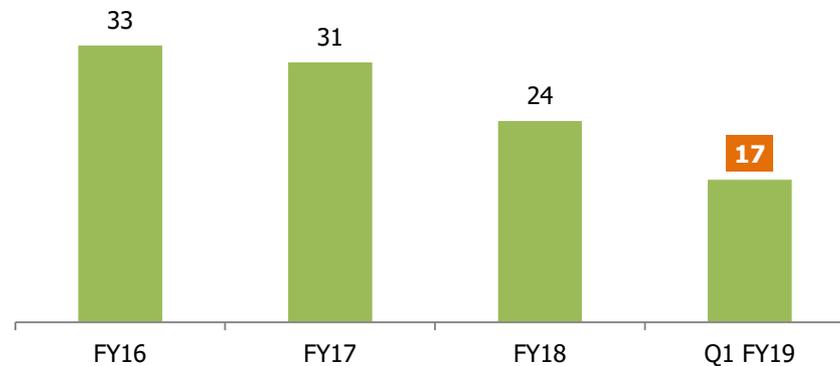


Increase in Average Brand Sold (ABS) in Rural



Reduced Pipeline

Days of Stock



LUPs are a significant driver of growth and penetration



Seeding

Vans for seeding operation



Distribution

Increase Rural footprint
- Increase Outlets



Visibility

Point of Sales Bannering and visibility



Trade Lubrication

Lucrative trade packs and offer to trade



Print

Support thru Print and local media.



Front line Engagement

Incentivize Rural RSP's to keep momentum.

Engaging with rural consumer at Haats and Melas



Direct engagement through Haats & Fairs like Kumbh Mela, Nauchandi Mela, etc to provide rural consumers **an opportunity to experience Dabur products**



Stalls set up to **engage with consumers by offering them hair oil massage and shampoo**



Puppet shows organised for brands like Lal Dant Manjan and Dabur Red Toothpaste

Odomos mosquito repellent cream sampling at Kumbh, where devotees largely stay in tents and prone to mosquito bites

Rural remains key focus area for Dabur



Potential Areas of Growth



Home Care



Skin Care



Juices



Prioritizing High Potential Rural Markets



Range Expansion and Drive Sell Out



Leveraging Split Teams for focused Portfolio Building



Using Technology to sharpen field execution



Adding to the Rural Infrastructure and increasing penetration and availability



डाबर आँवला बनाए
निहार शान्ति आँवला के मुकाबले
बालों को दोगुना तक मजबूत*



असली आँवला,
डाबर आँवला

*30ml

*नियमित डाबर आँवला तेल लगाने से आपके बालों की टेंसाइल स्ट्रेंथ को दोगुना तक बेहतर होने में मदद मिलती है (निहार शान्ति आँवला तेल के मुकाबले). स्वतंत्र लैब अध्ययन के अनुसार।

*Hair swatches applied with Dabur Amla showed up to 2x improvement in tensile strength measurement when compared with Nihar Shanti Amla. Basis study conducted in independent laboratory.



Thank You!