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K J Somaiya Institute of Management Studies
&
Research, Mumbai



PRESENTS

MELANGE 2012 – Where Ideas Converge !





“Hinterhunt – A national level Rural Marketing Event for Godrej Appliances”

Consumer Durable Market in Indian Hinterland

The consumer durable market is set to grow by up to 45 per cent in rural and semi-urban India in the next fiscal, thanks to the changing lifestyle and higher disposable income among the rural people, as per a study by Assocham.

According to a study 'Rise of Consumer Durables in Rural India' by the industry body, the rural durables market is growing at 30 per cent annually while the urban consumer durables market is growing at 9 to 12 per cent every year.

"Around 35 per cent of the total sales of consumer durable items come from rural and semi-urban markets, which will grow by 40 to 45 per cent in the near future," - Assocham President Dilip Modi.

The study said the total size for the consumer durables is estimated at Rs 30,000 crore and is expected to reach Rs 50,000 crore by 2015 with mobile phones, TVs (LEDs) and music systems (IPODs) among the growth drivers.

The study said that with a nearly 70 per cent of consumer class in rural India, consumer durables have emerged as one of the fastest growing industries in India especially in the rural areas.

"By this the industry expects rural market to reach inflexion point. This built up will lead to an explosion in demand the way it happened in the urban markets in the mid 90s," the study.

Godrej Appliances in Rural Market

The consumer electronics and appliances division of Godrej and Boyce Manufacturing Co. Ltd is developing a water purifier for the rural markets, following in the footsteps of the Tata group and Hindustan Unilever Ltd (HUL).

As part of the push into areas outside India's towns and cities, the company also intends to sell solar-powered products and other appliances. One of these is ChotuKool, a Rs3,200 refrigerator that's being tested in Maharashtra.

"Godrej Appliances is currently working on several product categories, including water purifiers and solar lanterns," - George Menezes, chief operating officer, Godrej Appliances.
"The company is aiming for a unique position in all products, including premium, mid-end and really affordable, in terms of pricing and features."



Godrej Appliances – Water Purifiers for Rural Market

Godrej, which launched UV (ultra violet) water purifiers for the urban market priced at Rs 6,500 last year, will use different technology for its rural product.

It “may not require after-sales service for the entire lifetime”, said Kamal Nandi, vice-president, sales and marketing, Godrej Appliances, without elaborating on the technology to be used. As for the price, he said: “If we are selling a refrigerator (Chotukool) for about Rs3,000, that’s the kind of value-for-money approach we would take for other products as well.”

Godrej - Chotukool

Currently, the firm is focusing on development of distribution infrastructure for the product in rural areas, for which it has tied up with India Post, besides embarking on an awareness campaign. Chotukool is a new category by itself and therefore Godrej Appliances have been working on the usage education through demonstration to the unserved end users.

Godrej had pinned hopes on the product to make a breakthrough in the rural markets and initially planned to launch the mini refrigerator with a capacity of 40 litres and weighing only 7.8 kg last year. It has, however, been delayed. Explaining the delay in launching the product, Mr. Sunderraman – VP, Corporate Development, Godrej Appliances, said educating customers and building the distribution channel have been the biggest challenges.

“The size of the rural market is still unknown but definitely the potential is huge which is why big companies such as HUL and Tata Chemicals Ltd have entered the segment,” said Mr. Sunderraman.

Problem Statement by Godrej Appliances

Godrej Appliances’ is aiming for a unique position in all products in terms of pricing and features and want to map it’s product with the needs and demand of today rural India and plug the gap if any.

Also, the competitors positioning with respect to their products has to be mapped and a strategic solution is required in terms of what can be new products & price points that can be introduced by Godrej Appliances to become a leader in rural markets.

What you can suggest Godrej Appliances ?

- You have to work on the following deliverables keeping in mind the portfolio of products given to you below: (The **Product Portfolio** given below is for rural India and each product should **cost should be in the range of Rs 1000 –Rs 3000**)
 - **Induction Cooker**
 - **Chotu Wash – Economical Washing Machine**



- **Water purifier**
 - **Air Cooler**
1. You have to give in detail the concept and functional features for each of the products in the **Product Portfolio above**.
 2. Then **complete and thorough market analysis** has to be done **based on the parameters given below**.
 3. Need gap analysis has to be done for each of the products in the **Product Portfolio above**.
 4. **Competitors positioning vis-à-vis Godrej Appliances products** in the above mentioned **Product Portfolio** in rural markets has to be mapped.
 5. The report should also contain **Segmentation, Positioning, targeting and Communication strategies for the each of the above product categories** for rural India which Godrej Appliances can use.
 6. An exhaustive study of various distribution channels has to be made and following things have to be included in the findings:
 - a. **Retail margins charged for similar products** in the sample rural market.
 - b. **Distribution margins charged** by various distribution channels to increase sales and beat the market.
 - c. **Thorough analysis of the logistics required** to deliver the products to their TGs.
 7. **Thorough promotion and communication strategies** which would induce sales among the Rural TGs has to be provided.
 8. Sales feasibility of the above mentioned products on rural population and their reaction has to be estimated in terms of:
 - a. Prospective Demand Forecast.
 - b. Turnover in 2-3 year time.
 - c. Wind-up strategy in case of sales failure.
 - d. Sales force estimation for the targeted sales.
 9. A thorough after sales service and reverse logistic strategy for each of the product category mentioned above.
 10. **Price Mapping for the above mentioned products categories** has to be done based on the **financial analysis done for all the ten steps mentioned for the event**.

Note:

- All the 9 items listed above have to be covered compulsorily in the report for all the products mentioned in the **product portfolio above** for rural India.
- Report should be **corroborated with extensive primary and on-field research** based on the parameters mentioned below.
- **Complete & extensive financial analysis** based on real rates in rural areas has to be presented **for each of the above mentioned products**, veracity of which can be checked by the organizing team. (Any fictional data can result in disqualification of the teams)



Methodologies to be used: (Not exhaustive but compulsory in your report & final ppt)

- Psychographic segmentation of rural men for consumer durables.
- Determine the key attitudinal segments in the market.
- Develop a methodology to determine the Household Income of rural consumer and profile the differences between the old and new rural SEC classification.
- Measure Brand awareness levels.
- Develop a demographic and geographic profile of the segments.
- Develop interest and opinion parameters.
- Identify the sources of income and the contribution from each source.
- Identify their key expenditure heads.
- Determine the key differences of old and new SEC classification on assets owned, family size, occupation and education level of head of family.

Sample TG to be used:

- Atleast 2 rural sites(Villages),
- Age group (20-45 years),
- Occupation – Farming, Other Works
- Planned sample size: 200

EVENT DETAILS:

Round 1:

The teams have to send an executive summary which can be at **maximum 5000 words long** (excluding the cover page). The executive summary has to be a word file (2003 format)/pdf, not a ppt. The executive summary should have clarity regarding your strategy idea. Financial analysis can be sent as an embedded object on the word document.

Round 2:

This will be an on-campus round. Details of this round will be communicated to shortlisted teams.

PRIZES:

- **1st Prize:** Cash Rs 15,000 + 3 Microwaves.
- **2nd Prize:** Cash Rs 10,000 + 3 Microwaves.



RULES AND REGULATIONS:

- Each team has to have **minimum 2 and maximum 3 participants**.
- All the members of a team should belong to the same college.
- Any number of teams can apply from a college.
- One person can belong to only one team.
- One team can submit only one entry.
- The executive summary should be submitted in MS Word (2003) format/pdf.
- Font-Times New Roman; 1.5 line spacing, size = 12
- The naming convention for the file should be: Hinterhunt_< Team Name>_<College Name>.
- Executive summary of your b-plan needs to be mailed to: **“hinterhunt.melange@gmail.com”**
- The teams will be judged on the basis of creativity of their ideas, ads(creative), number of facebook likes and comments quality.
- 6 teams will be selected for Round 2 on campus.
- Details of Round 2 will be provided after declaration of Round 1 results.

IMPORTANT DATES:

Deadline for registration: 5th February, 2012, 23:59:59.

The last date for sending the executive summary is 7th February, 2012, 23:59:59.

Round 1 Results: 9th February,2012

Campus round: 19th February, 2012



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MELANGE Facebook: <https://www.facebook.com/melangesimsr>



MELANGE website: www.melange-simsr.com

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