

MANAGEMENT PROGRAMME

Term-End Examination

June, 2013

MS-611 : RURAL MARKETING

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note : This paper consists of Two Sections A and B. Attempt any Three Questions from Section A. Section B is compulsory. All questions carry equal marks.

SECTION-A

1. What are the Unique Characteristics of Rural Consumers which makes Rural Marketing different from Urban Marketing ? Also discuss the marketing challenges presented by the Rural Markets.

2. (a) How Rural Market Research is different from Urban Market Research ? Explain.
(b) If a tooth paste manufacturer has to conduct Rural Market Research on Rural Children , what can be the effective Marketing Research methodology ? Explain.

3. (a) Suggest to a marketer of economy range of personal care products, product strategies he can follow for the rural market.
 - (b) Discuss the promotional strategies followed in Rural Markets, along with the type of Discounts offered.
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4. Write notes on *any three* of the following :
 - (a) Menace of spurious products.
 - (b) Usage of symbols and pictures in rural communication.
 - (c) Challenges in Rural distribution.
 - (d) Concept of Regulated Markets in case of Agricultural produce in Rural India.
 - (e) Family life cycle and rural consumption.

SECTION-B

5. Study the case given below and Answer the questions given at the end.

Case : SMARTER THAN ONE IMAGINES

“The company told us that smokeless choolahs will reduce our trips to the jungle and will save our time but what is the point ? Even this choolah has unregulated fire like my earlier one. Not only that I can’t even use a pressure cooker which cooks faster because the long handles get hot and charred very fast on this smokeless choolah. Worse, I can’t even lift the cooker with one hand. A pressure cooker should have two handles on both sides, like a kaddai. But do they ever listen to us ?” Says a 38 year old housewife in Bulandshahar in Uttar Pradesh. Are you in tune with the beat of the 200 million strong rural market ? Urban markets are getting increasingly saturated—the new marketing reality. More than 7 out of 10 rural households possess watches. Between 60 and 70 percent of soap cases, casual and Polyvinyl Chloride foot wear, tooth powder and cooking oil are sold in the rural market. While that underlines the rural market’s unfulfilled potential, marketing to the rural consumer is a delicate balancing act between the familiar and unfamiliar. Rural marketing is every bit as sophisticated as urban marketing.

Segmentation: Marketers have used almost every trick in the book to slice up the urban consumer pie. From demographics to psychographics, usage patterns to gender. When it came to the rural consumer base, however 'rural consumer' was held to be a good enough descriptor. Those who actually market products in rural India, however, have a different story to tell. "The original purpose of segment-specific targeting was a purely economic one" says, director, rural relations. In fact, in some cases, segment-specific marketing is even more important in rural areas than in urban. This is because of the heterogeneity. Some companies of a leading FMCG company also practice economic segmentation, with different products to suit different budgets (the price-points game). Psychographic and pack size variation (of the product portfolio) together comprise two pronged strategy.

Product Strategy : One way to handle the diversity is to diversify the offer basket. Brand variants and line extensions play a very important role, but they must be selected and used judiciously. The danger is that an extension can backfire if not managed well, particularly if the original variant of the brand has a strong image. Nobody wants a cheap or stripped down version of the real thing (if it is perceived to be such),

though people are pleased to have products and propositions tailor-made for them (which could be the same thing, handled with more sensitivity). The trick is to avoid making any one set of customers feel any less worthy than the other. Take Lifebuoy for example, a low-priced carbolic soap that is often the first bath soap adopted by a rural consumer. The company doesn't sell it as cheap soap, but as a hygienic brand. Many companies are modifying their products and packaging to suit rural tastes.

One company succeeded in targeting the same product at different markets simply by changing the packing. In Muslim-dominated villages of Uttar Pradesh, the company's hair oil is sold in green packs. In Orissa, the same packs come in purple colour that is considered auspicious in the state. Another effective corporate strategy has been to sell products in smaller packs to suit small rural pockets. A company found that retailers in villages were cutting its large 100-gm soap into smaller pieces to sell. So it introduced a small 75 gm soap. Now it has planned to sell detergent powder in sachets.

Promotion : Promotional strategies have to create excitements so that villagers remember the products and their virtues. A pharmaceutical company participates in village meals where its salesmen, dressed in white aprons to resemble

doctors, extol the virtues of its analgesic tablets. Another company dresses up people to look like its bulbs and batteries and parades them through the villages.

Distribution : The antiquated marketing methods of the past, when companies used to have a few big stockists and catered to expanding markets by increasing their number might have worked in an urban setting. It makes no sense to have a stockist in a village with a population of a thousand or two. A different type of distribution strategy is, therefore, needed in rural markets. Some companies for example, use a fleet of vans which regularly visit remote villages with a population of less than 5000 at regular intervals to restock small shops with its primary products. An FMCG company has supply vans which offer free samples and screen video films on oral hygiene. These are supplemented by bicycle vendors who go to remote villages where vans cannot reach.

Reinventing the Wheel : It all goes to prove that the basics of marketing remain constant. The core values of a brand must strike the consumer, which means understanding the psyche of the target audience. Therefore, there is no need to reinvent the wheel for rural India.

Questions :

- (a) Based on the details given above in the case, discuss the marketing mix adaptations required for rural markets.
- (b) Do you think separate strategies are necessary for urban and rural markets for the following (*answer any two*)
- (i) Cement
 - (ii) Medicine
 - (iii) Fast Moving Consumer Goods
 - (iv) Telecom Services
- Justify your answer.
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