

MANAGEMENT PROGRAMME

Term-End Examination

June, 2011

MS-611 : RURAL MARKETING

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note : *This paper consists of two sections A and B. Attempt any 3 questions from Section-A. Section-B is compulsory. All questions carry equal marks.*

SECTION-A

1. Assume that you are a manufacturer of packaged food products like biscuits and bread. Looking at the rising opportunity in rural markets, you want to make an entry into these markets. Clearly identify what are the challenges you are likely to confront in marketing your products in rural markets.

2. Discuss the influence of group variables like reference groups and family for rural consumers of
 - (a) motor cycles
 - (b) Insurance policiesExplain the type of reference group that in your mind is likely to be the most effective in each case and why ?

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3. A multinational company manufacturing FMCC products like soaps, detergents and shampoos, has a substantial presence in rural markets. It has approached you for advice on the problem of spurious products which is affecting almost all its product categories in the rural markets. How would you advise the company in terms of appropriate measures to counter this problem ?

4. What are the steps you would need to follow in planning a sales promotion programme for rural markets for the promotion of your new range of electric fans ? Also suggest the specific sales promotion tools you would use in this case.

5. Write short notes on *any three* of the following :
 - (a) Thomson Rural Market Index.
 - (b) Role of self help groups in rural distribution.
 - (c) Dynamics of physical distribution.
 - (d) Rural Pricing Strategies.
 - (e) Marketing implication of the physical distribution scenario in rural markets.

SECTION-B

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

Dramatic changes in the seed, chemical and grain complex have been triggered in the last five years by the 'coming of age' of agricultural biotechnology. Government of India, on its part, is also encouraging private sector involvement in seed production and research using biotechnology. Given this impetus, there is intensifying effort to produce and market high-tech seeds to the Indian farmers.

The Players

Several major players in the seed, herbicide and bio-technology complex are emerging as leading competitors. Monsanto has recently formed a company with India's leading domestic seed producer Mahyco (Maharashtra Hybrid Corporation). Mahyco obtained formal approval from the government for undertaking large scale field trials prior to its commercial release of its hybrid cotton incorporated with Monsanto's Bt. gene. Parallel efforts are on at the Indian Council of Agricultural Research (ICAR) to develop similar genetically engineering cotton varieties, incorporating the Bt. genes. The Central Institute for Cotton Research (CICR), Nagpur claims to have already evolved its own transgenic cotton version, involving introduction to two

Bt. genes into two popularly grown local cotton varieties. The Aurangabad - based Nath seeds has forged strategic alliances with three international research agencies to develop genetically modified seeds in India.

The Market

India has 106 million operational holdings. Each operational holding is distinct in its nature and hence poses distinct but diverse problems. The farming depends on a large number of factors - farmers, soil conditions, farming method, crop type, seeds, fertilisers, insecticides environmental conditions and others. The illiteracy rate of Indian rural population is 65.31 per cent according to the 1991 census.

THE QUESTION

'In this situation, we have to strategise your efforts to boost your company sales. It is high time, that you revise your marketing philosophy and introduce new practices'. Arvind Mehta waited for the response of the audience. He is addressing the strategy team of Ram Seeds Inc. He is a consultant in the field of marketing.

"Well, what you have said so far is something. I believe, everyone of us here is aware of But, what do you think is wrong with the current marketing practices?" asked Ramesh, the Assistant Manager (Marketing). He is not too happy with the idea of listening to the consultant on issues with which

he is very much familiar. He is one of the star performers of the company.

THE ANSWER

“As you know, the private as well as public sector companies, including yours, follow a product-oriented concept of marketing. Better quality seeds make way into farms as the farmer knows where he can get them and how to use them. Based on this assumption, seeds marketers are designing their distribution strategies. Seeds are marketed through a chain of distributors and retailers. Since, seed demand is seasonal in nature, seed forms only a part of the overall business for these retailers and distributors. Seed company pays commission on sales, to the distributors and retailers. All this is OK, when there is no competition. When competition is hotting up one has to look at the loopholes in the existing system”. Arvind Mehta paused for a while. “What do you think are the loopholes in the existing system ?” Ramesh asked impatiently.

‘I am coming to that’ curtly replied Arvind Mehta. “Many do not have any feed-back mechanism of the performance of their seeds. Improvement of yields through the usage of seeds requires farmers to adopt certain methods of farming and cultivation which very often they are neither aware of nor educated enough to read and follow the instructions given on the packet. Quite often, it leads to the failure of seeds in meeting

the expectations of farmers” “Sorry, Mr. Mehta” interrupted Ramesh, “our field extension officers are already visiting farmers and giving instructions to them. The *sarpanch*, (Village head) the headmaster of the school and the local social workers are briefed about the usage of the seeds. They in turn, instruct the uneducated farmers, who go to them for help”.

“You are right, but it is not sufficient. So far, such activity was considered supplementary. Now on, it should spearhead your marketing approach” replied Arvind Mehta. He further elaborated :

“The new approach, can be crystallised as :

- Build relationships with your consumers.
- Build distribution network of sellers and educators.
- Build sales and profits.

See this model of building relationships. It clarifies what is expected of a marketer bent on winning the market, not for today, but for ever”.

Questions :

- (a) What in your view are the problems with the existing marketing efforts of Ram Seeds incorporated ?
- (b) Do you think that the proposed relationship marketing is a unable approach for the market situation discuss above ?