

MANAGEMENT PROGRAMME

Term-End Examination

June, 2010

MS-611 : RURAL MARKETING

00849

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 challenges that face a marketer seeking to enter rural markets in India ? Explain with reference to the example of an established producer of refrigerators seeking to increase his market share by entering rural markets.
2. (a) Explain the importance of family lifecycle in influencing buyer behaviour in rural markets, with the help of suitable examples.
(b) Discuss the key differences between urban and rural marketing research.

3. Discuss the important product modification strategies that marketers use when adopting then products for the rural markets. Explain with reference to the following :
- (a) Tooth paste
 - (b) Tea
4. What are the sales promotion techniques that have been effective in the context of rural markets ? Explain the key success factors that are required for these techniques to succeed.
5. Write short notes on *any three* of the following :
- (a) Factors affecting consumer choice of rural retail outlet.
 - (b) Thomson's Rural Market Index.
 - (c) Communication concepts relevant to the rural market.
 - (d) Dynamics of physical distribution in rural India.
 - (e) Attitudes and Beliefs of rural customers.

SECTION-B

6. Read the case given below and answer the questions given at the end of the case.

Philips India Limited is a subsidiary of global electronics giant Philips and a leading player in the consumer electronics and electrical lighting segments backed by superior design and technology. It also makes domestic appliances, electronic components, telecom equipment, etc.

A major portion of Philips' revenue (86%) is derived from consumer electronics and electrical lighting divisions. Domestic appliances, electronic components, industrial electronics, etc., contribute the rest.

One of the most important characteristics of the Indian market is that it is highly price sensitive. Opening up of the economy has attracted a host of global majors, who have launched the latest technology products. Increased pressure due to competition and overzealous capacity creations has resulted in lower margins.

The Rural Initiative

In view of the rising income levels in the rural market, the company planned to promote its audio visual range there.

The Consumer Electronics Division, with an objective of promoting Philips audio visual range of products in rural Tamil Nadu assigned

Anugrah Madison the responsibility of designing and executing the promotional effort. It was decided that the promotional efforts will be first initiatives in rural Tamil Nadu.

Anugrah Madison, an agency specializing in rural promotion based in Chennai has been involved for the last 15 years in Rural Communication. The agency has the ability to develop communications including creatives in all South Indian languages as well as Hindi, and has the capacity and plant manage rural events.

The Promotion Plan : Reaching Dealers and Consumers

The agency developed a two pronged media campaign targeting dealers and opinion leader as well as consumers.

In order to educate dealers and opinion leaders about Philips' plans for the rural markets, five Philips Super Shows were held in hotels in towns in Tamil Nadu. The activities included special invitation cards with luck dip numbers, a special dealer motivation song, a tele-film, a skit by a leading comedian and distribution of prizes. An exhibition with the latest innovative products of Philips from the world over was opened to the general public for two days and was heavily promoted in the local media (regional press, van announcements, banners, hoardings, etc.). A special contest was also held to generate a database of potential customers.

To target the rural masses, an extensive campaign consisting of the regional press, radio, rural cinema and wall paintings was implemented. In addition, an extensive audio-visual van operation across 2,000 villages was devised. Here activities included a karaoke contest with prizes, a theatre commercial, a telefilm, a painting contest for children, as well as distribution of prizes such as audio cassettes, t-shirts and chocolates for children. Other activities conducted in the village for residual impact were the distribution of audio cassettes in teashops/ grocery shops, etc., the pasting of posters in important outlets, and the distribution of perpetual calendars to panchayat chiefs. In addition, a database of 12 opinion leaders from each village was collected for follow-up action.

The whole exercise generated a very high level of word-of-mouth publicity for the Philips brand.

As a result of the complete media campaign, in recessionary market situation, Philips was able to enjoy substantial sales growth for both its b/w TV and colour TV brands, and a high level of audio sales were maintained.

The company is now considering rolling out the rural promotion activity on a national scale.

Questions :

- (a) Critically evaluate the communication strategy utilized. Comment upon both dealer and consumer promotion giving your views of the media used in each case.
 - (b) Can the same plan be scaled at national levels ? Why and why not ?
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