

Decision Support System for Managers
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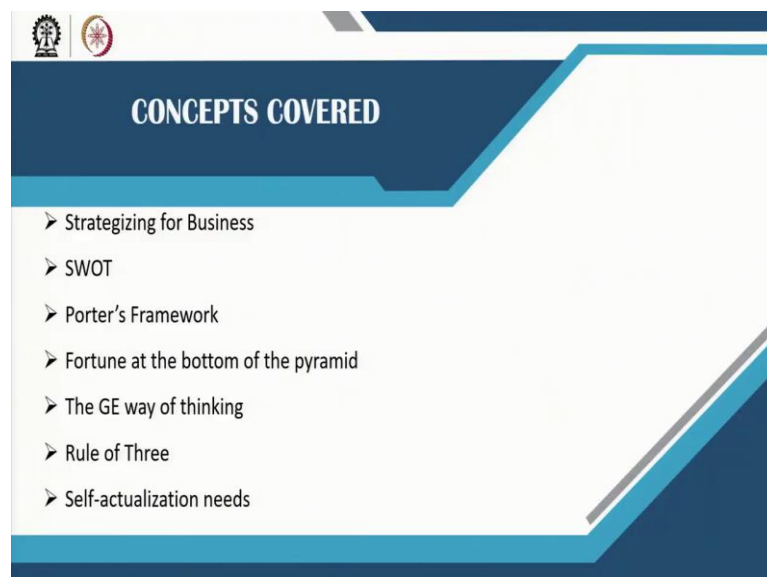
Module - 06
Lecture - 33
Rural Marketing; Balanced ScoreCard

Hello and welcome to “Decision Support Systems for Managers”! We are into module 6, ‘decision support system for strategizing’ and we are into lecture 4, the last lecture of this module, ‘rural marketing and balance scorecard’.

Now, in the previous lecture, we gave you a rough idea about rural marketing and I told you about my personal example, I went to a village haat and whenever I was inquiring about the price of a product, they were saying, they were they were looking very like they were not telling me the price and then, I asked someone. Ultimately, after they say no, you are from a different place. So, they are thinking that you are not a part of them; ok.

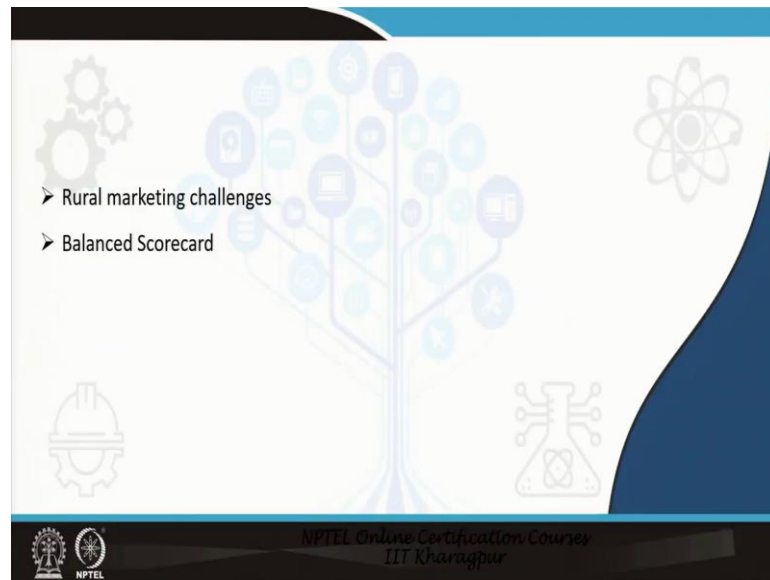
So, this is the basic dimension of rural marketing. Lot of happiness, lot of joy, lot of pains, lot of agony, lot of ecstasy ok. This is the basic way of looking at rural marketing ok. Today, we will learn how as an organization you can strategize for rural marketing. Just want to give you some dimensions, some examples; ok.

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Yeah, this is what the course can of this module is because we have finished up upto self-actualization needs and now, we will discuss rural marketing challenges and balance scorecard; ok.

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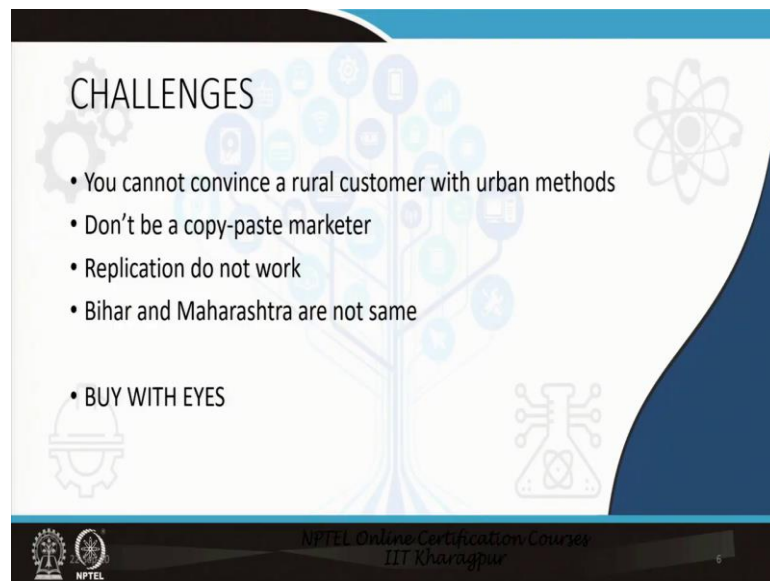


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Rural marketing; what are the challenges? Challenge, we look at these challenges, opportunities, the pain and the joy; ok.

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Yeah, challenges you cannot convince a rural customer with urban methods; very very difficult. Do not be a copy-paste marketer. Replications do not work. Two states are not same; we have just given two names, but two states are not the same, two places are not the same; Bihar and Maharashtra are not the same.

And you BUY WITH EYES, what are these? Let us explain. You cannot convince a rural customer with urban methods; ok; cannot convince. Let us take an example ok.

Now, there was this Tata Shaktee. Tata Shaktee, this iron sheets that you can put on roof tops and they were trying hard to enter the rural market, but somehow the sales were not picking up; somehow the sales were not picking up; ok.

I will explain from two different angles. Somehow sales were not picking up, they tried their best, not picking. The sales people are in the rural India, moving from one place to another; nobody is understanding or nobody is buying, convinced, no one is convinced.

Ultimately, one person says, one villager says to one of the salesmen, 'what do you do? This person says, 'I sell', 'what do you sell?' 'I sell these rooftop sheets'; ok. Then, this villager says 'oh, [FL] [FL]. This salesman is looking like, this is ascans; this is freeze from the city [FL]. What does it mean? You are selling steel corrugated sheet; ok, you are selling a steel corrugated sheet; lohe ki nalidar chaddar; ok.

So, that became the tagline of Tata Shaktee; lohe ki nalidar chaddar ok. So, rural people have to be convinced in the method or in the manner that they understand. Same product, same thing; only the way they use the tagline that change the way people understood their products; ok.

You cannot be a copy-paste marketer. You cannot convince a rural customer with the urban methods. But look at the same company urban, Tata Pravesh Doors, readymade doors brought in by Tata. How did they market it? Every dealer who was taking Tata iron the steel rods for construction purpose, they were also asked to consider and take Tata Pravesh; ok.

So, this was a push sale that Tata was doing. For whom? For people in the city. So, you see that model works because a customer when he goes, he wants to buy those steel rods that model works. Because that Tata Pravesh is a city based, no one in the village will use this type of a door; ok; very rarely.

Now, it is penetrating, but then otherwise when it was first introduced, they said it is a city-based product. So, Tata Pravesh. So, the method of marketing is very different from a rural India versus urban India; distributed driven in urban India but a very-very much different strategy for a rural India; ok.

You cannot convince a rural customer with urban methods ok. Do not be a copy paste marketer; if you are a copy paste, copy paste from the city to rural, your product is bound to fail; your product is bound to fail. Replications do not work; replications do not work. Bihar and Maharashtra are not the same.

Thought processes are same, social settings as thought process that different; social settings are different ok. So, the same marketing technique will not work ok; same marketing technique will not work right. Now, for example, there used to be a ok, we will try to skip that example; ok.

Replications do not work; Bihar and Maharashtra are not the same. Yeah, I will come to the last point rather; buy with eyes, what does this mean? Ok. Now, I was travelling to one of these rural settings, got down at the railway station and I had to go for quite a distance, far away. Nothing available, so I started walking, ask some local people 'how do I go', 'it is near, please go'. But a near to a city dweller and near to a villager is very different ok. So, our near is 10 minutes walking, their near is 1 hour walking.

So, and just generally, I am not no negative intended, but just this is the way because they are habited, they are very hard-working people, they are habituated to walking long distances. For them, it does not bother; but for us, 10 minutes walking, we are gone. So, I was walking, suddenly a van comes 3 wheels means pedal van basically; the pedal van comes, 'where will you go', 'I told the place and I got up', he said 'I will take you'; ok; I got up.

After some time started talking and then, this person suddenly tells me 'last festival, I made lot of money. This festival up till now, it has not picked up; so, I have not made that much of money. Last festival, I made lot of money. Every day, people will come from villages and I will bring them on my van; products will come from villages, I will bring them on my van. So, last festival I made lot of money'.

So, I took my children to the shop selling garments and I told them 'buy with your eyes', what does that mean buy with your eyes? Buy with your eyes means cautious no not be cautious buy with your eyes does not mean that be cautious; buy with your eyes means if you like if your eyes get attracted to certain product, you buy do not bother about the price ok; do not bother about the price, buy with your eyes; ok. This is what we wanted to say, buy with your eyes.

So, rural consumer, but so, rural consumer is we have it in another slide, but I am just telling you rural consumer is not price sensitive. Rural consumer is budget sensitive. This is the fund that I have, if you can get hold of a good product, you buy one product and come back; ok.

But here urban consumer is price sensitive. '[FL], this product is 100 rupees, this should be 80 rupees'. So, they will look at the price. Rural consumer will look at the total fund available budget; ok. So, buy with your eyes, this is the challenge; this is a great challenge for marketers. You may win, you may lose; your product may sell, your product may not sell.

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OPPORTUNITIES

- Consumers are not price sensitive, they are budget sensitive
- They find a product or service that fits the budget
- Pricing is a challenge

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What are the opportunities? As we have mentioning, consumers are not price sensitive, they are budget sensitive. They find a product or service that fits the budget. So, pricing is a great challenge; ok. They find a product or service that fits the budget. So, pricing is a great challenge; ok.

Long back, the village fairs; after the harvest time, fairs happen and these fairs are very much in; people are in enjoying mood because they have just got money from harvest. There are lot of people who work as workers in the paddy fields and in the harvesting season, these are people who move around ok. In the harvesting season, they will come, they will cut the paddy, they will get money and immediately, there is a fair after that.

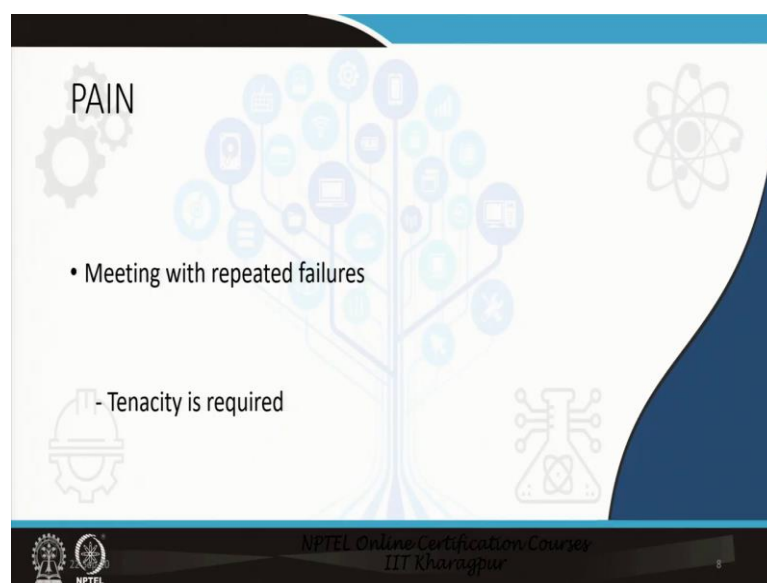
So, since they have liquid cash budget ok, whatever they get, particularly the children the women etcetera and even the men, whatever they will get they will buy and sometimes what happens?

This is another negative side of it, their money gets finished. So, whatever they earned by toiling so hard in the heat and the rain, day and night by harvesting, working as workers, getting daily wages, whatever they earn, most of the money, they finish off in the next two-three days in the village fair and there is a group of people, who will like to cheat them, they will charge high price because they also understand the village mentality; if they like it, any price.

So, the person who is buying the worker or the harvester or the basically the daily wage earner, he is thinking I have made a bargain and the seller he knows how big fool he has made out of the daily wage earner. So, this is a great problem; pricing is a great challenge; ok.

So, what happens for the organized companies? They find it difficult to sell their products because the budget is finished-off by the; budget is taken care of rather by the local players; ok. The organized player finds it very difficult. So, pricing is a great challenge ok. The local people will take away the money from these poor people by having some glossy products, glittery products. So, pricing is a great challenge.

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What is the pain? Pain is meeting with repeated failures; Tenacity is required. Give you the example of this classic camera company. I am not naming the brand but this company, this camera company was there in India very-very long time and I am telling you the days of these roll cameras when we had the negatives inside the camera. I think they are not there in existence anymore, but we used to have negatives inside the camera; ok.

Now, there was this young graduate, who has just graduated and he got a job. His first job was with this camera company. Very high salary; sales job, marketing job. But his assignment was in rural India, means he will have to sell cameras in rural India that is a great problem; ok that is a great problem. How can you sell cameras in rural India? You can sell 1 piece, but then what will happen? They will not find a place to print the pictures, they have to develop the negatives and then, print the pictures; not possible, but still he took it up as a challenge and he went on, this young graduate.

He went into village 1, tried moving from door to door, 'please buy my camera'. The same things that they have learnt and the techniques that you will use in a city, he applied that as we have mentioning. Rural techniques do not rural systems do not; urbans techniques does not apply to rural markets.

So, he was going door to door. What is the result? He would go every morning after breakfast, he would move with his bag. By this time, the men folk are all away in the fields for work. So, houses will have only women folk. Moment they saw a stranger, door closed. He would go house after house after house, everywhere they would see him and door closed.

Ultimately, a time came village after village, he would go door closed. Ultimately a time came, that anyone knew this person coming with a bag, we have to close the door means the language that this person will speak language means not the vernacular, language of selling that this person will speak no one would understand and they would not even understand the utility of this product camera.

Why will they keep it at home, what is the requirement? But he was a very nice person and people started liking him; so, after 1 or 2 months. First month, sale is 0; second month, sale is 0; by the third month, slowly people will keep the door open and in fact,

some houses will give him glass of water and some food to eat also, out of a liking young guy.

And they would like him that he is going with his bag from one place to another. So, he was not a stranger anymore that is what I want to say. He would move around next four-five villages knew him that this person is of no use he comes in to sell a camera and this continued for 6 months and then, he decide and sale is what? Sale is 0. Then, he decides quit; quit the job because sale is 0 and ultimately, organization will put pressure on him. So, before things go too much negative, let me quit the job; fine.

Then, he decides that before quitting the job, let me go back and see a village fair. So, the nearest one was a cattle fair; ok. So, he goes with the cattle fair, everywhere cattle; nothing, no items, no other things. He wanted to go to a fair, but he has landed up in a cattle fair and he sees one, he sees the people and people also know him by the way. So, that fair finishes, he still has some time that month left. So, he asks the next people, 'when is the next fair?', 'the next fair is after 2 days in another village'. So, he goes there, he finds again it is a cattle fair; third fair, cattle fair.

By this time, he knows everybody; everybody knows him. One day evening, the last day of that particular third fair, he is sitting there and they are asking one person is sitting; he has 2 bullocks, 2 bullocks in the first fare; he is there in the second and now, he is there in the third, 1 bullock is still unsold; ok. So, this person says that 'I am seeing you for three fairs, what do you do? This the villagers say.

He said, 'no I am a salesman, I am going back to my city; just wanted to roam around to see the fair', this graduate salesman says. The sales person asks 'why are you moving around from one fair to one fair, I saw 2 bullocks, now you have only 1?. Then, this villager is saying his sorry state, sorry story. He said, 'I had 2 bullocks, I wanted to sell them; the one was healthy, the one which was very healthy I sold at a good price. But this bullock, nobody is buying now'.

This sales person, the sales graduate says, why? This bullock also looks very healthy; why are people not buying? The villager is smiling and says that 'the bullocks health is not by the physique of the animal, it is by the color of the teeth of the animal; white teeth; more whiter the teeth, more healthier is the animal.

He says look at the teeth of my bullock and the teeth is yellow. He says that is why no one is buying and I am going from one fair to one fair, I am walking bullock is walking, I have to rent a place for the bullock to some shed, some food and I am spending lot of money moving from fair to fair, but there is no solution.

This sales person comes back, he writes to the head office, 'I want 1 more month, please extend my work in your company. Now, what he does? He goes to the nearby panchayat, everyone knows him and he says look I have an idea.

Now, you do not need to take your cattle from one place to another, anyone who wants to sell cattle in your village can come to the panchayat office, I will sit here outside on a stool, outside the premises. Because I am doing business. Anyone who comes, I write down the house, the name of the person, I will go to the house, this person will open the mouth of the animal and I will click photo of the teeth of this animal; ok.

So, I will click photos of the teeth of this animal and I will take a printout, I will take a print out and below I will write down the name, the village and the price of the animal and this I will take to the other nearby three-four villages and I will put them at different places. Price you need to pay me let us say 10 rupees for every photograph, for every such for every such order.

Immediately, it was accepted people because people are saving lot of money going from fair to fair and the other end, people who are by they are also saving money going from fair to fair. So, immediately all villages teeth of the animals; goat, bull, cow anything. So, teeth of the animal below the name and the village name and the name of the village and the name of the farmer and the price.

Tremendous success; this he continued from all villages. So, buyer and seller was meeting via a photograph. The ones that we do today using internet; those were the days when there was no internet and the buyer and seller was meeting to photograph. This person could not sell a single camera, but he brought in a totally new concept in the field of rural marketing; ok. So, this you will have to keep in mind; ok, the pain, the tenacity; ok.

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JOY

- One of them is developing new products and newer marketing techniques

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The slide features a central graphic of a tree with various icons (gears, a smartphone, a laptop, a document, a person, a lightbulb, a network diagram) on its branches. Surrounding the tree are icons for a gear, an atom, a hard hat, and a circuit board. The NPTEL logo is in the bottom left corner.

Joy; developing new products and newer marketing techniques. As I mentioned lohe ki nalidar chaddar, this camera that I mentioned; ok.

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- Population
- Changing structure of the economy
- Literacy rate
- Mobile revolution
- Infrastructure development

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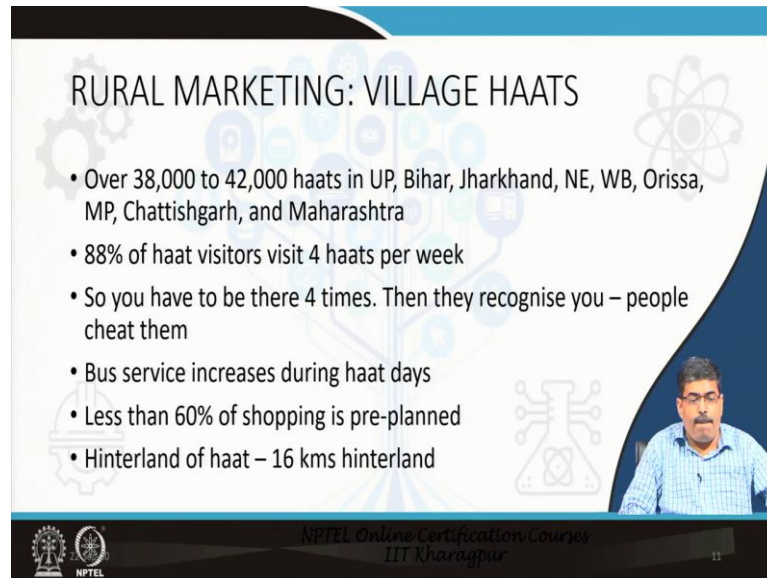
The slide features the same tree graphic as slide 9. A small video inset in the bottom right corner shows a man with glasses and a blue shirt speaking. The NPTEL logo is in the bottom left corner.

Population; changing structure of population as we mentioned in rural India still changing structure of the economy, the rural income is increasing; literacy rate is increasing, mobile revolution, infrastructure development.

What are these pointing to? These are pointing to you develop products for the rural market and make these product suitable for the rural market and make your marketing

tools and techniques fit for the rural market. Then, you will definitely succeed, then you will definitely succeed. This is what is meant; ok; this is what is meant.

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RURAL MARKETING: VILLAGE HAATS

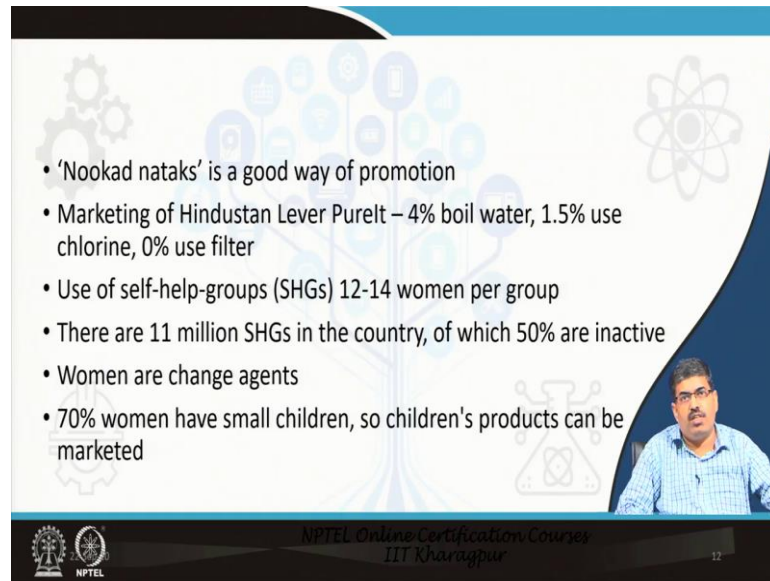
- Over 38,000 to 42,000 haats in UP, Bihar, Jharkhand, NE, WB, Orissa, MP, Chattishgarh, and Maharashtra
- 88% of haat visitors visit 4 haats per week
- So you have to be there 4 times. Then they recognise you – people cheat them
- Bus service increases during haat days
- Less than 60% of shopping is pre-planned
- Hinterland of haat – 16 kms hinterland

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Look at the look at the issues 38000 to 42000 village haats in UP, Bihar, Jharkhand, North East, West Bengal, Orissa, MP, Chattishgarh and Maharashtra. 88 percent of haat visitors visit 4 haats per week.

So, you have to be there 4 times. Then, they recognize you - people will cheat them otherwise, people cheat them that is why. Bus service increases during haat days. Less than 60 percent of shopping is pre-planned. Hinterland of haat is 16 kilometers. With these ideas, develop products for the rural market; develop products for the rural market.

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- 'Nookad nataks' is a good way of promotion
- Marketing of Hindustan Lever PureIt – 4% boil water, 1.5% use chlorine, 0% use filter
- Use of self-help-groups (SHGs) 12-14 women per group
- There are 11 million SHGs in the country, of which 50% are inactive
- Women are change agents
- 70% women have small children, so children's products can be marketed

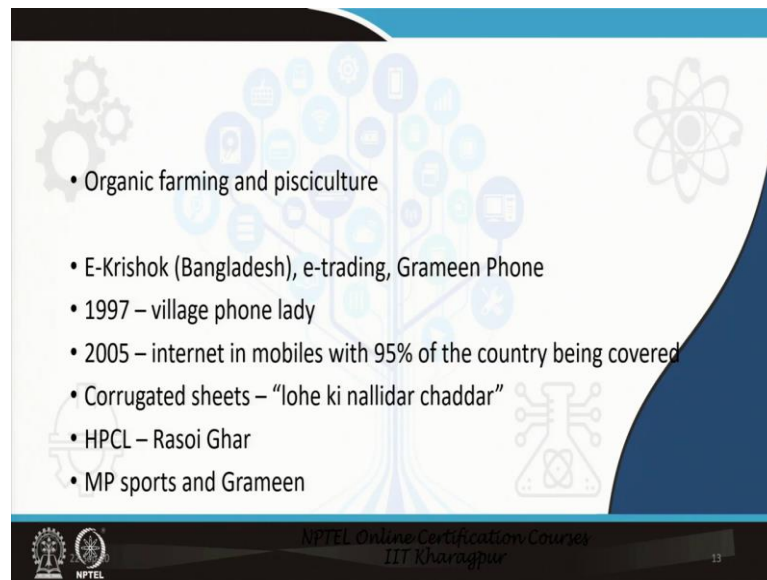
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'Nookad nataks' is a good way of promotion. Hindustan Lever PureIt, nobody thought that they will be able to sell them in rural in rural India; no one thought. It was found that only 4 percent of people boil water, 1.5 percent use chlorine and 0 percent use filters; only 5 percent. So, how did you do it? How did they do it? 95 percent of people were using non-filtered water, may be deep tube well; but non filter in the real sense of the term; ok.

So, they targeted women Self-Help Groups and they showed them pictures, video of what the bacteria are there in the water. There are 11 million self help groups in the country; 50 percent are inactive.

Women are change agents. 70 percent of women have small children, so children's products can be marketed. Hindustan Lever understood this and they targeted, they use the Self-Help Groups to promote to make people understand the problems of impure water; ok.

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- Organic farming and pisciculture
- E-Krishok (Bangladesh), e-trading, Grameen Phone
- 1997 – village phone lady
- 2005 – internet in mobiles with 95% of the country being covered
- Corrugated sheets – “lohe ki nallidar chaddar”
- HPCL – Rasoi Ghar
- MP sports and Grameen

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Organic farming, going a big way to rural marketing in this dimension is doing very big lobster, pesiculture, shrimp, mushroom, flowers. E-Krishok Bangladesh, e-trading, Grameen Phone; all are proponents, all are ways to increase rural marketing, rural minimum support price.

They can go to the near, rural Bangladesh people can go to the nearby computer center and know what is the wholesale price in the city that day. So, any wholesaler comes to them and asks for lesser price, they will not give it to them; they will go to the wholesale market and sell directly. Same model, we are adopting in India also.

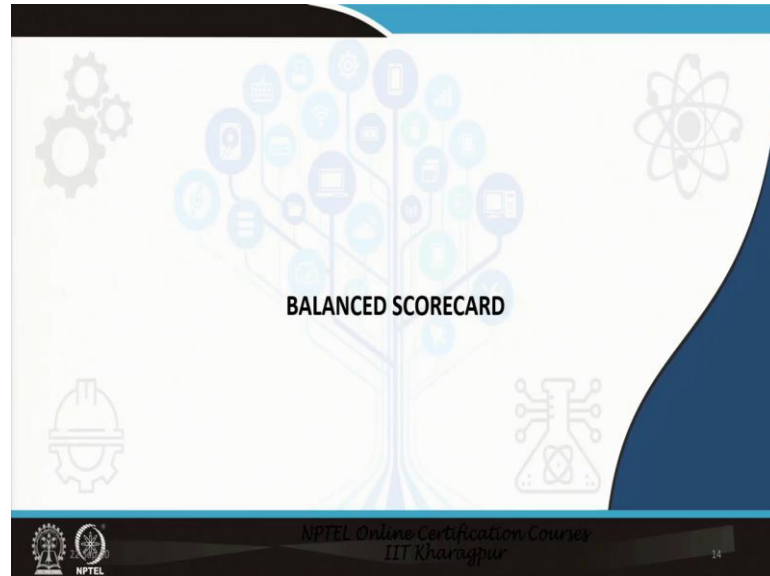
We have already given HPCL - Rasoi Ghar. HPCL - Rasoi Ghar very difficult to sell gas cylinders in rural India in the beginning. So, what they said? They asked the panchayat to give a room beside it; they gave 4-5 gas ovens and cylinders and they said every house every family who wants to use it will have to pay 5 rupees per day.

Per day 5 rupees and you get 1 hour for cooking. Huge hit; tremendous it and then, they were able to sell gas cylinders. The women folk only went back and told their husbands that we will not cook in the smoke anymore, we will use cooking gas; they are safe.

MP, Madhya Pradesh sports and Grameen, lot of scholarships for Adivasi people in Madhya Pradesh. Nobody taking them, then they had a huge advertisement campaign

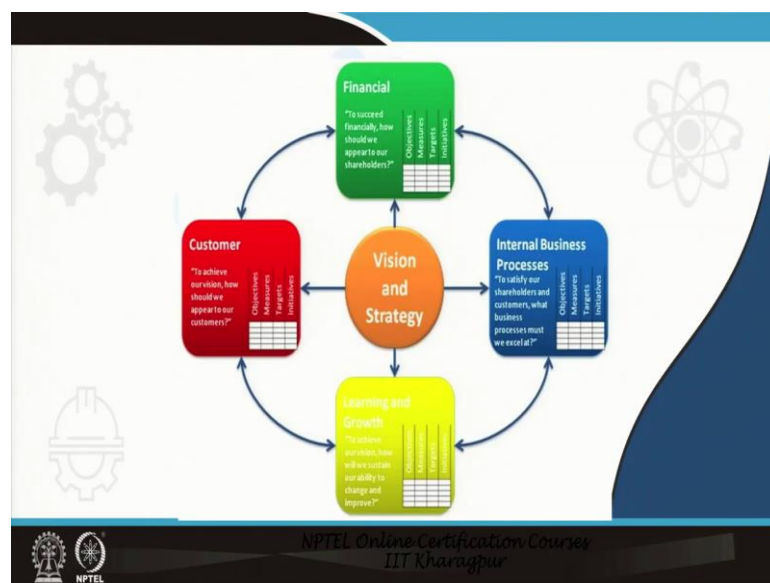
and they were able to show people that you must take scholarship and you must join the national development and it was a very-very much, it was a success; ok.

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So, what we want to say is this rural marketing is a great challenge; but at the same time, tremendous opportunity. Remember your products are getting innovated, imitated and made obsolete in no time. So, you have to look at other dimensions ok, have to look at rural markets, have to look at self-actualization products.

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Now, we will very we will just tell you what a balance scorecard in this context is; be very balanced for your organization. Look at the financial perspectives; look at the customer perspectives; look at the internal business processes and look at the learning and growth and unless you have a balance of all these things, your organization will face problems. Your vision, mission, strategy everything has to be aligned to this entire system and then only you can work properly.

So, whatever we said in this strategy module is that, a lot of opportunities, lot of challenges, develop self-actualized product, go into rural markets, think of new marketing strategies, think of innovative products and you will succeed; ok.

Thank you!