

Rural marketing project assignment

[Art & Culture](#)



RURAL MARKETING PROJECT DISTRIBUTION, MARKETING AND CONSUMER BEHAVIOR COMPANY: SHETH BROTHERS PRODUCT: KAYAM CHURNA DATE: 2nd MARCH 2010 SUBMITTED TO: DR. A. C. BRAHMBHATT INSTITUTE OF MANAGEMENT NIRMA UNIVERSITY SUBMITTED BY: VEDANT D. SHETH ROLL NO 084158 MBA FB & E INSTITUTE OF MANAGEMENT NIRMA UNIVERSITY

ABOUT THE INDUSTRY Ayurvedic medicines are produced by several thousand companies in India, but most of them are quite small, including numerous neighborhood pharmacies that compound ingredients to make their own remedies.

It is estimated that the total value of products from the entire Ayurvedic production in India is on the order of one billion dollars (U. S.). The industry has been dominated by less than a dozen major companies for decades, joined recently by a few others that have followed their lead, so that there are today 30 companies doing a million dollars or more per year in business to meet the growing demand for Ayurvedic medicine. The products of these companies are included within the broad category of “ fast moving consumer goods” (FMCG; which mainly involves foods, beverages, toiletries, cigarettes, etc. . Most of the larger Ayurvedic medicine suppliers provide materials other than Ayurvedic internal medicines, particularly in the areas of foods and toiletries (soap, toothpaste, shampoo, etc.), where there may be some overlap with Ayurveda, such as having traditional herbal ingredients in the composition of toiletries. The key suppliers in Ayurveda are Dabur, Baidyanath, and Zandu, which together have about 85% of India’s domestic market. These and a handful of other companies are mentioned repeatedly by various writers about the Ayurvedic business in India.

Several small companies that have grown rapidly in recent years envision themselves as primary players in the Ayurvedic market. The market for Ayurvedic internal medicines is dominated by Chyawanprash, an herbal honey comprised of about 3 dozen ingredients, with amla (emblic myrobalans) as the key ingredient. The leader in this field is Dabur, which had a 69% market share at the end of 2002; followed by Baidyanath, with nearly 11%, and Zandu and Himani (Emami Group) with about 7.5% each.

A variety of individual herbs, traditional formulations, and proprietary medicines make up the rest of the health products section involving internal remedies, while the remainder of the market is taken up by toothpastes and powders, skin creams, massage oils, shampoos, and other topical preparations. Two of the largest companies involved with providing traditional medicine products, such as the above, are Himalaya Drug Company and Universal Medicaments. Exports of Ayurvedic medicines have reached a value of 100 million dollars a year (about 10% the value of the entire Ayurvedic industry in India).

About 60% of this is crude herbs (to be manufactured into products outside India), about 30% is finished product shipped abroad for direct sales to consumers, and the remaining 10% is partially prepared products to be finished in the foreign countries. The Indian government and non-government organizations have been collecting statistics on the Ayurvedic system in India and these data about the manpower and institutional aspects of Ayurveda have emerged: * Number of registered medical practitioners: 366, 812 * Number of dispensaries: 22, 100 Number of hospitals: 2, 189 * Number of hospital beds: 33, 145 * Number of teaching institutions

<https://assignbuster.com/rural-marketing-project-assignment/>

(undergraduate): 187 * Number of upgraded postgraduate departments: 51 *
Number of specialties in postgraduate medical training: 16 * Number of
pharmacies manufacturing Ayurvedic medicines: 8, 400 In India, 60% of
registered physicians are involved in non-allopathic systems of medicine. In
addition to the nearly 400, 000 Ayurvedic practitioners, there are over 170,
000 homeopathic physicians; India has about 500, 000 medical doctors
(similar to the number in the U.

S. , but serving nearly 4 times as many people). Reliance on Ayurvedic
medicine is heavy in certain regions of India, such as Kerala in the
Southwest. Many Ayurvedic practitioners in small villages are not registered.

ABOUT SHETH BROTHERS Sheth Brothers, a family owned firm, was
established in 1972 by Mr. Rasikbhai Sheth along with his three brothers.
Today company is managed by seven cousin brothers and they are the
second generation of the family. It is into manufacturing of ayurvedic
medicines in India. It is the acknowledged leader of Ayurvedic know-how.

The company has played a pioneering role in re-establishing ancient
knowledge with modern research and manufacturing techniques. The
product range includes Kayam Churna, Somva-34, Bijorin and Pratikar
Churna. It has its operation based in Bhavnagar. It has all India presence as
well as it exports to South Africa and Kenya and gulf countries. Bringing the
precious gifts of nature to common people has been the motto of the
company. It tries to achieve its prime objective of customer satisfaction and
customer retention. The success mantra of the company is “ providing best
quality products at affordable price”.

The vision of the company is to be the most respectable brand globally. Today after 38 years of presence in the market company is the market leader in the manufacturing of laxative product. “ Kayam Churna” is one of the most successful brands around the country. Today company has more than 30 % market share in Ayurvedic laxatives in the country. Today company is having strong distribution network and logistics management. Company has at least one distributor in each state of India. Company is also exporting its product “ Kayam Churna” to the countries like UAE, Oman, Yemen, South Africa, Kenya, Latin America and Nepal.

At present company is also having modern production facility at Bhavnagar to meet increasing demand of its products. Recently the company was awarded with “ Most trusted companies of 2008” in Gujarat by Zee Business Group. VISION Company’s vision is to be globally recognized as leading Ayurvedic Medicinal Firm and achieve a minimum of 20% of market share. MISSION Sheth Bros. is in the business of providing best quality ayurvedic medicine at reasonable rates to its customers; thereby re-establishing ancient knowledge with modern research and manufacturing techniques.

PRODUCTS 1. Kayam Churna (Ayurvedic Laxative Medicine) Used for: chronic constipation, Acidity, Gas, headache, ulcer in mouth 2. Bijorin Churna (Tasteful digestive powder) Used for: indigestion and gas 3. Pratikar Churna (for resistance power) Used for: cold, flu, laziness, backache, loss of appetite, throat infection 4. Somva-34 (for healthy growth of baby) Used for: patristic infestation, excessive crying, stomachache The most well known products of the company are kayam churna, somva-34, Pratikar Churna, Bijorin and K-Yuva and Komla Gutika.

<https://assignbuster.com/rural-marketing-project-assignment/>

Komla Gutika was the first product launched by the company in the year 1972. It was useful in shedding extra fat from the body. Komla Gutika brought great popularity and fame to Sheth Brothers, especially in Gujarat and Maharashtra. Later, in 1977 Sheth Brothers launched Kayam Churna into the market. Kayam Churna cures ailments like constipation, acidity and headache. Due to its effectiveness it has become popular across the country. Some other products of Sheth brothers are ‘ Somva-34’ which is for the healthy growth of babies, ‘ Bijorin’ which is a digestive powder, ‘ K-Yuva’ which is a tooth powder.

Recently in 2007 company has launched ‘ Pratikar Churna’ which is for cold, flu, laziness, backache, loss of appetite & throat infection. ‘ Kayam Churna’ consists 90% of total turnover of the company. DISTRIBUTION NETWORK Company is having strong distribution network across the country. These distributors supply the stock to stockiest which in turn supply the product to the retailers. There is minimum one distributor in each state appointed by the company. Majority of them are with the firm since long time so they can support and help in launching of company’s new products.

The company performs regular survey to keep a check on inventory levels maintained at the distributors, stockiest and retailers. It also keeps a track of demand fluctuations in the market. SIZE OF THE COMPANY Turnover Total sales turnover of the company is around 40 crores. Employees At present company have 84 employees out of which 71 are factory workers and 13 are administrative staff. Company also employs around 20 to 25 temporary workers during pick season. Geographical spread Company’s geographical

spread is all of India. Company is having strong distributor network across the country.

At the time of its inception it was limited to the states of Gujarat and Maharashtra only. Now company also exports its products to many countries.

SWOT analysis (Sheth brothers) 1. Strengths * Company has been in the market from past 36 years which has helped establish a strong goodwill in the market. This goodwill and brand image has been established because people trust in the brand name. Company also sells other products using the goodwill of Kayam churna saying “ from the manufacturers of Bhavnagar wala Sheth Brothers”, which means that this is a product from the Sheth Brothers which also manufactures Kayam churna. Another reason for establishing goodwill in the market is, company has always produced a good quality product which has happened because it procures best quality herbs (raw materials) irrespective of its fluctuations in prices. For eg the herbs which are used are available in Kutch (which is of low quality) also but we procure it from southern states because the herbs are of good quality compared to that available in Kutch. * Company has a strong distributor network of 20 entities which has helped to sell our products all over India.

In big states like Maharashtra and Uttar Pradesh Company has more than one distributor because of huge size of market. Below distributors company has stockiest in each city which helps in distributing products to retailers like chemists and other provision stores. * It has an open culture where there is a good relation between employer and employee and also they (employees) are free to give any suggestions to the employer. Such an open culture has

helped to establish dedicated workforce of around 110 people with a very low turnover.

Also the pay-scale is much more than industry standards and company also gives performance based increment which motivates an employee to be more productive. * Company is receptive to the customers and accepts feedback and complaints from them and for this it has started a helpline. In this if customer has any complaint for instance if the product is not working effectively, company asks them to send their address and bottle to the company and in return they send them 2 bottles of Kayam churna which results in customer satisfaction and customer loyalty. Kayam churna is an ayurvedic product which is made of 7 selected herbs and being an ayurvedic product it has no side-effects.

2. Weakness * An attractive packaging is very essential to sell any product but packaging of Kayam Churna is very traditional in looks which might drive away a prospective customer to buy it. * Demand for the product is huge compared to what the supply is; this is because of capacity constraints. Many a times Kayam churna is not available to customers at retail stores like chemists and mom and pop stores leaving the customer dissatisfied. Company has limited funds and it has budget constraints and because of this company is not able to do aggressive marketing compared to the competitors like Zandu and Emami which produces other laxatives like Nityam Churna and Good Morning Churna respectively. * Many a time customers don't believe in taking faaki (taking in powder form with water) because they prefer taking pills rather than consuming powders.

3. Opportunities * We have a huge market to be exploited around the globe because many

Indians are migrating to foreign countries and they carry Kayam Churna bottles along with them because it is not available in all foreign countries. Also laxatives could be used by many people in western and Middle East countries. * Young generation doesn't take laxatives in powder form and this market can be captured by introducing laxatives in form of pills. * These days' people don't have sound eating habits and they also consume junk food a lot which results in constipation and other indigestion problems and they use laxatives to cure this which gives us a huge opportunity to expand the market. . Threats * Company faces competition from players like Zandu and Emami. These players have deep pockets and because of this they can market their product aggressively and because of these they can also indulge themselves in price wars which could be catastrophic to company's product. There are many indigenous players who sell laxatives and they have also proved to be major competitors. For Eg. People in South India trust these local vaidas (doctors practicing Ayurveda) and buy laxatives from them. * Duplication is another major threat for Kayam Churna.

Many unscrupulous players imitate company's products and sell them. They sell their products using names like Kayami Churna which might spoil the brand-image of the company. COMPETITION ' Kayam Churna' was enjoying monopoly for almost 10 years since it was started. At that period of time it has built strong customer base and image of the company. Slowly and gradually few players entered into the market with similar products but as ' Kayam Churna' was well established in the market, it was not a problem for the company. Till then company had created huge loyal customer base across the country.

Since last 5 years competition has increased tremendously. Many big companies like Zandu and Emami has entered into the market with similar products. Zandu has come up with ' Nityam Churna' and Emami has come up with ' Good Morning Churna'. Many local companies have also started producing and marketing similar products in limited geographical region. In spite of tough competition company has not suffered much due to its consistency in quality of the products and loyal customers. These competitors have eaten up at least 10% market share of ' Kayam Churna' by 2008. Major competitors Zandu * Emami * Baidyanath Minor competitors * Shankar pharmacy * Unjha pharmacy * Ban Labs Core competencies * Quality products * Goodwill * Customer care Porter's framework Porter's framework is a model for the industry analysis and business strategy development. It was developed by?? Porter of?? Harvard Business School?? in?? 1979. It provides a framework that models an industry as being influenced by five forces. They are: * Threat of new entrants * Bargaining power of buyers * Bargaining power of supplier * Threat of substitute products or services * Rivalry among existing firms

These forces determine the intensity of competition and hence the profitability and attractiveness of any industry. Wealth maximization depends upon the external as well as the internal competitive environment in which an industry operates. 1. Threat of new entrants Profitable markets that yield high returns will draw firms. This results in many new entrants, which will effectively decrease profitability. ' Sheth Brothers' is into manufacturing Ayurvedic medicines. Nowadays Ayurveda is gaining

popularity in many western countries. So there is a huge unexplored market available for any new entrants.

So company has potential threat of many huge as well as local players to enter into the market. ' Sheth Brothers' is one of the pioneering companies in this field so it has brand equity, reputation and goodwill in the market that will help in fight with new entrants. ' Sheth Brothers' is least worried about new entrants because it has huge loyal customer base across the country but new entrants may eat up some share of ' Sheth Brothers' and ' Sheth Brothers' will have to increase its cost of retaining customers and marketing and promoting the products.

2. Bargaining power of buyers

The bargaining power of buyers?? also described as the market of outputs. The ability of customers to put the firm under pressure and it also affects the customer's sensitivity to price changes. Buyer's power in this industry is very high as the Ayurvedic industry comprises a large number of manufacturers and there are so many alternatives like ' Allopathic', ' Homeopathy' etc. customers can easily switch over to other products. Moreover, buyer's power is high as there's no cost of switching a supplier.

3. Bargaining power of supplier

The bargaining power of suppliers?? also described as market of inputs.

Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm. Suppliers may refuse to work with the firm, or e. g. charge excessively high prices for unique resources. Availability of raw material depends upon good monsoon because it is an agro based industry. Due to scarce resources suppliers have

very high bargaining power. ' Sheth Brothers' never compromises with the quality of its raw materials so sometimes it has to pay very high prices for the raw materials because suppliers are very few hence they have high bargaining power. 4.

Threat of substitute products or services The existence of close substitute products increases the propensity of customers to switch to alternatives in response to price increases. There are mainly two substitutes for Ayurveda, Allopathic and Homeopathy. Nowadays more and more people are switching over to Ayurveda and Homeopathy. People are consuming less Allopathic medicines due to its side effects. So Homeopathy can be the biggest threat for the company. Sheth Brothers' all products are in powder form so tablet form and syrup form medicines can be the substitutes because many people are not comfortable in taking medicines in powder form.

There's no significant switching cost associated with the substitute products.

5. Rivalry among existing firms The intensity of competitive rivalry?? for most industries is the major determinant of the competitiveness of the industry. Sometimes rivals compete aggressively and sometimes rivals compete in non-price dimensions such as innovation, marketing, etc. Sheth Brothers is leader in the market since last 37 years with more than 70% market share in Ayurvedic laxatives. So it doesn't have any strong competitor as such but many giant companies like Zandu and Emami are emerging as tough competitors.

But the number of major competitor is very less. ' Sheth Brothers' is enjoying economies of scale as production volume is huge compare to its competitors.

Future plans More range of products Company is planning to introduce 3 to 4 new products in the same product line by 2011. Company is focusing in product development and plans to enter into diabetes and cholesterol control medicines. Increase production capacity by 2010 At present company does not have sufficient capacity to meet the growing demand? New plant of the company is under construction which would double the production capacity of the company.

Market Kayam Churna aggressively in the international market. Indians are spread everywhere across the globe, so there is a huge pool of Indian population in many countries. Company will capitalize on that opportunity. Company will do this in many phases. Initially company will market Kayam Churna in Gulf countries where there is huge Indian population.

Diversification Company is also planning to enter into many other segments like cosmetics, baby care and so on. Fully automatic plant Company is planning to have fully automatic plant by the year 2011 which will increase productivity and efficiency of a plant.

This plant will require very less people to operate it and there will be consistency in production and quality. Introduce Kayam Churna in a Tablet form. Company is going to introduce Kayam Churna in a tablet form in very near future. It will be called ‘ Kayam Tab’. This is mainly to attract youth and next generation people who feel reluctant to consume medicines in powder form. Backward integration Company is planning to do backward integration by acquiring its own farms so that company need not have to be depended on their suppliers. Company is also planning to have an in-house advertisement agency.

GMP and ISO certification At present company do not have GMP and ISO certification. As company wants to focus on exports, it has to be certified by these standards to meet international standards. It also enhances the efficiency and goodwill of the company in the market. Aggressive exports Currently, only 5% of the sales come from exports. By 2012 company intends to sale at least 20% through exports. Company is also going to market its product ' Kayam Churna' in the international market. As it is very expensive, company would go step by step.

In the international market main focus would be on Middle Eastern countries where company has huge market potential. Problems faced by the company Strong competition Since a decade company is facing stiff competition from local, regional and national players. Earlier it was not the case. Earlier it had monopoly in the market. Now many competitors have eaten up market share of Sheth Brothers. Big companies like Zandu and Emami have also come up with a similar product with similar name and these companies have deep pockets. Depends only on one brand

The major threat for the company is that it is depended only on one brand and that is ' Kayam Churna'. Company could not develop any other product like Kayam Churna in these years. Slow decision making procedure The company is managed by 7 cousins together. Different functions of the company are handled by each individual. Though they have enough authority to take decisions but important decisions are still taken collectively. And to reach at any conclusion is very difficult and time consuming job when there are 7 different opinions. So sometimes it takes so much time in taking some decisions.

<https://assignbuster.com/rural-marketing-project-assignment/>

Traditionally managed The company is managed like a typical family owned business. It has little scope for professionalism. Resistance to change As the company is managed traditionally there's resistance to change. People cannot accept change easily. They are happy with whatever they are doing. Playing safe The approach of management team is always conservative. They always play safe because they don't believe in risk taking. Scarcity of raw-material The main ingredient of ' Kayam Churna' is Senna Leaves and there's huge demand of Senna Leaves abroad.

So best quality Senna Leaves are exported to various countries and domestic price of Senna Leaves increases and best quality is also not available in bulk quantity. Company never compromises on quality so company uses the best quality one raw-materials only. Ultimately company has to pay much more, hence cost of production increases drastically. Imitation and duplication of brand Imitation and duplication of brand is the biggest concern for the company. Today there are lots of products available in the market which is identical to ' Kayam Churna'.

Color, font, size and shape of the bottle, price and everything are almost same. Sometimes even name of the products are identical. For example: Rojana Churna, Daily Churna, Everyday Churna, Nityam Churna, Kaymi Churna and so on. Duplication is also the biggest problem in Northern parts of India. Reach in the rural market This is the limitation of distribution network of the company. As the country is huge and it has more than 6 lac villages it is very difficult to reach everywhere. So it is very difficult to make the products available at the remotest place.

As our product is sold nationally we have strong network of distributors and stockiest. We have at least one distributor in each state and at least one stockiest in every city with more than 1 lac population. But still to reach rural market is the biggest challenge for the company. Consumer behavior Today, youth of the country do not feel comfortable in taking medicines in powder form and our all products come in powder form. So now this is the right time for the company to diversify into other lines and to launch medicines in tablet as well as in syrup form.

Company need to change with the changing taste and preference of the consumers. Financial constraints Company cannot do marketing campaigns aggressively because of the financial constraint. Company has limited budget to spend every year. So it can't spend beyond certain amount on marketing and advertisements. It limits the growth and development of the company. Packaging Packagings of all products are very traditional. Since 38 years company hasn't changed the packaging. But now with growing popularity and in the era of advance technology in packaging company should change its package into a more advanced and durable one.

But as more than 50% sales come from rural area it is very risky step to do so because these people are illiterate and they are strongly associated with the packaging of the brand since decades. So this small change can cause adverse results in the sales of the company. Production constraints Due to aggressive marketing campaigns demand of the product increases drastically but company do not have production capacity that can fulfill these requirements. So there's always supply-demand gap exists in the company.

Sometimes it happens that company has to reduce its marketing campaigns due to production capacity constraints.

But at present a new factory is under construction which would triple the production capacity by the end of 2011. Survey I had conducted a small survey asking the people in age group of 18 years to 40 years about what medicine they take when they suffer from constipation and what if we introduce Kayamchurna in a tablet form. The main aim of the survey was to get idea about how people respond on Kayamchurna in tablet form. The results were very encouraging. I asked 40 people, 20 from rural area and 20 from urban area. Few of were existing customers of Kayamchurna.

We had intentionally targeted only those customers who lie in the age group of 18 years to 40 years. The results of the survey are as under. RESULTS ???
URBAN 35 % of the respondents did not show any appreciation for the idea of introducing Kayamchurna in a tablet form. They had their own reasons for the refusal. Some of them were not among those who prefer ayurvedic medicines and showed interest only in allopathic medicine. Some were people who said they would rather consult a doctor before taking any medicine. 65 % of the respondents appreciated our idea of introducing Kayamchurna tablet.

Such a major % of the small sample supported our idea further. Although this is a very small sample to be examined when we talk about a product like Kayamchurna, yet, being in the youth age group, we ourselves also know about probable reasons why people avoid ayurvedic medicine like Kayamchurna. Normally the youth finds uncomfortable to take medicines in

Churna (powder) form. However the tablet will remove this defect.

RESULTS ??? RURAL 45% of the respondents did not show any appreciation for the idea of introducing Kayam Churna in a tablet form. They mainly find powder form comfortable than their urban counterparts.

Some of them were not using any medicines for constipation and related problems. While 55% of the respondents appreciated the idea of introducing Kayam Churna tablet. Questionnaire response: RURAL Dear Sir/Madam. We would like to know your response to the following questions. Name:

_____ Age: ___ years 1. Are you already aware of Kayamchurna as a medicine for constipation? ___18___ Yes ___2___ No 2. If you suffer from constipation would you like to take Kayamchurna (powder)? ___5___ Yes ___15___ No 3.

If your answer to above question is ' No', why would you not select

Kayamchurna? A. I am not comfortable with powder form. – 3 B.

Kayamchurna is expensive compared to other brand. – 2 C. Kayamchurna is very strong. ??? 2 D. I use another brand. (please

mention)_____3_____ E. Other reason (Please mention)

_____5_____ 4. If Kayamchurna is available

in tablet form A. It would be very good. I will surely buy it. – 11 B. No.

Introducing it in tablet form makes no difference. – 9 Any other comments (please mention) _____

Questionnaire response: URBAN Dear Sir/Madam. would like to know your response to the following questions. Name:

_____ Age: ___ years 1. Are you already aware

of Kayamchurna as a medicine for constipation? ___14___ Yes ___6___ No 2. If you suffer from constipation would you like to take Kayamchurna (powder)? (Please tick mark) ___8___ Yes ___12___ No 5. If your answer to above question is ' No', why would you not select Kayamchurna? F. I am not comfortable with powder form. – 6 G. Kayamchurna is expensive compared to other brand. 0 H. Kayamchurna is very strong. – 2 I. I use another brand. (please mention) _____3_____ J. Other reason (Please mention) _____1_____ 6. If Kayamchurna is available in tablet form C. It would be very good. I will surely buy it. – 13 D. No. Introducing it in tablet form makes no difference. – 7 Any other comments (please mention) _____

RURAL DISTRIBUTION OF THE COMPANY At present company has very good distribution network across the country but it is very difficult to reach at the remotest place.

As more than 40% sales come from rural market it is very important for the company to design its marketing strategy accordingly. Efficient distribution network is the backbone of each marketing campaign. If product doesn't reach to the target market, there is no relevance of spending huge amount on advertisements and promotional activity. So, availability of the product is utmost important. At present company is having 20 distributors in different states of the country who distribute to the stockiest than some stockiest distribute to the wholesalers and some stockiest distribute directly to the retailers.

Currently company has 935 stockiest across the country. Normally company appoints a stockiest in every town population exceeding 1 lac. Now in extreme rural area company doesn't have any distribution center. The <https://assignbuster.com/rural-marketing-project-assignment/>

retailers from such area get our product from the nearby town as per the demand in their village. RURAL MARKETING OF THE COMPANY

ADVERTISEMENT Both print media and electronic media are being used by the company. Firm is concentrating on print media as it is more effective for the nature of the business and products and it also concentrates on wall paintings for advertising in rural markets which forms a huge share of the total sales.

Company advertises in regular intervals that are most appropriate and cost effective. And there are several versions of firm's advertisements. We give advertisements according to region and target audience. In India we give advertisement almost in all major languages and concepts of advertisement are also different for different group of people. Currently company is dealing with two advertisement agencies; one based in Rajkot and another in Mumbai. The main functions of agencies are to create new creative ideas and prepare advertisement for us.

And they are the intermediaries between the company and all media. All advertisements are released through these agencies and media planning is also done by them. Company spends considerable amount in Doordarshan and Radio to reach remotest place in the country. This is because still there are lacs of people who are not connected to the cable and have no access to the electricity. So Doordarshan is the best medium to communicate with those people who do not have cable and radio is the best option to reach to the people who do not have access to electricity and where electricity cut offs are frequent.

Company has also put up hoardings on the highways which connects many villages in many states in the local language. SALES PROMOTION Company gives various promotional schemes to its distributors to boost up the sales of the products. Company gives 4 bottles free with every 96 bottles purchased of a particular product. Company also gives 10 free bottles of its new product with purchase of every 100 bottles of Kayam Churna to promote and make the new product available in the market. Company has set standards for every distributor.

They are being awarded if they exceed their standards. Holiday packages are also given on achieving certain benchmark set by the company.

CONSUMER BEHAVIOR Rural consumer is all together different from the urban consumer. Their need, preference, lifestyle, priority, spending pattern, income and knowledge about the product are very different from their urban counterparts. Rural people are very price sensitive and they want value for money. One interesting thing is that they are very loyal to the brand they use. They would never switch to other brands easily.

I would like to quote one rural guy whom I met during my field work. He said, “ if ‘ Kayam Churna’ is not available in the store in my village, I go to buy it for my mother from nearby town which is 15 Kms away and I also buy it for my neighbours. ” This shows that they are very loyal to whatever brand they are using. The store man asked him to buy a similar product, but he refused to buy it. Many of the rural consumers are illiterate, they don’t know how to read and write. They identify the product only by the color, shape of the bottle and font of the letters.

One retailer during the field study told me that many times people from nearby village come with the empty ‘ Kayam Churna’ bottle and asks for it. They do it because they want the same product. They can’t read and write so they have fear of getting cheated. Questionnaire ??? stockiest

(Ahmadabad) Name: _____

Other brands: _____ Turnover:

_____ Sales per month

(Kayam Churna) _____

__ Region: _____

Feedback/Suggestion: _____ Results:

Total 4 stockiest of the company was surveyed, 3 in Ahmadabad and 1 in Bhavnagar. Their turnover ranges from 3 crore to 20 crores. They are also the distributors of some big pharmaceutical companies like Himalaya, J & J, Gillette, Torrent Pharma, Paras Pharmaceuticals, Zandu, Dabur, Baijyanath and so on. All stockiest are happy with the relationship with the company.

One of the stockiest commented that company’s policy is very transparent and fair, while the other stockiest had some problem regarding payment mode and credit period. ‘ Sheth Brothers’ has advance payment policy since the beginning so it doesn’t allow any credit period to the distributors and stockiest. And it accepts only demand drafts for the safety of the transaction. Once money is received, order gets dispatched. So stockiest and distributors have to pay some extra charges for demand draft. Company doesn’t accept cheque or bank transfer. Questionnaire ??? retailer rural and urban

Name: _____ Area:

_____ Sales of ‘ Kayam

<https://assignbuster.com/rural-marketing-project-assignment/>

Churna'/month: _____ Sales of competitor's

product/month: _____ Competitors Product:

_____ Consumer behavior:

_____ Availability:

_____ Relationship with

stockiest/distributor: _____ Feedback/suggestion:

_____ RESULTS chemists from each rural

and urban area were surveyed. Some interesting things came to know from them. In urban area ' Kayam Churna', ' Nityam Churna', ' Kabzhar Churna', ' Samay Churna' was available almost in all medical store surveyed. While in rural area ' Kayam Churna' was available in 4 out of 5 medical stores surveyed and Nityam Churna, Kabzhar Churna and Samay Churna were available in 3, 2, 0 stores respectively. Few of the medical stores in village area also told that few customers come with the empty bottle of Kayam Churna or Somva ??? 34 so they don't get cheated.

So they identify products by color, shape of the bottle, logo and so on. They also told that rural consumers are very brand loyal and they would not easily switch to other brands. Survey about the availability of the product ??? ' Kayam Churna' Total 3 respondents from rural area were asked about the availability of ' Kayam Churna'. These people were the regular user of ' Kayam Churna' since many years. The village surveyed for this purpose was also very small with less than 5000 population. There were only 2 medical stores in the village with limited medicines. Feedback

There is good demand of ' Kayam Churna' in the village but availability is the biggest problem always. Half of the times they do not get ' Kayam Churna'

<https://assignbuster.com/rural-marketing-project-assignment/>

from the medical store in their village. One of the respondents told that he goes to nearby town to get 'Kayam Churna' for his mother and his neighbors too. While other respondent told that if 'Kayam Churna' is not available than either he has to wait for some days or he has to buy some local brand which is not as effective as 'Kayam Churna'. After talking for some time with the respondents I had talk with one of the retailers in the village.

He told that he used to go to the nearby town every month and get necessary medicines from there. When he was asked about 'Kayam Churna' he replied that there is huge demand of 'Kayam Churna' in the village but he doesn't get good margins and competitors (local brands) give huge margins. So he tries to sell competitor's product more than 'Kayam Churna'. This was the main reason behind non-availability of 'Kayam Churna' in that village and same can be the case with thousands of villages across India.

So it is very necessary to initiate some promotional strategy for these retailers which motivate them to stock 'Kayam Churna' in ample quantity. It will also help customer switching to competitors products.

PROBLEMS FACED BY THE COMPANY IN REACHING RURAL INDIA * Illiteracy * Financial constraint * Poor infrastructure * Local brands * Dedicated sales force * Price

SOLUTION AND FUTURE PLAN OF ACTION * Aggressive marketing strategy * Dedicated sales force team * Introduce sachets * Divert advertisement budget to rural area for next 5 years * Focus on 1 state for 1 year * Promotional scheme for customers and retailers