

September 2014

Master of Business Administration (MBA) Examination
IV Semester**Consumer and Behaviour Rural Marketing**

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any four questions from Section A. All questions carry equal marks. Section B is compulsory and it carries 20 marks.**Section A**

1. Discuss the need for understanding consumer behaviour and explain its applications in designing marketing mix.
2. Briefly explain how culture and social factors influence consumer purchase decision for food products.
3. What are the unique characteristics of rural markets ? How a rural consumer is different than urban consumer ?
4. Briefly explain marketing mix elements for rural markets in India giving suitable examples.
5. Discuss any two models of consumer behaviour and also explain which is best suited for rural consumers of India.
6. Give short notes on any two of the following :
 - (a) Consumer perception and attitudes.
 - (b) Consumer decision making process.
 - (c) Promotion in rural markets.

Section B

7. Read the case carefully and answer the questions given below :

CASE

C. K. Ranganathan, 50, founded CavinKare is a partnership firm back in 1983. Today it is a legend - the David of the fast moving consumer goods, or FMCG, sector, which successfully took on Goliaths like Hindustan Unilever, or HUL, and Procter & Gamble, or P&G. CavinKare's first and most memorable innovation, in 1983, was the sachet: it sold "Chik" shampoo in tiny, low-priced sachets at a time when the big players only marketed it in high-priced bottles. By doing so it discovered a vast, untapped market and forced its big rivals to follow suit. Today 87 per cent of shampoos sold in India are in sachets, of which CavinKare has a 30 per cent share. In 2010/11, it grew a respectable 22 per cent, with revenues touching Rs. 1,040 crore. Yet

Ranganathan was worried. He was concerned that around seven of every 10 innovations presented to him were aimed at the relatively low-end segment of consumers. No doubt it was this segment that brought CavinKare its initial success, and still provided about 60 per cent of the company's revenues, but Ranganathan wanted to target the premium segments, where margins were much higher.

Profitable growth was chosen as the theme for the company's annual conference in April 2011. The 'creators' were asked to come up with innovations that targeted the high end of the market. "We want 60 per cent of our revenues to come from the premium segment," says Ranganathan. CavinKare launched Indica 10, a hair dye which can be washed off within 10 minutes of applying it. Rival hair dye brands require at least 30 to 45 minutes to take effect. Not surprisingly, Indica 10's offtake has been growing at 45 per cent every quarter. The company has set itself a revenue target of Rs. 5,200 crore by 2017/18.

Ranganathan's reforms have already started yielding results. The product development time has shrunk to 11 months from 12 months earlier. CavinKare is also making a conscious effort to expand its pan-Indian presence. Pursuing Ranganathan's new thrust towards tie-ups, as well as towards improving premium market presence, the company has entered into a strategic alliance with Coty Inc. - the world's largest fragrance company. But threats remain. Even as he eyes wider horizons, Ranganathan remains careful not to lose touch with his regional base. Some of his company's most successful practices, especially its ability to visualise and create products from observing local habits, have stemmed from its proximity to its customers. For instance, its Shikakai powder brands -Meera and Karthika - geared for the Tamil Nadu market command 95 per cent market share in the state.

And innovation has been the cornerstone of its success. When CavinKare entered the market, the only way it could stand up to the likes of HUL and P&G, with their deep pockets, was by offering something different. After introducing shampoo sachets, for instance, CavinKare took on HUL's most profitable brand, the 'fairness cream' Fair & Lovely by launching Fairever. To get a competitive edge, Ranganathan included milk and saffron among Fairever's ingredients - both are traditionally associated with fairness in south India. The product immediately connected with consumers and snapped up a market share of 12 per cent at the cost of Fair & Lovely. "Innovation helped us take on big

players with minimal marketing and distribution costs,” says Ranganathan. More innovations, such as Nyle Herbal Shampoo and Meera Herbal Oil, have followed.

Questions :

1. What should Ranganathan do to understand his consumers changing preferences ?
2. Which factors influence consumer behaviour for personal grooming products ?
3. Which product categories may be added in the CavinKare’s product mix ?

