

Top brands chase rural niches to boost sales

Maruti To Malabar Gold Target Commodity Clusters As Urban Markets Feel The Pinch

Anshul Dhamija | TNN

Bangalore: A couple of decades after the FMCG companies' proverbial discovery of a pot of rural gold, companies higher up the consumption ladder: automobiles, jewellers, scotch whisky makers, financial service providers et al are eyeing rural niches with strong purchasing power to top up revenues.

Maruti Suzuki, the \$7-billion auto major, which has a 40% share of domestic four-wheeler sales, has identified about 300 rural niches in last five years, which today account for 10% of the company's domestic revenues. The company reached out to niches such as potato growers in West Bengal, blue pottery makers in Jaipur, timber merchants in Gujarat, turmeric growers in Tamil Nadu, granite polishers from Hyderabad, painters from Madhubani in Bihar and nut and bolt manufacturers in Sonapat among many others to beat the 2008 slowdown. Having seen traction, it's an enthusiastic marketer to the rural niches now.

Simply put, rural niche is nothing but India's spread-out hinterland-wealth driven by commodity cycles and increased economic activity. "The rural opportunity is real-

zuki India. This calendar; the auto major will add another 30 plus niche markets for greater rural penetration.

Jewellery and saree retailers down south have followed a similar rural niche strategy in expanding their footprints to smaller towns after analyzing sales data in the nearby cities of Kochi, Trichy, Coimbatore and Kozhikode.

"Kerala's leading jewellers, Malabar Gold, Kalyan and Bhima, have 20 to 25 stores across the state. The state

have mopped up bulk of their India sales from Punjab, LVMH Moet Hennessy has targeted commodity planters in the south to boost sales of its Hennessy Cognacs.

Financial services have tracked the rural wealth keeping tabs on commodity prices. "Every time there is a spurt in the price for any one commodity, you will see heightened activity in stock broking. And you know which commodity is doing well because the stock broking activity emanates from

DRIVING INTO HINTERLAND



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> Every time the prices of a commodity soar, stock broking activity goes up in its growing areas



> Jewellery and saree retailers have also pushed into smaller towns

> Bulk of India sales of Famous Grouse scotch whisky have come from Punjab



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doesn't have 20 to 25 cities that go on the map in terms of population," said Amit Bagaria, founder chairman of Asipac, a real estate and retail consultancy firm, which has tracked the emerging tier-II retailing

specific commodity growing areas," said C J George, MD, Geojit BNP Paribas Financial Services, which closely tracks rubber, pepper, coffee and cardamom prices in the southern states.