

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

SET - 2

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

INSTRUCTIONS: Answer the following questions.

1. "Philips Lighting accelerates strategic push into solar-powered lighting with new products and systems and large-scale street lighting projects in India and Thailand"

To increase the safety of citizens and help rural communities, Philips Lighting will install approximately 84,000 solar street lights in India. Together with Energy Efficiency Services Limited (EESL), an energy service company of the Government of India, the company will install 60,000 Solar Smart Bright street lights in off-grid villages in Uttar Pradesh, Bihar, Jharkhand, Orissa & Assam. The company is also providing Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA) with 24,000 Solar Green Lightline Smart street lights in the state of Uttar Pradesh. "Installing solar street lighting in rural communities in India really enhances lives after sunset," said Sumit Joshi, Market Leader for India at Philips Lighting. "Citizens feel safer and it allows children in these communities to play in the streets after dark."

(Source: <http://www.newsroom.lighting.philips.com/news/2018/20180314-philips-lighting-accelerates-strategic-push-into-solar-powered-lighting-with-new-products-and-systems-and-large-scale-street-lighting-projects-in-india-and-thailand#>)

Question: Develop suitable marketing strategies for Philip Lighting to enhance the reach and acceptability of its solar-powered lighting products for rural India. 10

2. "The new power consumer group: Women in rural India"

Women in rural households play a significant part in purchasing decisions. 37% of the rural women consumers interviewed say they make purchases on their own. The number rises to 40 percent for working women in rural India. A critical finding especially if one considers that most companies think these women purchased things after consulting family members. 84% of them travel outside their own village to a city in the vicinity or district headquarters to shop. Majority of rural women consumers buy high value goods. That's another myth buster. For most companies think women in rural markets largely prefer to buy low value goods.

For many buyers in rural India practical concerns powerfully trigger recognition that they have a need. For instance, in answer to a survey question about what causes them to realize they have a need, 46 percent of the respondents cited obsolescence of a product they're currently using. Additional triggers included a sense of necessity and advice from family or friends about a product or brand. These findings suggest that companies can benefit by designing marketing campaigns that tap into the opportunity to replace consumers' existing goods. (Source: <http://brandequity.economicstimes.indiatimes.com/news/business-of-brands/the-new-power-consumer-group-women-in-rural-india/51229058>)"

Question: In the light of the above article, explain how women in rural India may influence the purchase of the following products: (a) Refrigerators (b) Mobile phones
(4+4)= 8

3. "The ministry of electronics and IT (MeitY) has allowed its 2.70 lakh common service centres (CSCs) to partner with HDFC Bank and LIC for selling banking and insurance products across the country." (<http://www.financialexpress.com/india-news/rural-india-to-get-more-access-to-banking-insurance-products/1032902/>)

Question: Discuss the challenges in the marketing of financial services in Rural India. How have initiatives from various stakeholders such as the Government and private companies improved the accessibility and affordability of financial products for low-income consumers? (4+4)= 8

4. Please read the attached case "A Tale of Tiles" carefully and answer the following questions.

a. Do you advise the company to lower the price to expand sales? 6

b. Recommend appropriate promotional strategies for Tiles India Limited. 8

CASE

20

A Tale of Tiles

Tiles India Ltd. (TIL) is a well known company manufacturing floor and wall tiles. It saw opportunity in the vast low income housing commitment of the government and embarked on the manufacture of low priced tiles. TIL has got a break when its indigenous low cost tiles received a big order from Maharashtra government when it was engaged in rural reconstruction after the earthquake at Latur. Now TIL is wondering how to expand its market all over India.

PRODUCT

The tiles are scratch proof and fire resistant. The ISI certification, testifies its quality. The main competition for this is from the locally manufactured terracotta tiles, which are not scratch proof and are fire resistant only upto a certain level of temperature. The tiles of TIL have another advantage, they could be reused even if there was a fire accident. TIL tiles come in two standard sizes; Large (10 inches X 10 inches) and small (5 inches x 5 inches). The local tiles are, however, of small size only.

PRICE

The large tiles of TIL were priced at Rs. 7.00 and small tiles at Rs. 4.50. The local tiles were priced at Rs. 3 only. The company decided that the target profit be Re.1 per piece irrespective of the size. Taking into consideration the margins necessary to meet distribution costs, the prices are fixed at Rs. 4.50 and Rs. 7 per small and large piece respectively. The cost-revenue data are as given below:

Selling Price	4.50	7.00
Manufacturing Cost	1.12	4.18
Target Profit	<u>1.00</u>	<u>1.00</u>
Marketing Costs	2.38	1.82

TARGET MARKET

The potential buyers of the company include the middle and upper income groups in villages. Another important segment is the government and institutions as the tiles are cost effective and good in quality, they may be preferred for rural housing as well as institutions like hospitals, schools, etc.

DISTRIBUTION

The company is planning to distribute the tiles through company stockist. The retail outlets can be those which sell cement and hardware. Figure.1 depicts the distribution.

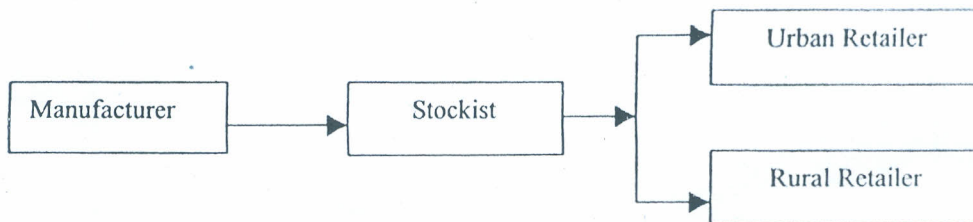


Fig. 1 Distribution Channel

The only snag in the distribution is the volume of purchase. The optimum lot which may consist of tiles of any size is 10,000 units. For this lot, the transportation cost works out at Rs. 0.01 per tile upto 100 kms of distance from the stockist. Even though the stockist clubs several orders during delivery, the transportation costs are charged based on lot size of the order, which will be higher when the order is less than optimal lot. A small order as such results in cost disadvantage to the retailer. Since the manufacturers of local tiles are small scale operators, there are no stockists and delivery facilities. Retailers have to make their own arrangements and bear the cost of damages if any in transit.

Promotion

Promotion is limited to wall paintings and POP material at the outlet of company stockists.

Problems

The irritants in the way of expansion of sales are:

1. The company tiles and the local tiles are of the same colour making identification difficult for the rural consumer.
2. The rural consumer, not able to differentiate between the products is wondering why he should pay more for a similar product.
3. The transportation costs are high for the rural retailer as his requirements are never large (10,000 units). Besides this, the retailer has to meet his operating costs. Put together, the costs may result in losses for the retail outlet as the end prices are fixed and retail margins are low.

With these problems, the penetration of the tiles of TIL has been low.