

PGDM, 2016-18
Trimester – IV, End-Term Examination: Sep 2017
Rural Marketing
DM-435

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Section A (Please attempt 3 out of 5 questions from this section) TOTAL MARKS 15

- Que 1. Rural Marketing can not be neglected today ? Why
- Que 2. What are the profiles of a rural consumers ? Explain
- Que 3. Is affordability important for rural consumer ? Why ?
- Que 4. Why is building awareness in Rural market is a challenge ?
- Que 5. Would there be any impact of GST on rural market demands ? Discuss and explain in which categories would it be more than the others

Section B (Please attempt 2 out of 3 Questions from this section))TOTAL MARKS 20

- Que 1. Can marketers replicate the urban marketing research approaches, methods and tools in rural areas with same efficiency ? Discuss participatory research appraisal technique in detail by giving suitable examples of different kinds of PRA tools and their utility.
- Que 2. Explain the rationale of segmentation in Rural Marketing ? Marketing Approaches varies with degree of segmentation ? List the basis of segmentation in rural markets by considering any two of the following companies .
- i) Dabur
 - ii) Luminous invertors
 - iii) Reliance Jio
 - iv) Wagh bakri Tea
 - v) Yes Bank
- Que 3. Elucidate the importance of product in marketing mix ? How does Acceptability is different from the product concept in rural marketing context ? "The product mix strategy of Patanjali from Yoga to Ayurveda to Tolierties to Home care to Processed food to Cereals and grains to ghee and now to Jeans is just actually created for Rural India " Discuss in detail .

Section C
Case Study
[Total 15 Marks]

Shakti model of HUL

HUL's new distribution model, named project Shakti, was piloted in Nalgond district in 2001. It has been scaled up and extended to over 5,000 villages in 52 districts in AP, Karnataka, Gujarat and Madhya Pradesh with around 1,000 women entrepreneurs in its fold. The vision is ambitious: to create by 2010 about 11,000 Shakti entrepreneurs covering one-lakh villages and touching the lives of 100 million rural consumers. HUL has operated Project Shakti through the self-help groups. AP was chosen for the pilot project as it has the most number and better established SHGs – there are about 4.36 lakh SHGs in AP covering nearly 58.29 lakh rural women. The objectives of Project Shakti, are to create "income-generating capabilities for underprivileged rural women by providing a sustainable micro enterprise opportunity" and to improve rural living standards through "health and hygiene awareness".

For HUL, it is "enlightened self-interest". Creating opportunities to increase rural family incomes puts more money in their hands to purchase the range of daily consumption products – from soaps to toothpastes – that HUL makes. It also enables HUL access hitherto unexplored rural hinterlands. For HUL greater penetration in rural areas is also an imperative – presently over 50 percent of its incomes for several of its product categories like soaps and detergents come from rural India. The challenge for HUL now is to take its products to towns with a smaller population – under 2,000 people. HUL's conventional hub-and-spoke distribution model which it uses to great effect in both urban and semi-urban markets, wouldn't be cost-effective in penetrating the smaller villages. Now, with this new distribution model, the smaller markets are now being referred to as 'Shakti markets'.

Typically, a women from a SHG selected as a Shakti entrepreneur receives stocks at her doorstep from the HUL rural distributor and sells direct to consumers as well as to retailers in the village. Each Shakti entrepreneur services 6-10 villages in the population strata of 1,000 – 2,000 people. Typically, a Shakti entrepreneur sets off with 4-5 chief brands from the HUL portfolio – Lifebuoy, Wheel, Pepsodent, Annapurna salt and Clinic Plus. These brands apart, other brands, which find favour with a rural audience, are: Lux, Ponds, Nihar and 3 Roses tea. Typically, unit packs are small. All the brands are national and HUL is cool to the idea of creating a rural-specific brand as it will only dissipate the advertising media effort for the brands.

Having perfected the model in Nalgonda, in 2003 HUL plans to extend Shakti to a 100 districts in Madhya Pradesh, Gujarat and UP. There are other plans brewing. One is to allow other companies which do not compete with HUL to get onto the Shakti network to sell their products. Talks are on with battery companies like NIPPO, TVS Motor for mopeds, insurance companies for LIC policies. "We wanted to first stabilize the project before we can look at other companies. It requires somebody with scale and size to build

a platform and then invite other companies onto this platform", elaborates Sehgal. HUL is now in the process of piloting 'I-Shakti', an IT-based rural information service that will provide solutions to key rural needs in the areas of agriculture, education, vocational training, health and hygiene. The project will be plotted in Nalgonda district again. Based on a pilot, HUL is looking at sourcing appropriate low-cost hardware from Hewlett-Packard while Unilever Research out of London is developing the consumer interactivity-software.

Que 1. Explain the meaning of "Enlightened Self-interest", the term being used in the case. For whom it has been written and why? (2)

Que 2. Why was HUL cool on developing specific products and brands for the rural India? What are the pros and cons for developing rural consumer specific products? Please discuss by giving examples from Indian market from HUL as well as from other companies in any segment. (5)

Que 3. What was the rationale behind selecting Andhra Pradesh and later U.P, Gujarat and Madhya Pradesh as target states for launching this program? What was the importance of having number of SHG in a state for launching this project? (3)

Que 4. As discussed in the case study about HUL exploring possibilities of low cost hardware for better consumer interactivity and supply chain. In today's context what would be the most cost effective way for HUL to have integration of SCM, CRM and consumer analytics on consumption. Which companies should they contact to collaborate