

PGDM (RM), 2015-17  
Rural Retailing  
RM-601

Trimester – VI, End-Term Examination: February 2017

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.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		<b>Total Marks</b>	<b>50</b>

**Section A (Word limit: 50 )**

1. Which of the 4 As is most difficult to address and replicate in a competitive scenario in rural areas? Explore and discuss with 4 practical examples. (1+4)
2. Discuss the impact of demonetization on the rural economy. Give facts to support your answer. (5)
3. Draw the table for New SEC classification. What are the advantages of the New SEC. (2+3?)
4. Define the following abbreviations: (a) PMGSY (b) JNNSM(c) SPMRM (d) JSY & JSSK (e) PMJDY (1+1+1+1+1)
5. In rural context explain demographic, psychographic and behavioral segmentation as applied to using toothpaste for brushing, using toilets for defecation, washing hands with soap before eating. (2+1+2)

**Section B (Word limit: 100)**

- 1) What are the factors for consideration while determining the pricing in rural markets? Calculate necessary business volume to achieve equal surplus, if there is a change in the price, as indicated in the table. Explain PSS and MSP in context of agriculture pricing. (3+5+2)

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Product	Cost (Rs)	Existing Price (Rs)	Existing sales (units)	Proposed Price(Rs)	Necessary volume to achieve equal surplus (units)
A	10	12	50	10.5	
B	6	7	300	6.75	
C	0.45	0.5	10,000	0.49	
D	0.18	0.2	15,000	0.19	
E	0.77	0.8	12,000	0.79	

2. What is your assessment as a marketer of the opportunities shared by Tata Steel especially when looking at rural markets? What do you feel about the brand features? Is this relevant to the context we are talking about? What do you propose as a strategy for Tata Steel? Describe each step that you wish to take in detail? (2.5+2.5+2.5+2.5)

3. What is the role of SHG (Self Help Group), ASHA workers, Nehru Yuva Kendra in rural context ? Explain each of them. (4+3 +3)

**Section C: (Word limit: 200)**

May 17, 2010

**CHOTUKOOL: INNOVATING AT THE BOTTOM OF THE PYRAMID**

**A case study in creating inclusive business, G Sunderraman**

Module Director, VLFM  
Vice President –Corporate Development  
Godrej & Boyce Mfg Co Ltd

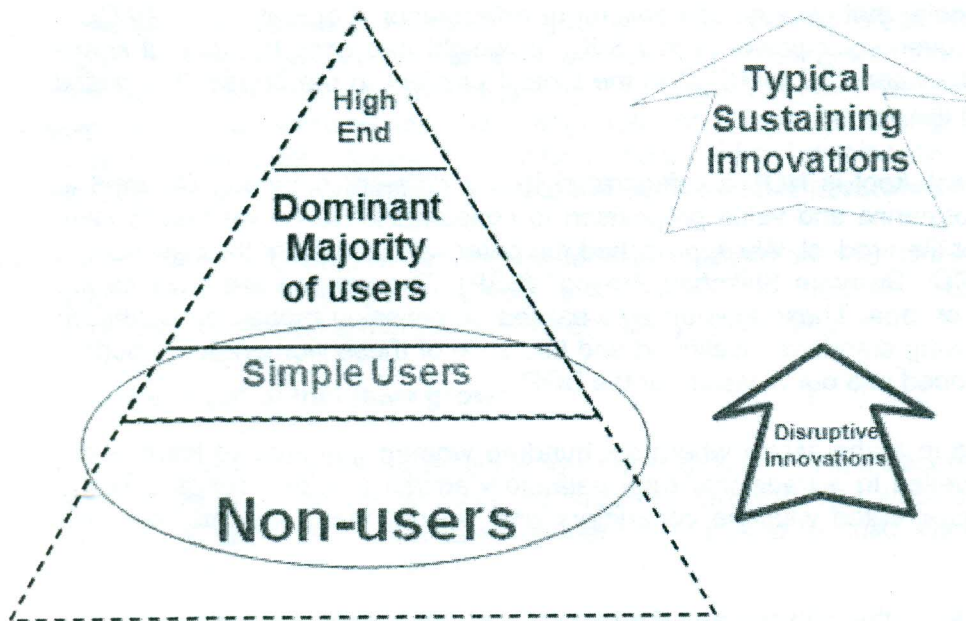
‘Seeing the invisible and understanding the latent’ is the essence of leadership! The story of Chotukool is built on this essential foundation of Visionary Leaders for Manufacturing (VLFM) Program orchestrated by Prof. Shoji Shiba.

Over 80% of the population of India does not use refrigerators. The entry level refrigerators in India cost Rs 6000+. The billion plus people at the Bottom of the Pyramid (BOP) cannot afford this money. Many do not have even access to grid power. Yet their daily life can significantly improve, if they can store some milk, daily vegetables and fruits without spoiling and get half a dozen bottles of cold water. Is it possible to make this ‘essential luxury’ affordable and accessible to the people at the Bottom of the Pyramid?

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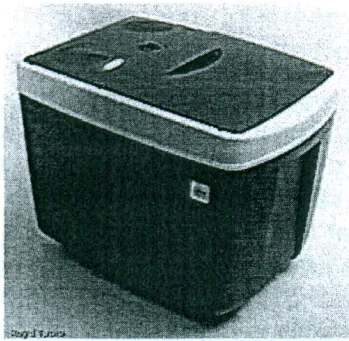
## Disruptive Innovations

Chotukool was born with this inspiration and vision. The idea was conceptualized based on the principles of Disruptive Innovation developed by Prof Clayton Christensen. Typically technology continues to improve to cater to the needs of the segment of most demanding customers by a series of incremental and radical innovations. Though the satisfaction of the customers on the average increases this pursuit of 'sustaining innovations' leaves several consumers at the level of basic needs overshoot! For example a person who only wants to read emails hardly needs several GHz of processing capacity in the computer. Disruptive Innovations address the basic needs of the simple customers with easy, simple and affordable solutions. Disruptive innovations open up the untapped market of the non-users.



**Consumer Insights and Latent Needs:** The Chotukool team in the early phase of the project spent long time in the field to gain deep consumer insights and learn about the habits and life of the people in the rural India and BOP families. The team found that most of the people purchase their needs for a day or two at a time. The people live in small dwellings of 150 sqft. The living room turns into the bed room in the night. Space is a luxury! BOP is also a migrant population. This immersion is the 'Fish Bowl' principle taught by Prof Shiba. We cannot understand the life of fish in the water, unless we dive into the fish bowl! Observation and interview skills learned from VLFM program were used to gain deep insights of the BOP consumers in their natural habitat. The team found the second hand refrigerators used by a few people largely empty – there was nothing to keep except water! These insights were processed using Five Step Discovery Process learned from Prof Shiba in VLFM. Chotukool was conceived and created based on many of these latent needs and almost invisible insights.

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### **Chotukool:**

Chotukool is a 43 L solid state cooler that uses no compressor or refrigerants. It operates on 12V DC – can work on battery, inverter or even solar power. It is 7.8 Kg, in weight and easy to move. It keeps daily need food fresh and cool between 5°C to 15° C in the typical ambient in the house. It is priced between Rs 3250 and Rs3500 in the market.

**The Larger Vision for BOP** Chotukool is NOT a refrigerator! It is a different category! Different in technology, size, structure, performance and value proposition to consumers! Hence we had to have breakthrough approach to market the product. We approached the potential consumers through women micro entrepreneurs through NGO "Swayam Shikshan Proyog" (SSP). The women are close to the community to facilitate diffusion of idea. These women also earned commission money by selling. In effect, Chotukool impacted the Living standard, Livelihood and Life style of these women at the bottom of the pyramid. This slowly developed into our 3Lvision for the BOP!

The pilot launch was in a village in Maharashtra where six hundred women gathered to learn about Chotukool. The product was unveiled in a traditional rural palanquin amidst religious songs sung by women. The entire event was co-created with the consumers and we got many insights. We also started the commercial sales.

The pilots have now spread in a few other villages and the response remains very favourable. We also got deep feedback on the product. These insights are now incorporated in the product design iteration as we are about to begin the national launch in the next festival season.

**Making a wide impact at BOP:** During the pilots, we discovered that Chotukool made an impact to the BOP in more than one ways. It certainly improved the living standard of those who used the product. It brought smiles in their daily life and improved the productivity of the bread winners in BOP homes. Those women entrepreneurs who demonstrated and sold Chotukool earned supplementary income.

For several small businesses like flower selling, snacks vending and small kiosk shops, Chotukool became an earning asset. It could enhance shelf life and reduce waste while stored. For some small shops, it provided additional earning by giving opportunities to vend cool water and soft drinks.

The business model for Chotukool systematically attempted to involve BOP communities in many aspects of business by co-creation and transfer some value add back to the BOP community. We involved BOP members in marketing, training, servile delivery and part of logistics.

And finally we have a dream that some day in future, Chotukool like products will help deliver vaccines to the children at the BOP in wide spread rural hinterland where there is limited healthcare infrastructure, electric grid power and transport.

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## Challenges at BOP

But the path to BOP is not an easy one. It poses several challenges. Chotukool project faces the challenge of thinly spread market, low earning power of the consumers, limited awareness of users and vast cultural diversity. We addressed these challenges by being humble to learn and adapt from these insights. We also consciously remained frugal –focused on low cost to end user, worked with small teams and kept investments very low. This enables us to continue our experiments for learning which we reinvest in the business as improvements.

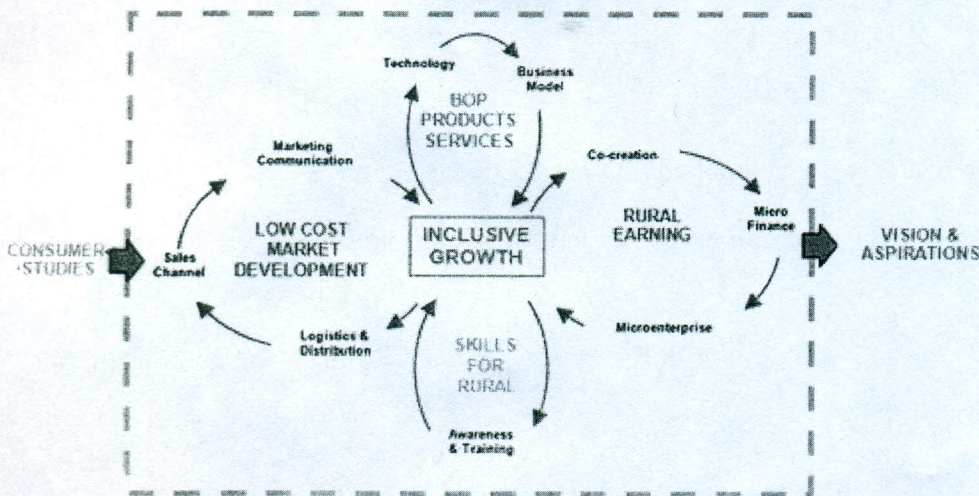
## Insights and Lessons we learn from Chotukool

VLFM has been a foundation course for us to learn the essential breakthrough skills. Markets that do not exist cannot be analyzed. We can learn about it only by being with them and experimenting. This is the essence of 'Fish bowl' principle taught by Prof Shiba We have systematically learned and applied the observation and interview methods, language and image processing skills and reflective thinking ability through five step discovery process (5SPD). The fundamental note taking, reflection and conceptualizing skills allowed us to integrate the frameworks of several other domain experts.

Personally, I had the benefit of learning these skills closely from Prof Shoji Shiba when I was selected as module director. I have been fortunate to work with Prof Shiba and experience a transformation in my leadership approach. I am grateful to my company Godrej to give me this opportunity of life.

## Symbolic Example of Inclusive growth

Chotukool is more than a breakthrough product or business. It could become a symbolic example of an approach to address the larger issue of Inclusive Growth. The enclosed system dynamic model summarizes the essence. Incidentally, we learned the skills to build system dynamic model through Five Step Discovery process in VLFM.



Specifically designed BOP products with appropriate technology and business model, low cost market development, skill development and embedded earning opportunities are essential for Inclusive

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Growth. The vision and aspirations of the BOP can be met only through deep consumer studies and breakthrough thinking.

No doubt, there are challenges at the BOP. Building skills in people at the BOP, creating income for them and driving affordability will remain a formidable challenge!

### **Opportunities for Win-win collaboration!**

From our experience, we learn that we can solve many of these problems through collaborations. The challenge of BOP is a global challenge – the solution will also come through global cooperation in technology development, product design and research! We look forward to ideas, feedback and inputs from many well wishers in Japan that can help in this noble cause.

As we continue our journey, we discovered the 'Noble Mind' that Prof Shiba imbibed in the VLFM program. As the president of USA Roosevelt once said, *"The test of our progress is not whether we add more to the abundance of those who have too much.... it is whether we provide enough for those who have too little"*

It is through cooperation and collaborations, the problems of the society would be ultimately addressed!

### **Our sense of gratitude**

In closing, we would like to acknowledge the contributions of Prof Shoji Shiba, VLFM, CII and JICA. This is a living testimony of the cooperation between the Governments of India and Japan.

We would also like to acknowledge the contributions of thought leaders like late Prof CK Prahalad and Prof Clayton Christensen whose inspirations and intellectual inputs provided deep insights in this journey. We thank CII for bringing creating this learning ecosystem in India.

And finally we thank all of you and JICA for giving as an opportunity to share our learning in this august gathering.

GS/Mumbai/170510

Q1. How did G. Sunderraman use 5SPD to Chotukool for the bop? (7.5)

Q2. How does breakthrough thinking and collaboration help in innovation for the BOP?(7.5)