

MicroSave India Focus Note 78

Marketing Lessons for the E/M-Banking Sector from India's Corporate Giants (5/5)

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Introduction

This Note provides examples of successful marketing efforts of other industries in India that serve the rural poor well, and how these experiences could be applied to marketing of e/m-banking products and services across the world. Unlike established industries such as fast moving consumer goods (FMCG), insurance, mobile airtime and agri-business, much of the e/m-banking sector does not have extensive experience of conducting strategic and systematic marketing efforts. Yet these industries and the e/m-banking industry face common challenges, such as geographical and demographic variability, and often illiterate customers with unpredictable cash flows. To cope with these challenges, the industries above have invested much in designing marketing strategies and an appropriate marketing mix. They have then come up with effective marketing campaigns that successfully unlocked the latent purchasing power of the rural poor.

Identifying Gaps and Designing the Overall Strategy

FMCG, insurance mobile airtime and agri-business companies in India have well understood the needs of the rural poor and have tried to identify demand-supply gaps. For example, the FMCG giant, Hindustan Unilever Ltd. (HUL),² identified the need to educate potential customers about benefits, such as health and hygiene, of products before taking on a large-scale product marketing campaign. HUL identified an awareness gap about the importance of iodine in food, and chose a strategy to educate the main caretakers of the household, the women, about the importance of iodine for the human body through TV advertisements, demonstration vans and promotion in schools. Then HUL introduced its new product, *Annapurna*, an iodised salt.³

ICICI Prudential, a large insurance company jointly owned by the private bank group ICICI and the multinational insurance company Prudential, has entered the rural market in recent years and become a symbol of success in reaching rural Indians. They were successful in identifying gaps in the Indian rural market for life insurance: a lack of protection for the entire family and a need for security and savings. First, ICICI Prudential developed two products for rural India based on these gaps. '*Sarv Jan Suraksha*' was launched for rural people to take care of not just the primary policyholder but also the entire family. Similarly '*Anmol Nivesh*' was also launched with the aim of providing both the security of

insurance and savings at affordable cost.⁴ They then created a clear and appropriate marketing message: "*Badalte samay me apka saathi*" ("A friend in difficult times") to signify trust and protection for the unforeseen such as death, illness, etc.

In 2000, ITC, an Indian conglomerate, with businesses in hotels, packaging, and agri-business, among others, launched a market-led business model called *e-choupal*, to address the gaps in the supply chain of agricultural commodities and the challenges faced by small and marginal farmers in selling their produce through intermediaries. It provides a platform where farmers can secure better pricing for their produce and access information about best farming practices.⁵ Each *e-choupal* is managed by trusted local farmers called *Sanchalaks*, who are recruited with the help of commission agents called *Samayojaks*. To increase awareness, ITC conducts a below-the-line (BTL) branding exercise called "*choupal pradarshan khet*", which is a demonstration of best farming methods carried across 95 districts in four states.



Marketing Mix

The industries above have also used an appropriate marketing mix to convey the messages effectively for the overall product strategy. This Note will focus on two primary 'P's of the traditional marketing mix: place and promotion. The **place** (or distribution) of these products must be highly accessible to rural customers, and often does not have a place at all (but is rather mobile). This is done through strong distribution networks and extensive penetration in the rural markets. The **promotion** of the products in rural areas is often done through various BTL activities such as road shows, and festivals.

Distribution (Place)

The largest Indian telecom, Airtel, has had significant success in establishing a strong brand through leveraging existing retail networks of FMCG agents and other rural organisations. For example, Bharti Airtel and Indian Farmers Fertilizer Cooperative Limited (IFFCO) formed a joint venture IFFCO Kisan Sanchar Limited (IKSL).⁶ It uses IFFCO's wide rural presence and appeal among the rural agricultural community to market and distribute Airtel's products. Bharti Airtel Service Centres have also been set up in villages to complement the direct selling from retailers by addressing customer queries and

¹With support from Chris Linder

²Trimble, Chris, "[Hindustan Lever](#)", Tuck School of Business, 2002.

³Prahlad, C.K., "[The Fortune at the Bottom of the Pyramid](#)"

⁴Please refer to the "[Preamble on ICICI Pru Rural Business Initiative](#)" for more information.

⁵<http://www.itcportal.com/itc-business/agri-business/e-choupal.aspx>

⁶"[IFFCO and Airtel join hands to usher in the second green revolution](#)" IFFCO, May 2008.

complaints and act as sales and distribution points. These centres employ local people and offer sales and customer services using local dialects.⁷

At 'Birla Sunlife Insurance' personal contact with their customers is the key marketing strategy to cater to the rural market. Birla Sun Life promotes "*Bima Kavach Yojana*" (BKY) - a single premium insurance policy, specially designed for the customers, through village level contacts. To create awareness about BKY and to make personal contact with each individual customer, locally-based Village Extension Workers (VEWs) are appointed to make initial contact. These VEWs then act as an intermediary between customers and accredited insurance advisors.⁸ ICICI Prudential's new insurance products, discussed above, were also successful because of ICICI Prudential's extensive distribution network and reach of 2,100 branches, 1,116 small offices and advisor base of over 290,000 individuals.⁹ As of January 2011, over nine million policies had been sold.

HUL, mentioned above, not only used mass media for promoting its iodised salt, it also launched *Project Shakti* to create local level microentrepreneurs to promote and sell products directly to customers. This allowed access to women who are hard to reach through traditional media and created instant trust by using women of the same socioeconomic background. *Shakti* started with 17 women in two states. Today, it provides livelihood enhancing opportunities to about 45,000 women in 15 Indian states and provides access to quality products across 100,000+ villages and over 3 million households every month.¹⁰

Promotion

Airtel has also adopted the strategy of direct communication to promote its products to rural customers. To create a long lasting visual impact, Airtel markets its brand aggressively by painting its retailer shops red and white, their trademark colour combination. Airtel even pays rural households in the remotest corners of India to paint the Airtel logo on their walls. Airtel also promotes its brand through variety of posters, pamphlets and other marketing collaterals printed in local languages.¹¹

Uninor, another MNO, in order to capture a niche in rural telecom market announced an innovative new marketing initiative called the '*Uninor Blue Brigade*'.¹² The brigade fleet, consisting of 16 cars decorated with colourful graphics, were sent to over 100 towns including semi-urban, rural and remote areas of western

Uttar Pradesh with the objective of spreading awareness about Uninor products and services.

ICICI Prudential also uses branded vehicles that tour the country, wall paintings, vans with loud speakers, street plays and billboards near railway crossings (which is key as most of the rural Indian population travels by train for long distances) to build the brand and generate customer awareness. Mass events like religious festivals and animals fairs are chosen to launch the product in an area. ICICI Prudential also conducts account-opening "canopy" events and uses traditional "town criers" (*munadi*).

Conclusion: Applications for E/M-Banking

The following are the important take-aways from these Indian industries that the wider e/m-banking sector could use to design marketing plans:

1) **Identifying the gaps:** It is essential to identify the gaps in rural markets – these are diverse and many throughout India. E/m-banking providers must also first identify the gaps in each market. One simple way is to see how informal channels are being used by poor people to manage their financial affairs. Once the gaps are identified, the stage of creating a customised product will become easier. A similar strategy was used by HUL to promote the iodised salt, by ICICI Prudential to promote rural insurance products and by ITC to promote *e-choupal*.

2) **Simple product and messaging:** The most effective marketing campaign will not work if the product and tagline is not simple enough to understand, such as ICICI's tagline "A friend in difficult times". The e/m-banking sector is a low-value, high-volume industry - where volume is the key. This goal of volume can only be achieved if the message and the product are simple enough for anyone to understand.

3) **Personal contact:** E/m-banking is an alien concept for the rural customer, much like life insurance was just a few years ago in India. It therefore requires personal intermediation to convince the customer and sell the product. This can be ensured through a marketing mix comprised of both ATL/BTL activities with a strong distribution channel that enables doorstep education and delivery of services.

4) **Educating the customer:** Poor rural customers may be completely unaware of the service offered or may not fully understand how it works. Marketing for e/m-banking should include an element of educating the customers about how the financial services fulfil an existing need without being too paternalistic or talk down to these clients.¹³

⁷http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns1058/Cisco_BhartiAirtel_CS.html

⁸http://www.birlasunlife.com/birlasunlife/Insurance/BSLI_MP/BSLI_InsPlans/Individual/Rural/bsl_bimakavach2.aspx

⁹"ICICI Prudential leads market for eight years", The Financial Express, May 2009.

¹⁰"Shakti: Economic Development Through Micro Enterprise", Hindustan Unilever (HUL).

¹¹http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns1058/Cisco_BhartiAirtel_CS.html

¹²"Uninor Flags Off Blue Brigade from Agra (UP)", Telecom Talk, March 2010.

¹³See *MicroSave* Briefing Note # 112 "Financial Education Time for a Rethink?"