JAIPURIA
INSTITUTE OF MANAGEMENT
LUCKNOW NOIDA JAIPUR INDORE

SET-I

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FOURTHTRIMESTER (Batch 2017-19)
END TERM EXAMINATIONS, October 2018
(Set 1)

Course Name	Marketing Innovation for Social Change	Course Code	MKTM417
Max. Time	2 Hours	Max. Marks	40 MM

INSTRUCTIONS:

a) All questions are compulsory.
b) Answer your questions with examples.

Read the following case study carefully and then answer Q1 & Q2 that follow:

'MICROFINANCE 2.0': NEW TOOLS, NEW GOALS AND NEW WAYS TO LIFT PEOPLE OUT OF POVERTY

Some of the major misconceptions about microfinance -- small loans of under $100 that enable Third World residents to become entrepreneurs -- can be summed up by what happened roughly a decade ago, when the pioneering Grameen Bank decided to help female villagers in Bangladesh enter the mobile phone business.

Alex Counts -- CEO of the related Grameen Foundation and keynote speaker at the recent Wharton Social Impact Conference 2007 -- said the idea met with the same concerns that have dogged the steady growth of microfinance ever since the concept emerged in the 1970s. "I remember hearing that ... this was going to be a disaster," noted Counts, an associate of Muhammad Yunus, founder of the Grameen Bank and co-winner of the 2006 Nobel Peace Prize. Critics said that when poor rural women hear a voice on the phone for the first time, "they are going to think that there is a ghost in the phone, and they are going to throw it away." If the women managed to get past that hurdle, the critics said, they wouldn't be able to understand the technology that modern cell phones use.

Critics also predicted the women would never earn money quickly enough to repay a loan to purchase the cell phones, which cost between $200 and $300. But, according to Counts, when Dr. Yunus returned to the village a year later, the first woman he spoke to said it took her about 10 minutes to master the device. "She said, 'Dr. Yunus, to ask me that question, you must have a very complicated phone!'"

Another woman in the same village had already memorized the country code for every nation on the planet. The Grameen program has since launched 220,000 phone businesses in Bangladesh and is expanding to Rwanda, Uganda, the Philippines and elsewhere.

The story illustrates the types of criticism levelled at advocates of microfinance, despite the Nobel Prize and Grameen's 30-year record of aiding millions of poor people, primarily in Bangladesh. But according to Counts, the nay-saying has not stopped Grameen -- and a growing number of similar banks devoted to microfinance in more than 23 Third World nations -- from taking this revolutionary concept to a wider audience.

In fact, Counts, whose non-profit Washington, D.C.-based group supports the Grameen Bank, outlined what could be called Microfinance 2.0 -- a new generation of more accurate tools that can be used to overhaul the loan making system and apply the infrastructure of microfinance to other social woes.

Counts seemed particularly excited about the new frontier for microfinance, noting that the Grameen Bank and other microfinance organizations already have an infrastructure of offices, a brand name, and a trained staff that has built up relationships, as well as trust, with poor people. "Relationships are important because the poor are used to being lectured to or yelled at," Counts said. "They are not used to people delivering hard cash to their doorsteps in the amount they need and in the timeframe they need. That creates a trusting relationship that can lead to many other business and social ventures."

As an example, he cited the story of Grameen Energy, an offshoot of the bank that was started in the late 1990s with the lofty ideal of bringing solar energy as a source of power to isolated villages that are not on the main grid. The venture -- which began with modest goals and with considerable obstacles, including tight demand for available solar panels -- is now delivering electricity to some 90,000 homes, well ahead of expectations, while already taking in more money than its expenses. "We had close relationships with three million people when we started. That allows us to jumpstart a lot of things," Counts noted.

Borrowers -- and Voters

In a brief interview after his presentation at the Social Impact Conference, Counts said while the cost of microfinance often remains too high for many of the poor, "it's not so high that we should stop providing it, because it's the best we can offer. But we need to really hurry up. If we're going to be politically sustainable with the regulators and the populist politicians, we're going to need to bring the costs down and wring more inefficiencies out of the system."

Five years ago, the Yunus-led organization launched a program called Grameen 2, which aimed to improve the performance of the bank and its affiliates even as the program greatly expanded its reach. Counts said that "Grameen totally took apart its lending methodology and put it back together again and re-invented itself," while roughly tripling its loan portfolio.

Another key feature of Grameen's re-invention, Counts added, is greater accountability through a program of social-performance management. The Grameen Foundation has developed a tool it calls the Progress Out of Poverty index, in which loan recipients can rate their progress in a series of simple, yet carefully developed, questions. The index should help the microfinance movement reach its goal of both accountability and transparency, he said.

One particular reform Counts described is a program to offer assistance to smaller banks that are willing to give poor people four- to five-year loans in the local currency. The goal is to

encourage more involvement by established local financial institutions. But the greatest potential advance, he said, involves expanding the core principles of microfinance to other anti-poverty programs.

He described a Grameen program, still in its early stages, that has a remarkable goal: To help some 80,000 Bangladeshi beggars -- the poorest of the poor -- begin to escape from poverty with the help of loans as small as $14. The concept, Counts explained, is to "graduate" these beggars into the more traditional microfinance program. In just 18 months approximately two thousand people have made that leap, he noted.

But even beyond these economic gains, Counts spoke of the vast potential for social change that was also cited by the Nobel committee. Economic development and empowering people in Third World nations can arguably reduce the long-term threat of terrorism.

He cited what happened in 1996, when Bangladesh nearly erupted into a civil war. Ultimately, a caretaker government -- including Yunus -- was named until an election could be held, and Counts said that Yunus decided to craft a program to encourage every loan recipient to cast a ballot. The result was a high voter turnout among men but even higher among women -- an astounding 75% -- and also a defeat for an Islamic fundamentalist party that went from 18 seats in the parliament down to just two.

"We're leveraging a network of millions of women who are changing the fabric of society through the microfinance channel," Counts said. "It's a huge opportunity, and we are at the tip of the iceberg outside of Bangladesh."

Answer Q1 & Q2 based on the above Case Study:

Q1. Initiatives taken for the poor are scalable and that is one of the biggest reasons why big companies are willing to invest in ventures which involve marketing to poor consumers? Explain. (8)

Q2. "Relationships are important because the poor are used to being lectured or yelled at." Explain this statement in the context of the case. (8)

Q3. There are too many children in the community who are overweight or obese. The problem is particularly serious among low-income families. Because many low-income children don't eat a healthy diet and don't exercise enough.

Because their parents, in many cases, don't have the knowledge of what a healthy diet consists of, and because, even if they did, they lack access in their neighbourhoods to healthy foods – no supermarkets, produce markets, farmers' markets, or restaurants serving healthy food – and therefore shop at convenience stores and eat out at fast food places. Kids don't play outside because it's too dangerous – gang activity and drug dealing make the street no place for children.

In the context of the above situation how should we analyze the problem and the possible solution? (8)

Q4. CASAS BAHIA is a retail giant that is only serving customers in slums of Brazil. The chain was started by Mr. Samuel Klein who started selling to migrant workers and realized that the Institutions did not trust these customers because of their background and it was perceived that they are dishonest. Casas Bahia sells 94% of its products through installments and the repayment by customers is very healthy..

What are the advantages of trusting your customers and does it make business sense? (8)

Q5. PROJECT SHAKTI was initiated by HUL in India to penetrate the far flung communities in Rural India with the intent to provide good products to these customers. Enterprising ladies are encouraged to participate in the distribution of HUL products and they are known as SHAKTI AMMA and in the process they are able to enhance their family income. The customers on the other hand get quality products that help them stay healthy and be more productive.

How can HUL further involve more communities in the process and benefit? Explain. (8)