

PGDM, 2014-16
Rural Marketing
DM-435

Trimester –IV , End-Term Examination: Sep -2015

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 (Attempt any 3 questions out of 5)

Total marks (15)

- Que 1. "Rural markets are not confined to Census Villages only. They are present in a vast continuum spread from villages and towns to slums of big cities". Comment.
- Que 2. Rural customer focuses more on value than price for a product or service. Explain
- Que 3. Develop a structure of Socio economic classification (SEC) for rural India.
- Que 4. Last 10 years (2004-2014), India has seen massive investment in rural development. List-out various government schemes which have brought big changes in the rural economy.
- Que 5. What is inclusive marketing and how is it different from rural marketing ? Explain with an example.

Section B (Attempt any 2 questions out of 3)

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. A leading Indian handsets manufacturing company has decided to enter into rural markets in a big way. How shall this company use concepts of Segmenting, Targeting and Positioning so as to achieve strategic goals?
- Que 3. Which of the 4 As of Rural Marketing is most difficult to address and replicate in a competitive scenario in rural area? How Hindustan Uniliver is dealing with 4 As of Rural Marketing?

Section C (Attempt all questions as per the case study)

15 marks

Tata BP Solar: making the sun rise

In remote Ladakh, 7,500ft above sea level, in the bitterly cold Himalayan climate, 14,000 homes have lights. In Punjab, farmers are able to irrigate their fields without conventional electricity supply. In Chattisgarh, tribals living in 107 'grid-inaccessible' villages can watch television, and students can study at night...

In villages across India, children are getting a better education, families are getting better healthcare and people are able to connect with their loved ones far away, thanks to Tata BP Solar, a company that has been at the forefront of solar energy field since 1991.

"Over 70 per cent of India's population lives in the rural areas, but 70 per cent of electricity generated is used in urban areas," says AK Vora, managing director of Tata BP Solar. "Even in the future, rural areas will continue to get an unequal share of power, because urban needs will keep on increasing," he adds.

The power of the sun

Tata BP Solar is playing a key role in helping bridge the urban-rural energy divide. In India, energy planners think of power requirements only in terms of large MWs. But, says Vora, in villages you need small amounts of power; for homes and businesses such as shops and flour mills. Solar power can provide energy security and, therefore developmental opportunities to 700 million rural Indians.

"Solar power is clean, eco-friendly and the most easy-to-set-up source of power. You don't need large transmission towers, lengthy cabling and heavy switchgear. You can light an entire village in less than a week," says K Subramanya, COO, Tata BP Solar. The needs of the rural people are simple; fuel for cooking, water for drinking, light for studying, and television and telephone for entertainment and connectivity. It's all in the idea

While Tata BP Solar has a slew of products such as solar home lighting systems, solar lanterns, solar cookers and solar hot water systems, the innovation is in the packaged solutions that they have designed for specific segments in rural India:

Sunbank, a customised package for rural banks that are being computerised, consists of a power pack along with solar modules, batteries and controllers, and provides power for three to six hours a day. The company is looking at powering ATMs next. Suraksha, a solar-powered communication system, helps police stations function effectively. India has tens of thousands of primary health centres, but most of them have very little or no power, and vaccines need to be refrigerated at temperatures lower than 6°C. The health centre package, Arogya, includes a solar powered vaccine refrigerator manufactured indigenously by the company and approved by the World Health Organization (WHO).

In Madhya Pradesh, the Rajya Siksha Abhiyan has given computers to over 3,000 rural schools, but realised that there is no power to operate them. Tata BP Solar is proposing to put together a school package called Tejas, which powers computers, TVs, lights and fans. Specific packages for e-governance and panchayats are now being developed. The government is driving banking, farming, education and health activities in rural areas, and Tata BP Solar is ensuring that these initiatives bear fruit through the use of solar energy. "Each of our package solutions addresses the government's agenda in different areas," says Subramanya. "We are also understanding the real needs of villagers and developing products depending on the budget, playability and product use."

One work-in-progress product is a low-cost solar lantern. The present lantern, a bestseller, is priced at Rs4,000 (\$80), too expensive for the rural segment. The company's R&D department is relooking at the product to bring the price down to Rs1,250 (\$27). They are also developing a rural solar water heater, smaller in size (40 to 50 litres) and cheaper than the current range, sold primarily in urban areas for between Rs18,000 (\$387) to Rs45,000 (\$969), depending on the size. "The target is to take it to the market by the end of this year at a cost less than Rs4,000 (\$80)," says Vora.

Spreading out

The company distributes and sells its products through dealers, who also create awareness and educate the end-customer on the products' functionality. "We ensure that our products are sold in areas that are easily accessible, not more than one night's bus ride away. After sales service is a big challenge" says Vora. Though 75 per cent of the company's products are sold in rural, semi-rural and semi-urban areas, its dealers are still not in the heart of rural areas, and it is exploring different channels for selling in these markets.

The biggest obstacle in making its products available at a price affordable to the masses is what Vora calls the 'capital cost barrier'. "Solar products have a capital cost, but no running cost, as the sun is free. For conventional electricity, the user pays a monthly bill while the capital investment is done by the generating company," he elaborates.

Lighting up lives

Since people cannot afford to buy solar products outright, financing is important. But banks and financial institutions prefer to give loans for products and technologies that they are familiar with, like tractors or water pumps.

Tata BP Solar products have transformed lives in the villages of Punjab, Uttar Pradesh, Haryana, Kerala and Tamil Nadu. It has done pioneering work in Rajasthan, Assam, Orissa, West Bengal, Bihar, Chattisgarh, Jammu and Kashmir, and north east India. The idea is to make the sun shine on rural India, to brighten its future.

Lighting up Ladakh

Most Ladakhis lived a harsh life without electricity, till Tata BP Solar and the Ladakh Renewable Energy Development Agency (LREDA) joined hands to light up their world. In a short time-frame, Tata BP Solar installed 8,700 solar home lighting systems and delivered 6,000 solar lanterns to 80 remote villages and hamlets situated at altitudes between 2,600 m (8,500 ft) and 5,000 m (16,500 ft) above sea-level, over rough terrain in bone-chilling weather. Half the villages were accessible only on foot; some were a three-day trek from the nearest motorable road.

On June 4, 2002, the first of 118 trucks loaded with solar products set off from the company's sophisticated manufacturing facility in Bangalore to Ladakh, over 3,000km away, a journey that took two whole weeks. Just four months later, 14,000 homes in dozens of villages in Ladakh were illuminated each night by a golden glow.

Today, the company has a regional office in Leh – the highest solar service centre in India – an on-site project management team and more than 70 locally-trained technicians. It's a job well done and there's a general sense of satisfaction about helping the Ladakhi people. A grateful Buddhist monk at Strongday Gompa in Zanskar summed up his feelings, "Solar light is like giving eyes to a blind man."

Please answer all the questions with reference to this case study only.

Make suitable assumptions and state them wherever needed.

Read the case and spend some time thinking over the facts provided in the case before answering the question.

Que 1. The needs for power and fuel in villages are simple. Differentiate the rural needs for Power against that of urban needs in the same category ? 3 marks

Que 2. What strategy must Tata adopt to convince banks to finance these solar systems to the Villagers as normally banks are reluctant to finance such products ? 3 marks

Que 3. Tata BP Solar adopted a unique strategy of segmenting rural markets. Develop a detailed segmentation chart as executed by Tata BP Solar. Can you develop a similar chart for a product like water purifier ? 4 marks

Que 4. Poor connectivity of roads and after sales service was considered the biggest obstacles in the success path of Tata BP Solar in Ladakh but still it achieved its target well in time and with flying colors. Can you envisage the strategies being adopted by Tata BP Solar to develop channels and large fleet of technicians to not only install the solar systems but after sales service also. 5 marks