GUIDE CASE STUDIES

Some Examples:

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  - Washing Powder
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hansa research

Preface

The R K SWAMY HANSA Guide to Market Planning offers a wealth of information that can be applied to enhance marketing and sales efficiency in diverse situations.

This booklet presents case studies based on the numerous queries received from marketers on how to use the Guide for their marketing situation.

In our attempt to explain 'How to use the Guide' in a most lucid form, we are presenting 23 case studies to illustrate how to arrive at specific solutions for select market situations.

- Identifying high potential markets
- Identifying low-performing vis-à-vis high potential markets
- Prioritising rural markets for expansion
- Setting sales targets
- Identifying emerging next tier markets
- Maximising return on investments

These case studies are only indicative and by no means exhaustive. The application of the Guide is as wide-ranging as there are marketing situations. We do hope that you will be able to apply the Guide to your own particular situation and get positive results.

Contents

Case Study 1

Launching small cars : where are the markets?

We want to launch a new small car. We need to identify potential beyond metros.

Data required

- Market Intensity Index MII – Volume I
- Market Potential Value MPV – Volume I
- Contribution from Means to MPV – Volume I
- Contribution from proportion of Affluent Households to Means – Volume I

Solution

As the situation under consideration is the launch of a small car, variables such as ability to purchase or the Means and its constituents, quality of the market, the total aggregate potential MPV and affluent households are important. These variables are taken from Volume I assuming that the distribution will be able to handle both urban and rural demand.

As an illustration, the table below indicates select districts with similar aggregate potential spread across a few states.

State	District	MII	MPV	Cont. to MPV		Analysis
				Means	Affluent Households % to Means	
		1	2	3	4	5=1*2*3*4/10000
Telangana	Karimnagar	103.83	84.76	22.29	27.65	542.41
Tamil Nadu	Tirunelveli	126.46	84.12	21.94	24.97	582.74
Uttar Pradesh	Meerut	112.71	83.90	26.06	39.70	978.32
Chhattisgarh	Raipur	94.23	82.78	24.31	24.47	464.06
Andhra Pradesh	Kurnool	94.08	82.44	21.43	27.64	459.49
Madhya Pradesh	Bhopal	157.55	80.75	23.59	34.74	1042.62
Uttar Pradesh	Muzaffarnagar	89.09	79.80	22.75	32.05	518.42
Uttar Pradesh	Moradabad	77.21	79.65	23.03	27.50	389.54

Result

From among the short-listed districts with similar aggregate potential, districts of Bhopal and Meerut offer a better opportunity and therefore can be explored.

Case Study 2

Prioritise potential markets for expanding distribution for lubricants

We market lubricants for four wheelers. We want to expand dealer distribution and want to identify potential markets both urban and rural.

Data required

- Market Intensity Index MII – Volume I
- Contribution of car ownership to MPV – Volume I
- Contribution from Market Support to MPV – Volume I

Solution

Given that the potential markets should include both rural and urban markets, it is relevant to use details from Volume I of the Guide. The variables that are relevant are the quality, ownership of car and market support of the districts.

As an illustration we consider the state of Rajasthan to identify potential markets for dealer expansion as given in table 1. Column 6 of the table indicates the manner by which we can prirotise markets.

Rank by State MPV	District	MII	Cont. to MPV		Analysis
			Mkt Supp	Car	
		1	2	3	4 = 1*2*3/10
5	Nagaur	79.97	9.61	2.47	1898.73
6	Sikar	90.48	9.53	2.13	1833.68
7	Udaipur	78.94	8.98	2.64	1874.03
8	Kota	119.03	7.34	2.35	2050.86
9	Bikaner	92.10	7.83	1.62	1166.87
10	Bhilwara	86.67	8.56	1.65	1227.65
11	Ganganagar	101.02	7.39	2.03	1517.95

Result

It can be seen that Kota emerges the most potential market followed by Nagaur, Udaipur, and Sikar. It is interesting to note that though Kota ranks lower compared to Udaipur in overall aggregate potential, it emerges as a better market for four wheeler lubricants.

Case Study 3

Selecting rural markets for two-wheelers

We are a leading Motor Cycle marketer. Can the Guide help prioritise rural markets?

Data required

- Market Intensity Index MII rural – Volume II
- Contribution from Consumption to MPV – Volume II

Solution

As an illustration consider rural constituents of districts in Karnataka. The important variable to assess best markets is a combination of quality markets combined with inclination to consume.

Therefore data on MII and Contribution from Consumption to aggregate potential will reveal potential rural markets as shown in the table alongside.

Rank by Rural MPV	District	MII - Rural	Cont. from Consumption to Rural MPV	Analysis
		1	2	3=1*2
4	Mandya	92.40	8.55	789.8
5	Bellary	83.11	6.67	554.0
6	Hassan	90.64	8.46	767.2
7	Dakshina Kannada	111.21	6.94	771.9
8	Gulbarga	69.05	6.63	458.0
10	Davanagere	90.17	7.01	631.9
11	Chitradurga	87.08	6.35	553.3

Result

It can be seen that Mandya followed by Dakshina Kannada and Hassan offer good potential. It is also interesting to note that even though rural constituents of Bellary and Gulbarga rank higher in overall aggregate rural potential as compared to Dakshina Kannada, they are not necessarily the highest potential markets for two-wheelers.

Case Study 4

Identifying rural markets for consumer durables and estimating market size

We market durables across a price range and plan to enter rural areas. We want to identify prosperous rural markets and also estimate the size.

Data required

- MII – Rural – Volume II
- Contribution from Consumption to MPV – Rural – Volume II
- State-wise sales from marketer

Solution

The approach will be three fold. 1) identify potential rural markets 2) arrive at sales per unit value of potential based on current and past performance 3) assess rural market size.

Let us consider rural potential in the state of Haryana. The relevant parameters from the Guide will be quality of markets (MII) along with contribution from overall consumption to total aggregate prosperity (MPV). We would also require sales data by district to help estimate market size.

Table 1: Select districts in descending order of rural MPV

State Rank by Rural MPV	District	MII - Rural	Contribution Rural Consumption to MPV	Analysis
		1	2	3=1*2
1	Bhiwani	97.18	8.13	790.15
2	Hisar	95.99	7.57	726.94
3	Karnal	107.27	7.19	771.27
4	Sonipat	109.34	6.59	720.20
5	Sirsa	103.06	7.08	729.52
6	Jind	94.54	6.49	613.47
7	Kaithal	105.74	5.52	584.10
8	Rewari	120.92	4.67	564.95

The last column in the above table gives a good indication of rural consumption potential. Let us now assess rural market size based on performance in the urban areas of Haryana.

Assume a total sale of consumer durables from Haryana is Rs. 76432 Lakhs. We now estimate sales per unit MII and per unit Contribution from Consumption to urban MPV in Haryana. Table below indicates such as analysis.

Table 2: Average sale value per unit value of MII and Contribution from Consumption to urban MPV in Haryana.

State	Assumed Total sales (Rs Lakhs)	MII - Urban	Contribution from Urban Consumption to MPV	Analysis
	1	2	3	4 = 1 / (2*3)
Haryana	76432	191.99	117.34	3.4

It is clear that the market size in urban Haryana is 3.4 L for unit value of MII and Contribution from Consumption to MPV. Applying the same estimation to rural areas, we arrive at the rural market size. As can be seen from table 3 below, column 2 gives a good indication of rural market size by district.

Table 3. Arriving at market size for rural Haryana

State Rank by Rural MPV	District	Analysis	Market size
		1	2=1(Rs 3.4 L)
1	Bhiwani	790.15	2681
2	Hisar	726.94	2466
3	Karnal	771.27	2617
4	Sonipat	720.20	2443
5	Sirsa	729.52	2475
6	Jind	613.47	2081
7	Kaithal	584.10	1982
8	Rewari	564.95	1917

Result

Bhiwani, Karnal, Sirsa and Hissar do better than Sonipat and Jind. It is interesting to note that though Sirsa has a lower rank by rural MPV; it is a potentially better market for durables when compared to Sonipat and Hissar.

Case Study 5

Markets for expansion for FMCG products including rural markets

I am a brand manager for face creams in the premium segment. I have to identify potential markets for expansion. Our distribution is well entrenched into both urban and rural areas.

Data required

- Market Intensity Index MII – Volume I
- Contribution from FMCG consumption to MPV – Volume I

Solution

As the distribution reach is good, we consider district as a composite unit of urban and rural demand. Since the cream is positioned as a premium product, the per capita potential (MII) which is an indicator of the quality of the market along with Contribution from FMCG will be relevant. Further the task is to expand markets to emerging new markets, which means we have to select potential districts beyond metros and mini metros and then prioritise. Table 1 illustrates such an approach for select districts of Maharashtra.

State rank by MPV	District	MII	Contribution from FMCG to MPV	Analysis
		1	2	3 = 2*1
11	Raigarh	130.76	5.13	670.46
12	Satara	112.02	5.47	613.09
13	Sangli	115.78	5.13	593.91
14	Amravati	100.19	5.83	584.09
15	Nanded	80.55	6.01	484.18

Result

Beyond the top ten districts, we see potential in the above listed district. Further analysis on how to focus within the urban and rural areas of the district can be done using Volume II of the Guide.

Case Study 6

Markets for launching Health drink

We want to identify ideal markets for test marketing health drink.

Data required

- Contribution from FMCG to MPV – Volume I

Solution

We need to find out ideal markets for testing the new health drink. This means we need to first identify states that consume FMCG products more than other states. As an illustration, we have considered three states from three zones in Table I. After identifying the state we then have to focus on key markets / districts with a large aggregate potential for FMCG consumption.

Table 1. Contribution from FMCG consumption to MPV by State

State	Contribution from FMCG to MPV
Karnataka	134.83
Haryana	42.29
West Bengal	166.19

It is clear that West Bengal is worthwhile to consider for test marketing. Table 2 lists potential districts in this state.

State Rank by MPV	District	MPV	Contribution from FMCG to MPV
1	Kolkata	491.44	31.57
2	Barddhaman	163.51	14.38
3	South Twenty Four Parganas	112.89	11.93
4	North Twenty Four Parganas	106.29	10.37
5	Murshidabad	104.32	12.21
6	Paschim Medinipur	91.75	9.91
7	Purba Medinipur	88.85	8.51

Result

It can be seen that the top five districts are Kolkata, Barddhaman, Murshidabad, South Twenty Four Parganas and North Twenty Four Parganas. A similar analysis can be done for rural and urban markets of the above districts using Volume II of the Guide.

Case Study 7

Monitoring sales performance vis-a-vis potential for premium washing powder

We market premium washing powder. Are we realizing the potential? Can the Guide help?

Data required

- Urban MII and Urban MPV - Volume II
- Sales figure by districts – Marketer

Solution

We need both MII and MPV for the urban component of the district. We need to consider MII because the product is premium and thus quality of the market will be a key contributor to the overall potential. We assume that the marketer has a good distribution across urban centers. We first identify the average sale / unit potential based on previous sales data and then go on to assess markets that needs attention to realize the potential offered. The analysis is split into two tables.

Table 1. Mapping urban potential with assumed sales

District	MPV - Urban	MII - Urban	MPV*MII/100	Assumed sales	Sales/Potential
	1	2	3=(1*2)/100	4	5=4/3
Ludhiana	89.7	200.5	179.9	2000	11.1
Indore	89.7	170.9	153.4	2300	15.0
Nashik	89.2	158.9	141.7	2200	15.5
Barddhaman	89.1	133.8	119.2	2500	21.0
Vadodara	85.7	191.8	164.3	2100	12.8
Thrissur	84.3	186.0	156.8	2200	14.0
Rajkot	82.3	171.9	141.5	2400	17.0
Patna	80.2	147.6	118.4	2700	22.8
Median Value			**147.5**		**15.3**

Using the above table, we plot a matrix to identify low performing high potential areas

Table 2 : Matrix between Sales Vs Potential

Sales / Potential	MII*MPV<147.5	MII*MPV>147.5
<15.3		Ludhiana
		Indore
		Vadodara
		Thrissur
>15.3	Nashik	
	Bardhaman	
	Rajkot	
	Patna	

Result

It is clear from Table 2 that towns or urban centers in districts of Ludhiana, Indore, Vadodara and Thrissur require special attention to maximize potential offered. Nashik, Bardhaman, Rajkot and Patna are performing well.

Case Study 8

Selecting markets to achieve pre-determined potential for toiletries

We market FMCG products - toilet soaps, washing bars etc. We want to expand to Andhra Pradesh and cover 60% of the market potential offered by the state. Can the Guide help?

Data required

- Market Potential Value MPV – Volume I
- District area – From Interactive CD

Solution

We first consider total aggregate potential offered by the state.
We then list districts in descending order of MPV per unit area.
It is important to consider district area to help optimize distribution.
Table 1 illustrates state aggregate market potential and the required 60% share.

Table 1. State aggregate potential

State	No. of districts	MPV
Andhra Pradesh	13	1099
60% of size		659.4

We now list districts in descending order of district aggregate potential along with district area. We then take cumulative MPV of the districts to arrive at optimum markets to achieve 60% of the state potential.

Table 2. Short listing Districts to achieve predetermined potential

State Rank by MPV	District	MPV	Area (Sq. Km)	Analysis	MPV - Cumulative
		1.00	2	3=1/2*100	
1	Krishna	118.60	8750	1.36	119
2	East Godavari	118.57	10875	1.09	238
3	Visakhapatnam	113.24	11578	0.98	351
4	Guntur	111.36	11456	0.97	462
5	Chittoor	90.04	15029	0.60	552
6	West Godavari	89.34	7749	1.15	642
7	Anantapur	84.96	19210	0.44	726
8	Kurnool	82.44	17729	0.47	809
9	Prakasam	70.61	17694	0.40	880
10	Sri Potti Sriramulu Nellore	65.96	13262	0.50	946
11	Y.S.R.	60.31	15417	0.39	1006
12	Srikakulam	48.61	5820	0.84	1054
13	Vizianagaram	44.65	6177	0.72	1099

Result

It can be seen that we cover 60% market potential by covering 7 districts. Further analysis can be done by considering consumption of FMCG products.

Case Study 9

Prioritising potential markets for launching a new mutual fund

We are an asset management company. We want to launch a new fund offer and want to optimize marketing cost by prioritizing districts with potential.

Data required

- Market Potential Value MPV – Volume I
- Contribution from Means to MPV –Volume I
- Contribution from different constituents of Means to MPV – Volume I
- Past sales details by district - Marketer

Solution

For a new fund offer the most important variable from the Guide is contribution from Means to potential. Out of the four constituents that measure the ability or Means to consume, we first need to find which of these four gives the best correlation to past performance. The Interactive CD provides a feature wherein sales data can be keyed in and correlation analysis against individual variable can be performed as shown in the table below.

Table 1. Potential districts in order of MPV and collections performance as an illustration

District	MPV-Total	Contribution from Means	Indicators as % across				
			Per capita Income	Per capita Bank Deposit	Affluent Households	House Ownership	Sales
Jalandhar	85.51	27.29	26.55	12.64	43.32	17.49	700
Amritsar	85.44	26.86	23.26	7.55	47.08	22.11	600
Gurdaspur	71.22	23.78	26.04	4.35	50.12	19.49	520
Patiala	67.65	21.81	26.63	6.28	48.76	18.32	510
Firozpur	58.16	18.28	31	2.91	44.9	21.18	420
Hoshiarpur	55.17	18.35	29.09	6.91	48.65	15.35	350

We now run a correlation analysis using the interactive CD for each of the indicators for Means and sales value. Table 2 presents a hypothesis of such an analysis.

Table 2. Correlation value (an assumption) between variables measuring Means and sales value.

Punjab	
Variables	**Correlation**
Per Capita Income	0.82
Per Capita Bank Deposit	0.71
Affluent Households	0.46
House Ownership	0.78

Result

It is clear that per capita income followed by house ownership provides the best correlation fit when compared with past performance. We can now prioritise districts based on per capita income and house ownership for best allocation of resources.

Case Study 10

Identifying low performing high potential markets for life insurance

We market life insurance products. We want to identify low performing markets as compared to the market potential and maximize returns. Our reach is restricted to urban centers only.

Data required

- Market Potential Value MPV – Volume II
- Sales data by district - Marketer

Solution

We have to compare actual market performance with the district potential. This will help arrive at average sales per unit potential. Based on the average we identify low performing districts vis-à-vis market potential as illustrated in table 1.

Since the reach is restricted to urban centers it is important to consider data from Volume II.

Table 1. Arriving at performance by unit MPV for districts of Tamil Nadu and Andhra Pradesh

State	District	MPV	Assumed sales (Rs. cr)	Sales / MPV
		1	2	3=(2/1)*100
TN	Madurai	64.24	25	3.89
Andhra Pradesh	Krishna	62.01	20	3.23
TN	Salem	57.34	18	3.14
TN	Tiruppur	52.01	22	4.23
TN	Vellore	51.96	28	5.39
TN	Tiruchirappalli	49.34	26	5.27
Andhra Pradesh	Guntur	48.92	18	3.68
Andhra Pradesh	East Godavari	42.74	14	3.28
		428.56	**171.00**	**3.99**

Result

It can be seen that districts of Madurai, Krishna, Salem, Tiruppur, Guntur and East Godavari need special attention.

Case Study 11

Prioritising market opportunities for life insurance

We are a life insurance company and we would like to expand business. We would like to optimize our marketing cost by prioritizing districts with potential.

Data required

- Market Potential Value MPV- Volume I
- Contribution from Means to MPV- Volume I
- Contribution from different constituents of Means to MPV – Volume I
- Sales data from marketer

Solution

The most important variable for life insurance from the Guide is contribution from Means to market potential. To strategise on cost optimization for district prioritization, we need to find the best correlation among the Means variables to past sales data. The Interactive CD provides a feature wherein sales data can be keyed in and correlation analysis against individual variables can be performed as shown below.

Table 1: Potential districts in order of MPV and sales performance as an illustration

District	MPV	Contribution from Means	Indicators as % across				
			Per capita		Affluent Households	House ownership	Assumed sales (Rs lakhs)
			Income	Bank Deposit			
Hisar	45.41	14.03	41.26	4.57	30.05	24.13	350
Karnal	42.77	14.22	36.25	4.16	39.13	20.46	330
Sonipat	40.82	14.05	37.82	4.84	37.71	19.63	325
Bhiwani	38.32	11.86	35.93	3.22	35.77	25.08	310
Ambala	37.41	12.70	39.26	5.71	35.92	19.11	320

We now run a correlation analysis using the interactive CD between sales and each of the indicators representing Means. Table 2 hypothesises such as analysis. It indicates correlation between sales and each of the variables selected.

Table 2: Correlation (as an illustration) between variables representing Means and Sales performance

Haryana	
Variables	**Correlation**
Per capita Income	0.74
Bank Deposit	0.62
Affluent HH	0.45
House Ownership	0.45

Result

It is clear that per capita income followed by bank deposit provides the best correlation fit when compared with sales data. We can prioritise the districts based on these two indicators for the best allocation of resources.

Case Study 12

Identifying markets for Pesticides

We market pesticides. Can the Guide help us identify potential markets?

Data required

- Contribution from Per Capita Income to MPV rural – Volume II
- Market Intensity Index MII rural – Volume II

Solution

To arrive at markets for pesticides two variables will be important. We need to first look at markets with high Contribution from Per Capita Income to rural MPV. The Guide has rural income based on agriculture production. We should also consider the quality of the market as given by rural MII. Both these two variables on rural markets together will help identify and prioritise markets as illustrated in table 1.

Table 1.

Rank by Rural MPV	District	MPV - Rural	Contribution to MPV from Means	MII	Analysis
		1	2	3	4 = 3*2
1	Mahbubnagar	56.31	13.24	75.60	1001
2	Karimnagar	55.98	13.61	91.67	1248
3	Nalgonda	53.79	12.91	88.04	1137
4	Warangal	46.26	10.74	84.91	912
5	Medak	43.73	12.18	87.74	1069
6	Khammam	40.16	9.61	86.75	833

Result

As can be seen from the above table, districts of Karimnagar, Nalgonda and Medak are worth considering.

Case Study 13

Selecting districts for new retail outlets

We operate super market retail chains. We cover six districts of Gujarat. We have two options for expansion. We can either penetrate into six more districts in Gujarat or consider Rajasthan. Which of these two will help maximize returns? Can the Guide help?

Data required

- Market Potential Value – Volume I
- District Population – Volume I
- Investment per outlet – Marketer
- Population covered by outlet - Marketer

Solution

Let us assume from the past experience of operating the retail chain, the following -

Population covered per outlet – 200,000

Investment per outlet – Rs. 100,000

Let us now look at the aggregate potential and population of the districts under consideration in Gujarat and Rajasthan from the R K SWAMY HANSA Guide to Market Planning. This is illustrated in the table below

Details of six districts		
	Gujarat	**Rajasthan**
Total MPV	288	449
Popn 000	12996	19878

We now map this data to the past performance to arrive at investment required per MPV. This will help choose districts to maximize returns.

	Gujarat	**Rajasthan**
Total MPV	288	449
Popn 000	12996	19878
Total no of outlets (200,000 popn per outlet	65	99
Total Investment (Rs lakh)	65	99
Investment per unit MPV (Rs)	22569	22049

Result

The select districts in Rajasthan requires lower investment per MPV and hence worth considering. The Volume II of the Guide can be used if the outlets are located only in urban or rural centers of the district.

Case Study 14

Determining stocking options by market for durables

We are marketers of durables and have a wide spread of retail outlets. We want to identify best stock options by markets.

Data required

- Contribution from Consumption to MPV – Volume I
- Contribution from CD1, CD2 and CD3 to Consumption – Volume I

Solution

The Guide categorises durables into three segments based on price bands. We first list the various districts, its overall aggregate potential and contribution to MPV from CD1, CD2 and CD3. As an illustration, let us consider districts with similar contribution from consumption to MPV across states.

State	District	Contribution to MPV			
		Consumption	CD1	CD2	CD3
Uttar Pradesh	Gautam Buddha Nagar	21.28	1.83	1.44	5.50
Maharashtra	Raigarh	21.23	2.18	1.47	5.28
Andhra Pradesh	Kurnool	21.11	2.61	2.13	4.17
Tamil Nadu	Cuddalore	20.88	2.57	2.21	4.78
Maharashtra	Satara	20.60	2.52	1.39	4.68
Median			2.52	1.47	4.78

Based on the median we then assess market types as Poor, Average and Good as illustrated in the table below. On this basis we can decide stocking options or retail format.

State	District	CD1	CD2	CD3
Uttar Pradesh	Gautam Buddha Nagar	Low	low	Good
Maharashtra	Raigarh	Low	Average	Good
Andhra Pradesh	Kurnool	Good	Good	Low
Tamil Nadu	Cuddalore	Good	Good	Average
Maharashtra	Satara	Average	Low	Low

Result

As can be seen that Cuddalore offers good to moderate potential for durables across price bands and Satara is not worthwhile to consider.

Case Study 15

Identifying markets for premium products

We market premium mobile handsets. We need to target markets with a potential to consume premium products. Can the guide help?

Data required

- Market Intensity Index MII urban – Volume I
- Contribution to MPV from high-end durables CD3 – Volume I

Solution

Given the situation, the most relevant variables that can help identify districts with potential to consume will be the Market Intensity Index (MII) which gives the quality of the market and Consumption of high end durables as reflected by contribution from CD3 to the aggregate potential MPV. For illustration, we consider these variables for district as a combined unit of urban and rural constituents for analysis.

State	District	MII	Contribution to MPV		
			Consumption	CD3%	Analysis
		1	2	3	4=1*2*3/1000
Madhya Pradesh	Bhopal	157.55	27.39	30.47	131.48
Tamil Nadu	Tiruppur	146.69	28.61	26.04	109.29
Punjab	Jalandhar	180.32	28.94	31.89	166.41
Gujarat	Rajkot	143.84	34.04	32.36	158.40
Uttarakhand	Dehradun	164.00	18.23	26.09	77.98

Result

Districts of Jalandhar and Rajkot offer good potential followed by Bhopal. This analysis will also help set sales target.

Case Study 16

Identifying emerging next tier towns for outbound tourism

We are tour and travel operators. We are interested in attracting people for outbound tourism.

Data required

- Market Intensity Index MII urban - Volume II
- Contribution from Means to MPV urban - Volume II

Solution

Since tour and travel packages are predominantly an urban phenomenon, we consider the potential offered by the urban constituents of districts.

As an illustration let us consider districts of south zone. We have short-listed districts with similar potential as shown in table 1.

State	District	MII	Contribution from Means to MPV	Analysis
		1	2	3=1*2
TN	Salem	149.52	15.22	2276
Kerala	Kannur	171.40	18.53	3175
AP	Krishna	155.59	17.28	2688
Karnataka	Belgaum	144.96	12.03	1743

We have considered both MII and contribution from Means to MPV as the situation needs both quality and aggregate contribution from Means or Ability to buy.

Result

Urban constituents of Kannur, Krishna and Salem offer good potential and are worth exploring for attracting people for outbound tourism.

Case Study 17

Test marketing a new savoury snack food brand

We want to undertake a test marketing exercise before the formal launch of a new savoury snack food brand. We need to identify and select a test region, not considering the major metros where costs of test marketing are very high.

Data required

- Market Intensity Index MII – Volume I
- Market Potential Value – Volume I
- Contribution from Consumption to MPV –Volume I
- Contribution from FMCG to Consumption – Volume I

Solution

The rationale for conducting a test marketing initiative could be a precursor to a regional launch and can be done in any area across India. Snack food being a highly impulsive purchase, using six AA districts with MPVs between 120 and 126 are shortlisted. Besides the MPV, the MII which reflects the quality of the market, Contribution from Consumption to the aggregate potential and Contribution from FMCG to consumption are important components to help in selecting the target region.

The variables are taken from Volume I with the district as a composite unit consisting of both urban and rural markets.

The table below has selected districts with similar MPV across a few districts ranked below the metros in MPV.

State	District	MII	MPV	Contribution from		Analysis
				Consumption to MPV	FMCG % to Consumption	
		1	2	3	4	5=(1*2*3*4)/1,00,000
Kerala	Malappuram	142.29	126.51	32.70	21.91	128.93
TN	Coimbatore	167.98	125.57	44.95	22.97	217.75
Bihar	Patna	99.07	125.03	29.28	29.80	108.09
UP	Kanpur Nagar	122.98	121.79	34.56	25.33	131.09
Kerala	Thrissur	180.21	121.59	37.57	18.86	155.28
Gujarat	Vadodara	133.56	120.27	35.36	21.58	122.55

Column 5 computes the combined effect of the variables and differentiates the districts.

Result

Coimbatore emerges as the potential district among other districts with similar MPV to explore a test-marketing exercise for savoury snack food. Using more variables, and weighting for consumption and FMCG penetration, differentiates Coimbatore from other districts with similar MPVs.

Case Study 18

Identify potential markets for channel expansion for tiles

We market ceramic wall and floor tiles. We are targeting the home segment and we would like to expand our dealer distribution across both urban and rural markets.

Data required

- Market Intensity Index MII – Volume I
- Market Potential Value – Volume I
- Contribution from Consumption to MPV –Volume I
- Contribution from CD3 to Consumption – Volume I

Solution

The market for ceramic tiles consists of both rural and urban markets and therefore the total potential of the market (MPV), the prosperity of the market (MII), the contribution of Consumption to MPV and the contribution of CD3 to Consumption are parameters to be taken to identify markets for expansion.

As an illustration we consider the state of Karnataka with MPVs falling in the middle range, to identify the potential market for expanding the dealer distribution for the ceramic tile manufacturer.

District	MPV	MII	Contribution from		Analysis
			Consumption to MPV	CD3 % to Consumption	
	1	2	3	4	5=1*2*3*4/1000
Bagalkot	35.25	86.30	10.10	24.44	750.72
Kolar	35.04	105.51	9.11	15.64	526.52
Chitradurga	34.45	96.02	9.22	16.29	496.93
Raichur	34.68	83.18	8.94	15.55	401.18
Udupi	33.13	130.19	9.62	16.33	677.44
Uttara Kannada	32.95	106.05	9.73	16.91	574.59
Bidar	30.04	81.57	8.07	15.97	315.67

Result

It can be seen that Bagalkot, Udipi and Uttara Kannada emerge as the more promising districts for channel expansion, an aspect not revealed by MPV alone.

Case Study 19

Selecting potential markets to expand car rental services

We are a leading car rental service operator established in the leading metros. We would like to identify further potential markets in the South of India.

Data required

- Market Potential Value MPV – Volume I
- Market Intensity Index MII – Volume I
- Contribution from Means to MPV –Volume I
- Per Capita Income % to Means – Volume I
- Affluent Households % to Means –Volume I

Solution

The car rental service operator would be looking at both the rural and urban market as a composite unit. The first step would be to identify the potential State to roll out the car rental services in select markets.

The State's MPV is a robust indicator to select the ideal market.

ZONE	State/Union Territories	MPV	MII
South Zone	Tamil Nadu	2118	136
South Zone	Karnataka	1561	118
South Zone	Kerala	1218	169
South Zone	Andhra Pradesh	1099	103
South Zone	Telengana	888	117

Tamil Nadu emerges as the State with the highest MPV.

The next step would be to identify the potential district for services expansion excluding Chennai and Coimbatore. MII, which reflects the quality of the market, Contribution from Means to MPV, Contribution from Per Capita Income and Contribution from Affluent Households to Means are factors to be used to map potential markets.

Let us look at the top 6 districts by MII in TN (excluding Chennai and Coimbatore).

District	MII	Contribution from Means	Contribution from		Analysis
			Per Capita Income to Means	Affluent HH % to Means	
	1	2	3	4	5=1*2*3*4/10000
Tiruppur	146.69	18.43	46.34	27.78	348.05
Erode	143.81	18.86	49.79	24.94	336.65
Madurai	138.54	21.81	39.86	32.47	391.15
Tiruchirappalli	132.65	21.54	45.97	26.68	350.44
Salem	128.39	24.53	42.83	26.46	356.94
Vellore	120.72	28.87	41.80	29.62	431.41

Result

It is interesting to see that Vellore district emerges as the best option for market expansion, despite having the relatively lowest MII, among these districts.

Case Study 20

Identifying potential market for a hyperlocal delivery start up

We are a hyperlocal online delivery service start up where users can order online or through a mobile app and get delivery of grocery and avail of home services such as plumbers, carpenters, electricians etc. We are present in the metro districts of Mumbai, Delhi, Chennai and Bangalore and we would like to diversify to other large districts.

Data required

- Market Intensity Index MII – Volume I
- Contribution from Means to MPV –Volume I
- Per Capita Income % to Means – Volume I
- CD3 % Contribution to Consumption – Volume I
- Internet Exposure – Volume I

Solution

Having established its services in the Metro districts the hyperlocal start up is planning to launch in the next rung of the larger urban centric districts.

The top seven districts by MII, excluding the metro districts are identified through MII.

The Contribution from Means to MPV, the Per Capita Income proportion to Means, the Contribution of CD3 to Consumption, which includes computers, and Internet exposure are factors which can be used for identifying the potential market. Even though Internet exposure is part of the Media Exposure Index, it is also presented as an independent index in the Guide to Market Planning.

State	District	MII	Contribution from Means to MPV	Per Capita Income	% Contribution of CD3 to Consumption	Exposure to Internet	Analysis
		1	2	3	4	5	6=1*2*3*4*5/10000000
Chandigarh	Chandigarh	261.61	20.08	35.37	31.83	584.75	345.85
Goa	South Goa	244.10	12.25	44.04	31.48	422.05	174.93
Goa	North Goa	240.04	14.62	42.48	32.69	411.75	200.63
Haryana	Gurgaon	236.35	30.48	54.67	27.24	558.14	598.81
Kerala	Ernakulam	209.25	45.76	30.65	27.16	278.18	221.71
Punjab	Sahibzada Ajit Singh Nagar	189.77	13.74	37.42	30.04	299.10	87.67
Telengana	Hyderabad	188.54	95.16	29.90	28.96	374.00	581.00

Result

Gurgaon followed by Hyderabad are the two districts that show high potential for the start up. It is interesting to note that even though Chandigarh has the highest MII and the highest internet exposure, it is placed behind Gurgaon and Hyderabad.

Case Study 21

Benchmarking sales performance for tractors

We would like to evaluate our sales performance against the potential sale for tractors in rural markets.

Data required

- Rural MII and Rural MPV – Volume II
- Sales figures by districts - Marketer

Solution

Rural MII needs to be considered for assessing the sales potential for a high value product like tractors. Rural MPV includes Consumption and Market Support and hence needs to be included for the analysis. One assumes that the manufacturer has set a robust distribution hub to cater to the rural areas.

The top ten districts of Uttar Pradesh by rural MPV have been taken for the sake of analysis.

Table 1. Mapping rural potential with assumed sales

Rank by rural MPV	District	MII Rural	MPV Rural	MII*MPV	Assumed sales Rs lakhs	Sales/potential
		1	2	3=1*2/10	4	5=4/3
1	Allahabad	60.92	59.02	360	36000	100
2	Jaunpur	61.41	55.06	338	34500	102
3	Azamgarh	59.16	53.98	319	31500	99
4	Muzaffarnagar	74.90	47.80	358	33000	92
5	Gorakhpur	58.94	45.93	271	21750	80
6	Ghazipur	59.08	42.73	252	33750	134
7	Sitapur	49.31	42.14	208	30000	144
8	Bijnor	67.86	40.45	275	29250	107
9	Moradabad	58.20	40.24	234	33000	141
10	Kushinagar	54.59	40.08	219	31500	144
Median Value				**273**		**104**

Using the above table we plot the matrix to identify low performing and high performing districts in Table 2.

Table 2. Matrix between Sales Vs Potential

Sales / Potential	MII*MPV<273	MII*MPV>273
<104	Gorakhpur	Allahabad
		Jaunpur
		Azamgarh
		Muzaffarnagar
>104	Ghazipur	Bijnor
	Sitapur	
	Moradabad	
	Kushinagar	

Result

Allahabad, Jaunpur, Azamgarh and Muzaffarnagar are performing below potential levels, while, Gazipur, Sitapur, Moradabad and Kushinagar are performing well. More attention needs to be paid to the low performing districts.

Case Study 22

Identifying rural markets and estimating market size for a Bank

We are a leading bank and we would like to launch ATMs in rural areas. We would also like to estimate the possible ATM transactions by market.

Data required

- MII - Rion from means to MPV – Rural – Volume II

Solution

The marketer is seeking to identify potential markets, estimate the sales per unit value based on their internal approximations and also assess the rural market size.

Let us consider the rural potential of Telengana. MII, which reflects the affluence of a district, and Contribution from Means to Rural MPV which reflects the ability to spend or consume, are parameters that we select to help in estimating potential markets.

Table 1- Select districts in descending order of rural MPV

State Rank by rural MPV	District	Rural MII	Contribution from Means to Rural MPV	Analysis
		1	2	3 = 1*2
1	Mahbubnagar	75.60	13.24	1001
2	Karimnagar	91.67	13.61	1248
3	Nalgonda	88.04	12.91	1137
4	Warangal	84.91	10.74	912
5	Medak	87.74	12.18	1069
6	Khammam	86.75	9.61	833
7	Nizamabad	86.99	9.03	785
8	Rangareddy	99.63	10.26	1022
9	Adilabad	76.84	7.70	592

The last column in the above table is a good indication of rural transaction potential.

Let us now assume that the total ATM transactions in a month in Telangana are Rs. 89,000 million.

We estimate the ATM transaction per unit MII per unit contribution from Means to total MPV in Telengana. Table below indicates such an analysis.

Table 2 - Average transaction per unit value of MII and Contribution from Means to Total MPV

State	Assumed Total transactions per month (Rs million)	MII State Total	Contribution from Means to State MPV	Analysis
	1	2	3	4=1/(2*3)
Telengana	89,000	117.68	247.52	3.055

The market size of Telangana State for ATM transactions is Rs 3.05 million per unit value of MII and Contribution from Means to MPV. We use the same estimation to arrive at the market estimation for rural market transactions. Column 2 in the table below gives a good indication of the rural market size by district.

Table 3: Arriving at the ATM transactions by district for rural Telengana

State Rank by rural MPV	District	Analysis	Market Size
		1	2=1*(3.055)
2	Karimnagar	1247.50	549
3	Nalgonda	1136.85	500
5	Medak	1068.66	470
8	Rangareddy	1022.19	450
1	Mahbubnagar	1000.80	441
4	Warangal	911.79	401
6	Khammam	833.26	367
7	Nizamabad	785.35	346
9	Adilabad	591.52	260

Result

Karimnagar, Nalgonda, Medak and Rangareddy are the top potential districts in rural Telengana. It is interesting to note that though Mahbubnagar is higher in terms of rural MPV, it is ranked lower in terms of ATM transaction potential.

Case Study 23

Identifying optimal markets for expansion of Agri Business

We are an agri business and agro chemical company and our rural retail chain is present in Jharkhand and Bihar. We would like to expand our network within these States. Can the Guide help decide as to which state offers the best option.

Data required

- Market Potential Value MPV- Volume II
- District Population- Volume II
- Investment per outlet - Marketer
- Population covered by outlet - Marketer

Solution

The following data has been shared by the marketer.

Population (000) covered per outlet – 150

Investment per outlet Rs. 50 lakhs

We will need to look at the aggregate potential and population for the districts where retail operations are currently in existence.

Details of retail operations		
	Jharkhand	**Bihar**
Total MPV	70	179
Population (000)	6221	18071

We now map the information to the past performance to arrive at the investment required for per unit MPV. This will help to decide on districts which give the maximum returns

	Jharkhand	**Bihar**
Total MPV	70	179
Population 000	6221	18071
Total number of outlets	41	120
Total Investment (Rs lakhs)	2074	6024
Investment per unit MPV (Rs lakhs)	30	34

Result

The districts in Jharkhand require lower investment per MPV than Bihar. Hence Jharkhand would be a better choice for expansion.