

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM/PGDM (SM)/PGDM (M)
SIXTH TRIMESTER (Batch 2015-17)
END TERM EXAMINATIONS, APRIL 2018

SET – 1

Course Name	Rural Marketing	Course Code	MKT603
Max. Time	2 hours	Max. Marks	40

INSTRUCTIONS: *Answer the following questions.*

1. 'IndiaFirst Life Insurance Company launches micro insurance product

IndiaFirst Life Insurance Company on Tuesday launched its first micro insurance product - IndiaFirst Life CSC "Insurance Khata" Plan. The policy will be sold via the 200,000 Common Service Centres (CSC) or Jan Seva Kendras, set up across the country for distribution of insurance in rural areas.

Insurance Khata, which has been designed especially for the under-served sections of society, considers the probability of seasonal income and provides individuals with the flexibility to pay premium in parts, as and when possible. Taking into account possibilities of monetary limitations of the target segment, the plan is designed to return the paid premium amount at the end of the term, while ensuring life insurance coverage, during the term.

"We are happy to introduce Insurance Khata, illustrating our commitment to bring personal risk protection to all sections of the society. This product is designed for long-term savings along with the life insurance benefit, making it a win-win proposition for the customers. The simple and easy to understand model makes this product mis-selling resilient," said R M Vishakha, MD and CEO, IndiaFirst Life Insurance. (Source: <https://timesofindia.indiatimes.com/business/india-business/indiafirst-life-insurance-company-launches-micro-insurance-product/articleshow/61835311.cms>)

Question: Design a rural-centric promotional strategy for Insurance Khata.

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2. 'Britannia looks to increase revenue from rural markets

Britannia's (BRIT) recent launch of lower unit packs (LUPs) in the creams segment, under Treat JimJam brand, offers 'value for money' and also caters to customer aspirations. The creams category is large, Rs 1,800 crore and highly profitable, net margins 2 times that of category, but has so far been urban-focused. We note that the company has already done well with LUPs for its premium cookie brand Good Day – also in rural areas where demand for LUPs is good. Thus, creams LUPs should help the company to penetrate well in the rural markets and drive incremental volume growth. A combination of efforts, rural distribution expansion, dedicated focus on five key states in central India, new products and new pack sizes, over the past few years has helped BRIT to double its rural sales to Rs 1,556 crore.

Improving market share in the Hindi belt, Rajasthan, Gujarat, Uttar Pradesh and Madhya Pradesh, is the second key priority for BRIT. (Source: <http://www.financialexpress.com/market/britannia-looks-to-increase-revenue-from-rural-markets/991015/>)

Question: Availability is one of the key elements of the rural marketing mix. Suggest appropriate strategies to Britannia for ensuring availability of LUPs in the creams segment for its target markets.

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3. "Mrida launches its FMCG brand 'Earthspired'"

Mrida, a social business venture committed to upliftment of marginalized and underserved rural communities at the Base of the Pyramid, has formally launched its FMCG brand Earthspired. Earthspired products are currently available in different categories like Attas/Flour Mixes and Cookies, and the entire range is FSSAI approved. The Attas are available in 8 different mixes including two Gluten free variants. The range today comprises the Healthy, Healthy High-Protein, Northern Spice, Southern Spice, Mediterranean Spice, Healthy Unrefined Multigrain (useful for diabetics), Gluten-free and Gluten-free High Protein variants. The Cookies are healthy, nutritious snacks available in three 'Crunchy Bite' variants - Honey Almond Crunch, Choco-Chip, and Coconut Crunch." (Source: http://www.business-standard.com/article/news-ani/mrida-launches-its-fmcg-brand-earthspired-117021600226_1.html)

Question: Identify the target markets for Earthspired products. Develop suitable brand building strategies for Earthspired. (4+6) = 10

4. Please read the attached case "The Pricing Dilemma" carefully and answer the following questions.

- a. If market discount rate is 12 per cent, at which price do you advocate introduction of the product? 7
- b. Identify the factors that will influence the pricing decision. 7

The Pricing Dilemma

Jagan is deeply concerned with new product choices. The market has become dynamic and competitive requiring innovations. The rural market is no longer a residual proposition. He is preparing a preliminary marketing strategy for the proposed launch of a new toothpaste for Kashmir Products Pvt. Ltd..

TARGET MARKET

The target market is the middle and low income segments of rural and urban market. Particularly those who are concerned with gum care and receptive to 'Always Fresh' concept. The new brand of toothpaste will be positioned as a powerful, economy, family product for those who dislike frequent brushing.

MARKETING STRATEGY

The product will be offered in three standard pack sizes at low prices. The paste will be in sky blue colour with mint flavour. It will be distributed initially in Andhra Pradesh through its existing whole sale-retailer chain in urban areas and by van marketing in rural areas. Free samples of 10 gm toothpaste will be distributed door-to-door in rural areas. The media will be vans, wall paintings, and pamphlets in rural areas and local newspapers in urban areas. The advertising themes will emphasise benefits of brushing once in a day for freshness throughout the day and lasting health.

PROFIT GOALS

The company intends to capture 5 per cent market share in rural areas which requires an after-tax return of 15 per cent. To achieve this, price will be kept at the same level, quality improvements in product and package will be worked out. Promotion expenditure will be boosted each year by about 20 per cent. Emphasis will be on communication and freebies for children. Table-1 shows the projected sales and costs.

PRICING

Since the product aims at sweeping the rural side it decided to keep the price lower than the existing brands. "The low price will not only hit the competition but also expand market by converting the users from powder 'to paste'. We can do this because our costs are low and we are focusing on local market" said Jagan enthusiastically.

“We are considering two options in pricing (Table-1), along with different promotion efforts. We have to decide which will give us more advantage” said Jagan thoughtfully.

Table 1 Pricing Options

Size	Option 1	Option 2
50 gm	Rs. 10	Rs. 12
100 gm	Rs. 19	Rs. 23

The cash flows are given in Table-2 and 3

Option 1

Table 2 Projected Five Year Cash Flows (Rs. Lakhs)

S.No	Aspect	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
1	Sales revenue	0	50	70	100	150	200
2	Cost of goods sold	0	18	25	34	52	70
3	Development costs	3	--	--	--	--	--
4	Marketing costs	0	32	35	40	46	56
5	Allocated overhead	0	4	4	5	5	6

Option 2

Table 3 Projected Five Year Cash Flows (Rs. Lakhs)

S. No	Aspect	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
1	Sales revenue	0	40	60	120	170	230
2	Cost of goods sold	--	19	26	36	55	75
3	Development costs	3	--	--	--	--	--
4	Marketing costs	--	50	7	90	110	130
5	Allocated overhead	--	4	4	5	5	6

If market discount rate is 12 per cent, at which price do you advocate introduction of the product?