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From the Chief Editor's Desk

It is a great pleasure to announce that the 4th volume of our journal “BIITM Business Review” is being published. It contains quality articles with rich inputs on various domains of management. We extend our heartfelt thanks to all the contributors from various institutions and hope their cooperation in future also.

We are trying best to improve the quality of the journal and striving our continuous effort to achieve this goal. We hope the journal will meet its goal by providing quality inputs to students, faculty members, researchers and to academic fraternity as a whole.

The editorial board would like to extend heartfelt thanks to its Chief Patron, Mr. P. K. Balabantray, Executive Director and Patron, Prof. P. R. Pattanayak, Advisor (Academics) for their encouragement and support for the success of this issue.



(Dr. P. K. Tripathy)
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From the Editor's Desk

It gives us immense pleasure in informing you that our journal “BIITM Business Review” has become popular and gain acceptance in a short span of time. We are proud to host articles with the ISSN number as it enhances the recognition and credibility of the articles published in the journal.

The articles in this issue are a selection from the work done by a group of researchers and practitioners on some of the important aspects of management and related fields. It is our continuous effect to bring out the versatility of the concepts in the light of providing knowledge and satisfaction to our readers.

The editor would like to heartily thank its Chief Patron Mr. P. K. Balabantray, Executive Director, Patron, Prof. P. R. Pattanayak, Advisor (Academics), Chief Editor Dr. P.K. Tripathy, Principal, Members of the Editorial Board, Authors and other well-wishers for their cooperation and encouragement in bringing out this issue.



(Anil Kumar Mishra)

Editor

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Celebrity Endorsement; an Indian perspective

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** Dr.G. S. Vijaya

Abstract

Celebrity endorsement is an interesting area of advertising where substantial research has done. This paper explains about the past literature done in this context. It also demonstrates the changing scenario of celebrity endorsement in Indian context.

Introduction:

Globally marketing a product and reaps the benefit of economies of scale in the production front, is the desire of each and every decision-making authority of a firm. Apparently, if marketing of a product is endorsed by a celebrity that unquestionably provides an imperative impetus towards its demand, in turn, sale and popularity for a long period. This is possible where people at large follow what their idol on the screen does and can do at the most. However, the magnitude of people and their gumption to go after the celebrity also counts a lot for promoting a product. In this sense, Indian society is basically hero worshipper i.e. screen hero becomes their hidden redeemer that they cherish often and the action of the celebrity on screen are viewed as more authentic to solve the uncertainty of the hour irrespective of its harmfulness aftermath in the long run.

In a competitive market, the marketing strategy for all companies is to get a right man or an ambassador who will hold the consumer's attention which strikes the balance between profitability and marketability. Hence, advertisement plays a vital role in the process of marketing a product in the world of competition. Most marketers consider celebrity endorsement as a weapon to succeed in advertising. They believe that celebrities can connect with the viewers easily and by endorsing them the company can effectively communicate to the target market.

Companies do invest huge amounts on popular celebrity endorsement because of its promotional features of the product which in turn, demands a personality to convey the message of acceptance by people of course. These days more than fifty percent of advertisements depict celebrities because of their acceptance among audience. Choosing a celebrity for endorsement is a mutual benefit for the company and the celebrity as well.

Celebrity endorsement helps in breaking the clutter and recalling the brand. Moreover, celebrity credibility is utilized by the advertisers for developing a niche in the market.

Literature review:

According to McCracken (1989) celebrity is defined as, any individual who enjoys public recognition and who uses this on behalf of a consumer good by appearing with it in an advertisement. Apparently, celebrity may be a specialist in the endorsed product category. For instance, Sanjeev Kapoor who is a famous chef endorses Wonderchef kitchenware products. But famous film star Salman Khan who endorses Thums up is not an expert in the product category.

Many researchers strived to develop various models in the celebrity endorsement area. Source models, Congruence studies and Meaning transfer model are three important models in this field. Source model includes the source credibility model and source attractiveness model.

The Source Credibility Model:

This model explains that the success of communication message relies on the recognized level of expertise and trustworthiness in an endorser (Hovland et. al 1953; Ohanian 1991; Solomon 1996). Message from a reliable origin can affect opinion, attitude and behavior and this process is known as internalization. Trustworthiness involves integrity, truthfulness and credibility of an endorser which mostly depend on the perception of the target audience. According to Friedman & Friedman (1978), trustworthiness is the vital element of source credibility. They suggested likeability as the essential component of trust. Ohanian (1990) came up with a scale to evaluate the credibility of the endorser. Expertise, trustworthiness and attractiveness are the three different dimensions of the scale. Pornpitakpan (2003) validated the scale in the Asian context.

Utilizing celebrity appeal in two sided framework where celebrity makes both positive and negative claims regarding the advertised product is more effective than one sided traditional framework where the celebrity makes only positive remarks (Kamins, Brand, Hoeke and Moe, 1989). Goldsmith et al. (2000) opined that corporate credibility and celebrity credibility have an impact on attitudes towards advertisement, brand and purchase behavior. Marketers could get a better understanding of the impact of various credibility sources on customers by evaluating the role of source of credibility in the advertising process.

The Source Attractiveness Model:

Celebrities are selected by the marketers on the basis of attractiveness to benefit from both influence of their physical appeal and celebrity status (Singer, 1983). McGuire (1985) postulated that the message effectiveness largely depends on similarity, liking and

familiarity for an endorser. He explained similarity as the closeness among the recipient and the source, likability as a positive feeling for the source and familiarity as the repeated exposure to the source.

Congruence Studies:

This study explains about the closeness between the celebrity and the brand endorsed. This is popularly known as match-up hypothesis. The study was originated from psychology. According to Kahle & Homer (1985) match-up hypothesis for choosing celebrity goes well with the Theory of Social Adaption. Evans (1988) suggested that no congruence among the celebrity and brand leads to Vampire effect when viewers remember the celebrity but not the brand. Since 1990s considerable amount of research has been done on congruence studies. Associative network theory, elaboration likelihood model and theory of correspondence inferences are some of the important theories used by scholars. Siemens et al. (2008) suggested that the impact of congruence on attractiveness is moderated by the credibility of an endorser. The study also mentions that attitude towards brand is favorable if there is a congruence between the profession of the endorser and the brand. However, even if there is no match between the endorser's profession and the brand, the attitude towards the brand is not affected. According to a study done by Fleck, Korchia and Roy (2012), brand and celebrity congruence and celebrity likability affect the predisposition about the advertisement and influence purchase behavior. Zwilling and Fruchter (2013) developed a new model which helps in taking decision while choosing celebrities and matching brands.

The Meaning Transfer Model:

McCracken (1989) described the aim of a commercial is to shift the message/meaning from the celebrity to the brand. He explained that source models did not address traits like lifestyle and personality. The meaning transfer from the celebrity to the brand is unlikely to show positive responses when there is a mismatch between celebrity and the brand (Kahle & Homer, 1985; Lee & Thorson, 2008). Cambell and Warren (2012) conducted three studies to see how the meaning is transferred from celebrities to brands. The results revealed that negative meaning is more possible to transfer than the favorable ones. Roy and Moorthi (2012) postulated that celebrity personality has a positive impact on brand personality.

Perspectives from India:

Celebrity endorsements have more impact on consumer in India than western countries. This is because, these personalities are idolized here which in turn results in effective communication.

Candidly, in the recent past or so, companies are increasingly selecting celebrities to attract customers' various priorities. Indeed, consumers are highly influenced by the celebrities and it has a positive impact on the buying intention. Even they can amplify the merits of the

brand and cast a spell over the gullible consumers which fetch more sales and more profit too. In fact, Indian consumers are emotionally connected with these famous celebrity personalities.

Today celebrity endorsement is quite prevalent in most of the industries starting from fashion, textile, beverage, consumer durables, food items, electronics, services and many more. Albeit some endorsed brands that do not carry as per its claim or promise still favoured by consumers because of the likability of the celebrities who endorsed them. Marketers believe that celebrities can promote their products better than its quality.

Compare to western countries, celebrities in India endorse more brands. For instance famous celebrities in India do endorse an average of fifteen or more brands. Roughly, all brands advertised on TV have used celebrities for the promotion of their products. Approximately, 80 percent of the 40 prominent brands in television use celebrities for promoting their brands. Now a separate budget is being prepared to spend on advertisements and towards the payment of celebrities by companies. David Beckham, the famous soccer player endorses about 8 to 10 brands in a year, whereas famous Indian cricket player Dhoni endorses 21 brands in a given year.

According to a report published by Business Today in April 14, 2013, celebrity endorsement in India is Rs. 2000 crore out of which Bollywood stars make up 60 percent of the market. TV actors, cricketers, other celebrities make up the rest. The following tables 1A and 1B depicts the top celebrities in India, their endorsement deals and endorsed brands respectively.

Table 1A: Top Celebrities & their Endorsement deals

Table 1A: Top Celebrities & their Endorsement deals			
Celebrities	Area of expertise	Endorsement Charge in Rs.	Number of deals
MS Dhoni	Cricket Player	10-12 crore	17
Shahrukh Khan	Actor	8-10 crore	15
Ranbir Kapoor	Actor	7.5-8 crore	10
Salman Khan	Actor	7 crore	15
Amitabh Bachchan	Actor	6-7 crore	10
Hrithik Roshan	Actor	6-7 crore	6
Sachin Tendulkar	Cricket Player	5-6 crore	17
Imran Khan	Actor	4 crore	2
Aishwarya	Actress	3.5-4 crore	2-3
Katrina Kaif	Actress	3.5-4 crore	12
Virat Kohli	Cricket Player	3 crore	13

(Source: "Desperately seeking celebrities", Business Today, April 14, 2013)

Table 1B: Top Celebrities & their endorsed Brands

Table 1B: Top Celebrities & their endorsed Brands	
Top Celebrities	Brands Endorsed
M S Dhoni	Reebok, Lays, Pepsi, Aircel, Exide, Boost, TVS, Ashok Leyland, Maxx mobiles, Siyarams, Orient, Dabur, Titan, Lafarge, UB, Amrapalli, Gulf oil
Sahrukh Khan	Pepsodent, Nokia, Emami Fair & Handsome, Fruit, Hyundai cars, Nerolac Paints, Tag Heuer, Royal Stag Whisky, Tata Tea, Lux cozi, Navratna, Pepsi, Dish TV, Sunfeast, Lux, Linc, Gitanjali Jewels
Ranbir Kapoor	Lenevo, Pepsi, Panasonic, Hero Moto Corp, Blackberry, Nissan Motors, Tata Docomo, John Players, Franco Leone, Virgin mobile, (2014-lays, Cadbury Oreo, Axe, Philips LED,)
Salman Khan	Thums up, Suzuki Hayate, Britannia Tiger Biscuit, Dixey Scott, Revital, Relaxo foot wear, Chloromint, Mountain Dew, Wheel, Yatra.com, Rotomac Pen, SF Sonic Batteries, Black Berry Playbook, Red Tape, Sangini,
Amitabh Bachchan	Maggi, Cadbury, , Binnani Cement, JustDial.com, ICICI bank, Boro plus, Kalyan Jewellers, Parker, Cadbury, justdial.com, Binnani, Hajmola
Hrithik Roshan	Provogue, Reliance Mobile, Coca Cola, Libery shoes, iball, Intel, Acer Laptops, Rado, Macroman
Sachin Tendulkar	Boost, MRF tyres, Adidas, Britannia, Fiat polio, ESPN Star Sports, Colgate, Reynolds, Musafir.com, Sunfeast, Toshiba, Coca Cola, Castrol India, Airtel, Luminous India, LivPure VISA, Aviva, Royal bank of Scotland
Imran Khan	Mazza, MTS
Aishwarya Rai Bachchan	Longines, Kalyan Jewellery, Loreal
Katrina Kaif	Lux soap, Berger, Raga watches, Slice, Pantene, Olay, Veet, Panasonic, Nakshatra jewellery
Virat Kohli	Flying Machine, Titan Fast track, Pepsi, TVS Motors, Celkon Mobiles, Toyota, Nike, Adidas, Herbalife, Clear Shampoo, Munch, Cinthol, Boost,

(Source: Author Research)

Signed up a famous personality for endorsement is a haven for the companies. According to Kiran Khalap, the cofounder of Chlorophyll brand & communications consultancy marketers and celebrities are guided by short-term opportunism. In this context, some of the companies are looking for new avenues for endorsement because of the shortage of celebrities in India in particular. Mahindra is one such company which has signed endorsement deals with people who are very successful in their particular fields but are not necessarily well known to a wider audience. Vivek Nayar, the Chief Marketing Officer at Mahindra's automotive division, feels that signing a credible celebrity is better than somebody who is over-exposed. The use of niche celebrities to promote a product is not a recent phenomenon. In the mid-1990s, tabla maestro Zakir Hussain endorsed Taj Mahal tea. Famous chef Sanjeev Kapoor has been promoting kitchen products and spices for several years. The obvious reason for a brand signing up a lesser-known celebrity is lower cost. The given table 2 explains the place of niche celebrities in the advertisement world.

Table 2: Niche Celebrities & their endorsed brands
Celebrities

Table 2: Niche Celebrities & their endorsed brands		
Celebrities	Area of Expertise	Brands endorsed
Zakir Hussain	Tabla maestro	Taj Mahal tea
Sanjeev Kapoor	Chef	Sweekar, Daawat, Kenstar Microwave ovens, Henkel's Pril dishwash, Natura sugar free sweetner, Tata i-Shakti dal
Saina Nehwal	Badminton Player	Yonex sportswear, Fortune cooking oil, Indian Overseas Bank, Whisper sanitary napkins, Emami fast relief, Herbalife health products, Airtel 3G
Vijender Singh	Olympian Boxer	Mountain Dew
Sushil Kumar	Wrestler	Eicher tractors, Emami fast relief, Ralson tyres, Mountain Dew, NECC
Wendell Rodricks	Fashion Designer	Jaguar's sanitary brand Artize

(Source: "Horse for courses", Business Today, April 14, 2013)

(Source: "Horse for courses", Business Today, April 14, 2013)

A Celebrity is engaged for few days (usually 3 to 10) as a part of an endorsement deal. It depends on the magnitude of the deal, making of the commercial, and participating in promotional events. Sometimes the endorsements for celebrities are managed by talent management organizations. These firms usually get a commission between five to twenty percent from those celebrities whose endorsements deals are handled by them. The more famous celebrities pay less commission to the organization.

Going Global:

Saleable of a product have crossed the boundaries of nation at large and have entered the world market because of the introduction of globalization. Companies have been making a good use of the celebrities to promote products before launching it even in the global market. This in turn, makes the consumer aware of the incoming product and prepare mentally and resourcefully to embrace it whole heartily leaving the consequences aftermath. The present trend of the global market is based on of course certain conditions and reasons which binds the celebrities to some extent. It is often seen that celebrities are guided by the theory of economics so far choice of decision making is concerned. For instance, Micromax, a leading cell phone manufacturer company in India has roped famous Hollywood actor Hugh Jackson to endorse the brand. Micromax has a strong presence in the SAARC region and now it is planning to enter European region. The company feels roping an international celebrity will appeal globally.

Equity Participation:

Celebrities do go for a number of endorsements but bargain with the firm in its equity policy. Participation in equity is the bait for the celebrities as well as the owner of the company. The searching of a safe passage to the brand in the midst of plenty of competitions does urge them to accept the equity of the celebrities. In this regards, the process of continuity is maintained for the benefit of the product for its sustainability and further innovative front. Table 3 explains the celebrities and their stakes in the respective endorsement deals.

Celebrities	Equity Participation
Salman Khan	Yatra.com
Karishma Kapoor	BbyOye.com
Shilpa Shetty	GroupHomeBuyers.com
Ajay Devgan & Sanjay Dutt	Ticketplease.com

(Source: Making celebrities accountable, Business Standard, March 3, 2014)

Making Celebrities Accountable:

Accountability is the biggest hallmark in a democratic society where people do prone to criticize the best even. The approach towards CSR of the companies does play a role that, in fact, provides ample scope to the celebrities to share the burden of accountability Actor Aamir Khan as Coke's brand ambassador went to one of Coca Cola's bottling plants to go through the entire bottling procedure himself. The social responsibility above personal pecuniary gain by a celebrity is rare; in most cases celebrities don't do anything over and above what is mentioned in their contracts. Even celebrity like Amitabh Bachchan ditched the brand after signing for a huge amount for nearly seven-years, because of its negative remarks over the product by the public.

Conclusion:

People do believe the popular notions of the society without even think a while for the consequences and its negative impact upon the society. Prof. Amartya Sen believes the brighter side of the welfare economics for a better society. The companies do entangle celebrities for the marketing of products. This is the subjective rule of the business but do they realize the welfare angle or humane approach to the advertisement cum - endorsement is a million dollar question in the world at present. The responsible denizen, in fact, creates a world of peaceful and blissful society. If this can be done through popular media of advertisement and endorsement whether by celebrities or someone else in the awareness world will be blessing for humanity without question. The emergence of globalization and the trend of advertisement is to reach the unreachable, but it has certain limitations too, and that can be made possible by the responsible people in a world of ignorance and illiterate if we do believe a better tomorrow.

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A study on Effectiveness of communication mix on rural consumers.

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Abstract

With around 6, 38, 667 villages, India boasts of the highest number of villages in the world, hugely populated by 720 million people (72% of India lives in villages). It is a market which can't be ignored by the marketers. Customers in villages have their own sets of aspirations and are willing to pay for the right services. Companies understand that the rules of game are different when it comes to rural markets, especially in a diverse one like India. The rural environment is different from the urban and therefore, communication with potential customers in a proper and effective manner is a major challenge for corporate marketers. An urban communications approach might not hold well in these rural markets, and thus there is a need to have a different Integrated Marketing Communications (IMC) approach for the rural markets in India. The factors chosen by the rural consumers which they consider accountable for deciding the optimal promotion mix confirm the level of awareness among the rural respondents about the elements of promotion mix. Each of the elements of promotion mix has its own impact on the rural masses. They understand the significance of various elements of promotion mix in increasing the sales of the company. The market pioneers are getting rewarded by capturing the rural markets. The paper also talks about the behavior of rural consumers with special reference to toiletries. Simultaneously, due to the problems and hurdles posed by rural markets, the firms have to directly encounter them and put in a great deal of effort to get a sizeable share of the market. It is often said that markets are made, not found. This is especially true of the rural market of India. It is a market meant for the truly creative marketers.

Keywords: *Rural Consumers, Buying Behavior, transformation of rural living, Promotion Mix*

1. Introduction

Advertising goes hand in hand with economic growth. With economic liberalization and increasing rural prosperity, marketers are keen to inform villagers about the benefits of buying and consuming their products and services. Prior to the introduction of economic liberalization in 1990s, there was little incentive for marketers to advertise their products and services, as rural markets were predominantly a seller's market.

The influence of the electronic media, in particular television, video and the Hindi film industry, is contributing to the growth of rural aspirations, which are being manifested in rural India in the form of increasing consumerism. The rural environment is different from the urban and therefore, communication to potential customers in a proper and effective manner is a major challenge for corporate marketers. The majority of advertisements designed by corporate marketers, are largely urban oriented and extend themselves to rural areas without any consideration to the values and sensitivities of the rural audience, which are often in striking contrast to those of their urban counterparts. This has led to a negative perception in the minds of villagers, about urban media planners and advertisers.

1.1. Television Advertising

Television is often called “king” of the advertising media, since a majority of people spend more hours watching TV per day in comparison to any other medium. Television uses the combination of sight, color, sound and motion to create an effect. TV has proved its credible power in influencing human behavior repeatedly. The Television Advertisement is a form of advertising in which goods, services, organizations, ideas, etc. are promoted via the medium of television. Advertising on television can give a product or service instant reliability and reputation. Different segments of the society can be captured by scheduling the time for advertisements like children can be reached during cartoon programming, farmers during the morning agricultural reports and housewives during the afternoon soap operas. TV offers the greatest possibility for creative advertising by taking the audience anywhere and shows them almost anything through the magic of a camera. TV audience is divided into very large segments, and television helps an advertisement to reach a larger, yet, more diverse audience.

Most of the television commercials are produced by an outside advertising agency and the airtime is purchased from a television channel. The first ever television advertisement was broadcasted in the United States in 1941, wherein, the Bulova Watch company paid \$9 to New York City NBC affiliate WNBT (now WNBC) for a 20-second spot aired before a baseball game between the Brooklyn Dodgers and Philadelphia Phillies. It simply displayed a Bulova watch over a map of the U.S., with a voiceover of the company’s slogan “America runs on Bulova time”. (Walker and Robert, 1941).

The vast majority of television advertisements today consist of brief advertising spots, ranging in length from a few seconds to several minutes. Advertisements of this sort have been used to sell every product imaginable over the years, from household products to goods and services, to political campaigns. Many television advertisements feature catchy jingles (songs or melodies) or catch-phrases that generate sustained appeal, which may remain in the minds of television viewers long after the span of the advertising campaign. Many studies and theories have been presented to explain the phenomenal success of television as entertainment media. The psychologist Geoffrey Beattie in his paper “Making Thought

Visible: The New Psychology of Body Language” suggests that the success of television might be the result of an evolutionary process of our brain, which favored media combining sound and video. Professor Robert Kubey wrote an article on the magazine “Scientific American” trying to prove that television is addictive. Not backed by any statistic or study, it is believed that part of television’s success lies in the fact that it requires low level of attention; it is not uncommon to see people fall asleep in front of the screen. It is also likely that Television would not have been so successful if it would have come equipped of a keyboard instead of buttons to change the channel. Many viewers complain that the latest remote controls are too difficult to use, and often devices seem to forget what really viewers want, the same that has helped TV to become one of the most well accepted media of our times: simplicity. Newer generations are certainly more acquainted to technology and might be able to benefit from an increased number of functionalities; however in the entertainment world this concept will always play a fundamental role.

The “shared experience” of television advertising can also help boost brand awareness since it becomes part of the collective consciousness. The value of television advertisement lies often not only in the advertisement itself, but in the fact that people talk about it with friends and colleagues. Another indirect benefit of television advertising is the degree of trustworthiness companies reach for the only fact of doing television advertisements, and often this has positive effects on the distribution chain since retailers are likely to give bigger orders and better use them only to change the channels and volume. The growing importance of television as advertising media has led to the only reasonably reliable measurement system within the industry, which even more consolidated the predominant position of television among the different mass media channels. As a result, television advertising is often seen as the safe option, as one planner once said, “No one ever got fired for recommending TV”.

1.2. Promotion Mix

Promotion Mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The Promotion Mix includes the tools like Advertising, Public Relations, Sales Promotion, Direct Marketing and Personal Selling. (Chunnawala and Sethia, 1994).

- a) **Advertising** is a form of communication used to help to sell products and services. Typically, it communicates a message including the name of the product or service and how that product or service could potentially benefit the consumer. However, advertising also attempts to persuade potential customers to purchase or to consume more of a particular brand of product or service. (Rathor, 2003).
- b) **Public Relations** is a management function which evaluates public attitudes, identifies the public policies and procedures of an individual or organization with the public

interest, and executes a program of action to earn public understanding and acceptance. (Mohan Manendra, 2007)

- c) **Sales Promotion** is a set of marketing activities that provide extra value or incentive to the sales force, distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities. (Mathur, 2008)
- d) **Direct Marketing** is a system of marketing by which organizations communicate directly with target customers to generate a response and/or a transaction. (Chunnawala and Sethia, 1994)
- e) **Personal Selling** is a direct person-to-person communication whereby a seller attempts to assist and/or persuade prospective buyers to purchase a company's product or service or act on an idea. (Rathor, 2003)

1.3. Rural Markets

In the past years, due to the lack of facilities available in the rural areas, the rural consumer went to a nearby city to buy branded products and services. But today, the marketers have realized the potential in the rural market, which has become critical for them, be it for a branded shampoo or an automobile. Earlier, van campaigns, cinema commercials and a few wall paintings sufficed the purpose of the marketers to entice rural folks under their folds. But today, television has made the customer in a rural area quite literate about countless products that are on offer in the market place. Rural Marketing is planning and implementation of the marketing function for rural areas. It is a two way marketing process which encompasses the discharge of business activities that direct the flow of goods from urban to rural areas for manufactured goods and vice versa for agricultural produce (Gopaldaswamy, 2005).

2. Review of Literature

Advertising in Rural Markets is an upcoming and growing field of marketing, wherein not much research work has been done. Research findings related to the topic of the study have been reviewed as under:

(Kumar and Madhavi, 2006) conducted a study on Rural Marketing for FMCGs. The most preferred brands of toothpaste, shampoo and toilet soap in rural areas were identified on the basis of gender interpretation. The study revealed that quality is the first factor that influences rural customers followed by price, colour and taste. Among brand preference Colgate plays a vital role among female respondents whereas male respondents mostly use Pepsodent. Almost half of the respondents do not use shampoo because they are using conservative products only and among the users 60 percent of them use Clinic Plus. No significant relationship between gender and the use of shampoo was found. Majority of the respondents using soaps preferred Hamam as their brand of toilet soap.

An attempt to design an appropriate promotion mechanism to woo the rural consumer's and influence their buying behaviour was made by (Sakkthivel, 2006). He concluded that the strategies ought to be designed according to the factors influencing the rural consumer behaviour such as price, opinion leaders, easy finance schemes, benefits and personal bonds. The rural market is a mix of multiple complexities, which has proved to be Waterloo for many experienced marketers. The companies have started their journey to reach "destination rural consumer".

The rural markets in India have become an area that corporates just cannot afford to ignore was first observed by Vaish (2006): The product offered to rural consumers may or may not be different but the ways these products are marketed ought to be different. Marketers always look for innovative ways to make their presence felt. Due to regional disparities, customized communication strategy for each region is need of the hour. The author is of the view that an effective communication is one that leads to purchase decision, brand registration in consumer's mind, brand recall and right brand associations. Interpersonal communication accounts for about 80% of the rural communication process. The communication package should generate lot of "word of mouth" publicity, so that the brand acquires "top of the mind" recall value. Marketers can use a mix of both conventional and unconventional media. The communication should aim at making the product category relevant to rural folks.

The extent and nature of demand in rural markets increase in rural incomes and changing rural lifestyles was examined by Easwaran (2006). The study examines the data, suggesting that in spite of this rise in income, migration to the cities continue to be high. At the same time non-farm incomes are on the rise, and the percentage of households depending fully or partially on non-farm incomes is also registering growth. This opens up opportunities in rural markets, whose characteristics are substantially different from those of urban markets. For substantial growth, it is essential to provide opportunities for employment in rural areas in order to reduce migration to cities, so that propensity to consume may go up in rural areas, and simultaneously pressure on urban infrastructure may be reduced.

A case study on "Unilever in India-Rural Marketing Initiatives" was performed by Nagarajan, (2006). She found that seventy percent of the Indian population lives in rural areas. This segment commonly referred to as the "bottom of the pyramid", presents a huge opportunity for companies. Unilever's Indian subsidiary, Hindustan Lever Limited, considered as one of the best managed companies in India, has understood the importance of rural marketing. The trigger point came when a local firm Nirma, through its new product formulation, pricing and distribution challenged, HLL's detergent business. Nirma's attack from below made HLL realize its vulnerability as well as identify a new opportunity. Since then, HLL has launched various initiatives to reach out to the rural consumer. It has changed its product formulations and deliveries. It has begun a number of initiatives in terms of widening distribution

reach through traditional as well as unconventional channels. HLL has also empowered rural women by assisting them in obtaining financial assistance through its project Shakti.

In spite of a wealth of empirical attention directed at understanding the structural relationships among affect, cognition, and attitude, the tasks and settings in many of these studies have inflated the relative impact of cognition in the persuasion process. The research conducted by Homer (2006) demonstrated the negative and positive forms of affect and direct and indirect effects on attitude influenced by brand familiarity. Cognition played a less dominant role in an attitude formation process for an unknown brand compared to situations in which consumers held preexisting impressions for well known brands. A means-end model is used to link concrete and abstract forms of cognition and attitude.

A study was designed to extend knowledge of cognitive processing of advertising messages by urban children in India. Panwar and Agnihotri (2006) collected data from 250 children aged between 7 and 12 years, drawn in the sample from five major towns of the relatively affluent western state of Gujarat (India) by using the cluster sampling approach. A simple questionnaire using three point rating scale was administered with the help of moderators. Data were analyzed using the SPSS software. It was found that socioeconomic background of the family plays a significant role in the understanding of advertising intents by children. The medium of instructions at the school also had significant relation to the child's ability to understand advertising intent. Predictably, age of the child was another important factor impacting upon the ability to decode an advertising message. In terms of parental control, it was observed that in most cases, parents act as gatekeepers for children's media exposure and activity prioritization; therefore, they form an important audience for any communication related to children's products, services or activities. Media time usage, especially television watching, is highly controlled by parents; however, females seem to be more independent in terms of prioritizing their media interactions. It was also observed that in most households, consumption of electronic media is a group activity; therefore, the attitudes towards messages from electronic media tend to be influenced by the family and peer-group opinions on the message.

The researchers recommended to the marketers that the advertisement message directed towards children has to be entertaining and not necessarily humorous. A message narrating only the product attributes or benefits may not work well with children. Likewise selection of model/endorser is very important for messages directed at children. Creating buzz about an advertisement through unconventional channels could work in favor of the marketer, as advertising is a part of popular culture for children. Dertouzos and Garber (2006) used the unusually detailed advertising data to specify and estimate an econometric model of advertising that is the sales relationships that is considerably less restrictive than is typical in the literature. In particular, the models estimated allowed: (1) advertising-sales relationships to differ across four media; (2) each relationship to take on the shape often

discussed, but rarely estimated, in the literature; and (3) completely flexible time patterns of advertising effects over the month ads run and the following month. The authors estimated advertising–sales relationships are; in fact, S-shaped, and the estimated timing of effects of advertising on sales also differ greatly across media. Broadly, our substantive findings support advertising practice generally and army advertising decisions during the early 1980s. First, the advertising–sales relationships we estimate are consistent with conventional wisdom and advertising practice. More specifically, depending on the budget, advertising *through* television, radio, magazines, and (tentatively) newspapers can help to increase sales. Second, if only a rather small budget is available, it seems best to advertise only in print media; as budgets expand, it becomes optimal to add radio advertising to the mix; and as budgets expand further, television should also be used. Due to significant changes in the media landscape, most notably the growth of cable, satellite, and Internet services, as well as evolving perceptions about military service, empirical results from the early 1980s should be used only with caution in the design of policies today. Still, it remains interesting that U.S. Army advertising during the early 1980s appears to have been very productive. In particular, our estimates suggest that the army advertising program increased potential high-quality enlistments by roughly 32% (relative to no advertising at all). Moreover, the allocation of spending across media was impressive; our estimates suggest that an optimal reallocation across media would have yielded only a 3.5% improvement in recruiting opportunities.

Serra Inci Çelebi (2007) conducted the study to investigate the credibility of advertising versus publicity and to examine the credibility of advertising including a promotional endorser and publicity including a promotional endorser. The author also compared the credibility of advertising across the different demographic segments and explored the important factors affecting consumers' shopping considerations of FMCG in Turkey. The data was gathered by a telephone survey from a sample of 717 of which 348 respondents wanted to participate from three of Turkey's largest cities, Istanbul, Ankara, and Izmir. The systematic sampling was exercised to select the sample. χ^2 and t-tests were computed and the results of them were significant at 0.05 level. For announcing new FMCGs in Turkey, advertising was found to be more credible by the participants with higher income. Respondents' shopping decisions of new FMCGs were affected by price and quality more than the other factors. Consumers tended to rely on publicity more than advertising.

Raj and Selvaraj (2007) talked about the Fast Moving Consumer Goods (FMCG) sector as a corner stone of the Indian economy. They said that the sector touches every aspect of human life. The FMCG producers have realized that there is a lot of opportunity for them to enter into the rural market. The sector is excited about the rural population whose incomes are rising and the lifestyles are changing. There are as many middle income households in the rural areas as there are in the urban. Thus, the rural marketing has been growing steadily over the years and is now bigger than the urban market for FMCGs. Globally, the

FMCG sector has been successful in selling products to the lower and middle income groups and the same is true in India. Over 70% of sales are made to middle class households today and over 50% of the middle class is in rural India. The sector is excited about a burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also, with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumers in a big way. But the rural penetration rates are low. This presents a tremendous opportunity for makers of branded products who can convert consumers to buy branded products. Many companies including MNCs and regional players started developing marketing strategies to lure the untapped market. While developing the strategies, the marketers need to treat the rural consumer differently from their counterparts in urban areas because they are economically, socially and psycho logically different from each other.

The paper basically covers the attractions for the FMCG marketers to go to the rural market the challenges, the difference between the rural and the urban market and the suitable marketing strategy with the suitable example of companies and their experience in going rural. The authors concluded that it is certain that FMCG companies will have to really make inroads in the rural markets in order to achieve double digit growth targets in future. There is huge potential and definitely, there is a lot of money in rural India but the smart thing would be to weigh in the roadblocks as carefully as possible. The companies entering the rural market must do so for strategic reasons and not for tactical gains, as rural consumer is still a closed book and it is only through unwavering commitment that the companies can make a dent in the market. Ultimately, the winner would be the one with the required resources like time and money and also with the much needed innovative ideas to tap the rural markets.

Tan and Chia (2007) empirically explored the relationship between the general attitude towards advertising and the attitude towards advertising in specific media that is television and print. The researchers concluded that future research could involve a replication of the current study with new indicators, to further strengthen the robustness of the structural model. Meanwhile, new advertising media such as the internet (with its many formats), mobile phones and iPods have appeared. Perhaps future public survey on advertising attitudes could use the structural framework proposed so that attitude towards advertising in general need not be confounded by the effect of subjects relating to different media of advertising when they are evaluating beliefs about advertising.

Sehrawet and Kundu, (2007) compared the buying behavior of rural and urban consumers to make out whether the residential background of consumers influences their buying decisions or not. The authors collected data from 1090 respondents of rural and urban residential backgrounds from eight cities and 16 villages of Haryana. The analysis revealed that rural and urban consumers vary significantly on the various aspects of packaging. Rural consumers found packaging more useful than their urban counter parts and they strongly

believed that better packages contain better quality products. The ease of carriage, lightness of weight, simplicity, transparency, and consistency of package has relatively less influence on buying decision of rural consumers than urban consumers. Although, labeling is considered to be an important part of packaging, yet, rural respondents gave less importance to it. However, rural respondents were found more environmentally conscious, and felt that packaging was environmental hazard. Today, when the rural customers are graduating from loose to packaged products, the marketers and packaging manufacturers face the challenge of understanding their preferences and modify their strategies to suit their consumers.

In view of the above, it can be safely concluded that though sufficient attention has been given to the TV advertising in general, relatively little attention has been given to the understanding of the role of TV advertising and other elements of Promotion mix and their effect on rural consumers.

2.1. Objectives of the Study

While undertaking specific study in rural markets, there is a need to remove the shortcomings of the above mentioned studies like intra group heterogeneity of markets, different market mean, differing market conditions and effect of environmental moderation which may distance the proposed relationship.

The primary and secondary objectives of the study include:

- To study the role of TV advertising in transforming the way of life of rural consumers
- To identify the various elements of the Promotion Mix which help in increasing the sales of a company
- To know the level of trustworthiness that the rural respondents attach to various elements of the promotion mix
- To identify the factors responsible for deciding the optimal Promotion Mix

3. Data Base and Methodology

- a) **Nature of Data:** The most important factor on which the results of any research rely is the source of data to be collected. The present study is based on primary data.
- b) **Sources of Data:** Primary data has been collected through a Non-Disguised structured questionnaire, which was later converted to vernacular language so as to make it understandable to rural masses. Questions containing 13 statements on 5-point Likert scale have been designed. In order to make the sample representative, 232 rural and semi urban respondents have been selected from various towns and villages of districts of Puri with different demographic characteristics.

A Pilot survey of 50 respondents was conducted and the questionnaire was modified accordingly.

The data was analysed using statistical tools like Factor Analysis, Median, and Kruskal Wallis Test etc. These mathematical tools were employed using statistical softwares like SPSS, Statistica, meticulously. Factor analysis has been applied to verify the role of television advertisements in transforming the way of life of rural consumers. Factor analysis is a multivariate statistical technique in which the whole set of interdependent relationship is examined, generally used for data reduction and summarization (Malhotra, 2007, p. 586).

Factor analysis has been applied to substantiate the role played by TV advertisements in transforming the way of life of rural consumers. A factor explains the correlations among a set of given variables. Factor analysis is a multivariate statistical technique in which a whole set of interdependent relationship is examined, generally used for data reduction and summarization (Malhotra, 2007, p. 586). In other words, it simplifies the diverse relationships that exist between a set of observed variables by explaining some common factors that link together the apparently unrelated variables. The main purpose of this technique is to condense the information contained in a number of original variables into a smaller set of new composite dimensions with a minimum loss of information (Joseph, 1995).

In the present study, Exploratory Factor Analysis has been applied. A set of 13 statements listed in table 1 measured on a five point Likert scale (where 1 is strongly agree and 5 strongly disagree) regarding the role of TV advertising in altering the way of life of rural respondents (derived through a survey) has been taken into account.

Sample Size: For conducting Factor Analysis, minimum sample size should be at least four or five times of the variables taken under consideration. To carry on the present study, a total of 400 questionnaires were distributed and 399 the responses were found to be complete. Thus, the present study qualifies the sample size requirement for applying Factor Analysis.

3.1. Reliability of the Scale:

Before applying factor analysis, it is essential to test the reliability of the scale. The reliability of scale can be tested by a widely used method called Cronbach's Alpha. It is the average of all possible split-half coefficients resulting from different ways of splitting the scale items. This coefficient varies from 0 to 1 but satisfactory value of Alpha should be more than 0.6. A value of 0.6 or less generally indicates unsatisfactory results (Malhotra, 2007, p. 282 and Hair, 2007, p.88). In the present study, we have also computed Cronbach's Alpha to test the reliability of scale. Its value has been found to be 0.797, ensuring the reliability of used scale. After ensuring the reliability of scale, it is obligatory to check the adequacy of collected data for the application of Factor Analysis.

3.2. Adequacy of the data for Factor Analysis:

For checking the adequacy of the data for Factor Analysis, the various recommended techniques are:

- i. Construction of Correlation Coefficient Matrix of Explanatory Variables
- ii. Construction of Anti-Image Correlation Matrix
- iii. Kaiser-Meyer-Okin (KMO) Measure of Sampling Adequacy.

Table 1: Statements Regarding Role of TV Ads in Transforming the Way of Life of Rural Consumers

Table 1:	Statements Regarding Role of TV Ads in Transforming the Way of Life of Rural Consumers
SNo	Statements regarding role of TV ads in transforming the way of life of Rural consumers
1	After watching the Television advertisements, we have become variety seeking.
2	Our buying behavior has shifted from planned purchase to impulsive purchasing after the viewership of TV ads.
3	The TV ads have made the consumers aware and confident about the product, which in turn has reduced the impact of opinion leaders in purchase of toiletries.
4	Consumers' profile has changed and is catching up with urban consumers due to TV advertisements.
5	TV advertisements have brought about the change in concept of quality, from useful and low cost maintenance products to high technology products.
6	TV ads have made the youth brand and trend conscious.
7	TV ads have increased the spending habits among many.
8	Consumers have become all the more materialistic, by TV ads, which has increased the corruption rate in the economy.
9	We have changed to stereotypes as portrayed in the TV advertisements.
10	Advertisements close to the religious sentiments are more authentic and genuine.
11	TV advertising impacts both the senses of sound and sight.
12	The characters created in television advertising become as much a part of life as other well known fictional characters.
13	Television advertising is the dominant driving force which makes consumers yearn for improvement in their lifestyles.

3.3. Construction of Correlation Coefficient Matrix of Explanatory Variables:

It is a lower triangle Matrix showing simple correlations among all possible pairs of variables included in the analysis. For the application of Factor Analysis, it is obligatory that the data matrix should have enough correlations. If visual inspection reveals no substantial number of correlations greater than 0.30, then the factor analysis is probably inappropriate. (Hair, 2007, p.99). The Correlation Coefficient Matrix has also been computed for the data to check the inter-correlation between various variables. For the factor analysis to be appropriate, the variables must be correlated.

3.4. Anti-Image Correlation Matrix:

It is the matrix of partial correlations among variables. The diagonal contains the measures of sampling adequacy for each variable and the off-diagonal elements are the partial correlations among variables. If true factors existed in the data, the partial correlations would be small (Hair, 2007, p. 99). Present study has also computed Anti-Image correlations and found that the partial correlations are very low indicating that true factor existed in the data.

3.5. Kaiser-Meyer-Oklin (KMO) Measure of Sampling Adequacy:

It is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate adequacy of data for the use of Factor Analysis (Malhotra, 2007, p. 588). Here, the computed value of KMO statistic is 0.800 indicating the adequacy of data for Factor Analysis.

From the above discussion, the following results have been extracted:

- i. Correlation Coefficient Matrix contains enough high correlations.
- ii. Anti-Image Correlation Matrix contains low partial correlations.
- iii. Value of KMO statistic is large.
- iv. Value of Bartlett's Test of Sphericity is significant.

All this confirms the adequacy of data for application of Factor Analysis. Now, after ensuring the reliability of scale and testing the adequacy of data, the set of 13 statements regarding the factors that recognize the role played by TV advertising on the way of life that is led by rural consumers was subjected to Factor Analysis. Principal Component Analysis (PCA) was used for extraction of factors and the number of factors to be retained was on the basis of Latent Root Criterion (Eigen Value Criterion). An Eigen value represents the amount of variance associated with the factor. Thus, only the factors having latent roots or Eigen values greater than 1 are considered significant; all the factors with latent roots less than 1 are considered insignificant and are disregarded (Hair, 2007, p.103). Therefore, factors with Eigen values more than one should be selected. Three components were found to have Eigen

values greater than unity and total variance accounted for by these factors is 51.043 percent and remaining 48.957 percent was explained by other factors.

Then, in the next step, we orthogonally rotated the principal factors using Varimax Rotation. This method minimizes the number of variables that have high loading on a factor and thereby enhancing the interpretability of factors (Malhotra, 2007, p. 595). Rotation does not affect the communalities and the percentage total variance explained. However, the percentage of variance accounted for by each factor does change. The variance explained by the rotated factors is redistributed by rotation.

The factor loadings greater than 0.45 should be retained (ignoring signs) because loadings below it are considered to be poor (Bhaduri, 2002). The study has also followed the same criterion for factor loadings. The Varimax Rotated Factor Loading Matrix has been presented in Table 2. Scrutiny of Table 2 revealed that there are three factors which together accounted for 51.043 percent variance. It shows that 51.043 percent of total variance is explained by the information contained in the factor matrix.

Table 2: Varimax Rotated Factor Loading Matrix

Variables	Components			Communality
	1	2	3	
VAR00001	0.48	0.190	-0.134	0.285
VAR00002	0.802	-0.039	0.068	0.649
VAR00003	0.532	-0.068	0.18	0.315
VAR00004	0.71	0.11	0.11	0.528
VAR00005	0.713	0.138	0.257	0.599
VAR00006	0.663	0.299	0.248	0.593
VAR00007	0.146	0.824	0.013	0.671
VAR00008	-0.003	0.768	0.073	0.59
VAR00009	0.368	0.814	0.187	0.64
VAR00010	0.078	0.998	0.259	0.618
VAR00011	0.083	0.37	0.683	0.61
VAR00012	0.108	0.079	0.964	0.602
VAR00013	0.179	0.063	0.721	0.538
Eigen Values	3.838	1.618	1.18	6.636
Percent of Variation	29.52	12.444	9.078	---
Cumulative Variation	29.52	41.963	51.043	---

Thus, a model with these three factors is exhibiting 51.043 percent variance. Communality shows the amount of variance a variable shares with all the other variables being considered. It can also be treated as the proportion of variance explained by the common factors. The size of communality is the index for assessing how much variance in a particular variable is accounted for by the factor solution. Large size of communalities indicates that a large amount of variance in a variable has been extracted by factor solution while small size of communalities shows that a significant amount of variance in a variable has not been accounted for by the factor solution. Communalities are considered high if they are all 0.8 or greater but this is unlikely to occur in real data. Generally accepted communalities lie between 0.40 to 0.80 (Costello and Osborne, 2005). In our study, most of the communalities were above 0.40 and many of them were above or very close to 0.6 also. We finally found that the variables X1, X2, X3, X4, X5, X6 loaded on factor 1, the variables X7, X8, X9 and X10 were loaded on factor 2 and variables X11, X12 and X13 were loaded on factor 3.

S. No	Elements	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	MODE
1	Advertising	54	88	88	136	34	4
		-13.5	-22	-22	-34	-8.5	
2	Sales Promotion	56	135	100	64	45	2
		-14	-33.8	-25	-16	-11.2	
3	Direct Marketing	42	83	147	69	59	3
		-10.5	-20.8	-36.8	-17.2	-14.8	
4	Personal Selling	54	69	49	105	123	5
		-13.5	-17.2	-12.2	-26.2	-30.8	
5	Public Relations	198	25	12	26	139	1
		-49.5	-6.2	-3	-6.5	-34.8	

Factors Responsible for Deciding the Optimal Promotion Mix

In order to find the factors which help in deciding the optimal promotion mix, the respondents were asked to rank the factors from 1-9, where 1 depicts most important and rank 9 depicts least important factor. Table 4 shows that the most important factors responsible for the deciding the optimal promotion mix are promotional messages and the ethical issues involved with the product. Next, important factor rated by the respondents is the available budget and complexity of product or service, followed by market size and location, product life cycle stage, government regulations, distribution channel and strategies of competitors.

Note: Figures in parenthesis indicate percentages.

The factors chosen by the rural consumers which they consider accountable for deciding the optimal promotion mix confirm the level of awareness among the rural respondents about the elements of promotion mix. Each of the elements of promotion mix has its own impact on the rural masses. They understand the significance of various elements of promotion mix in increasing the sales of the company, wherein public relations have been considered as the most important element. The rating given to the reasons responsible for their choice is quite rational.

Table 4:

S. No	FACTORS	Rank	MODE								
		1	2	3	4	5	6	7	8	9	
1	Available Budget	32	58	111	75	31	32	33	0	28	3
		-8	-14.5	-27.8	-18.8	-7.8	-8	-8.2	0	-7	
2	Promotional Message	89	64	36	21	76	29	1	30	54	1
		-22.2	-16.8	-9	-5.2	-19	-7.2	-0.2	-7.5	-13.5	
3	Complexity of Product or Service	80	65	84	31	5	4	71	2	58	3
		-20	-16.2	-21	-7.8	-1.2	-1	-17.8	-0.5	-14.5	
4	Market Size and Location	7	36	5	115	31	72	33	43	58	4
		-1.8	-9	-1.2	-28.8	-7.8	-18	-8.2	-10.8	-14.5	
5	Distribution Channel	57	3	58	50	57	62	3	73	37	8
		-14.2	-0.8	-14.5	-12.5	-14.2	-15.5	-0.8	-18.2	-9.2	
6	Product Life cycle stage	7	83	9	4	88	87	57	34	31	5
		-1.8	-20.8	-2.2	-1	-22	-21.8	-14.2	-8.5	-7.8	
7	Strategies of Competitors	0	62	30	30	35	32	61	86	64	8
		0	-15.5	-7.5	-7.5	-8.8	-8	-15.2	-21.5	-16	
8	Government regulations	43	32	56	30	46	8	87	62	36	7
		-10.8	-8	-14	-7.5	-11.5	-2	-21.8	-15.5	-9	
9	Ethical issues involved with the product	84	3	60	59	1	57	35	67	34	1
		-21	-0.8	-15	-14.8	0.82	-14.2	8.8	-16.8	-8.5	

4. Conclusion to the Study

Changes in lifestyle, rising incomes and a focus on value are pushing up growth for different product categories in the rural areas. Indications of larger disposable income and a perceptible shift in consumption priority in the rural sector also appear to be favouring the FMCG organizations. But, in order to be successful, organizations need to develop business models and marketing mix strategies that are developed in accordance with this changed scenario in the rural markets of India. It is the responsibility of the companies to supply a right product to the right customer at the right time at the right place at the right price. The companies shall no longer decide the marketing mix for rural market in accordance with the urban consumer

alone; but the rural customer shall decide it. The research concluded that TV advertising helps in influencing the rural masses in a significant manner. Though, all the elements of Promotion mix play an important role in influencing the rural consumers, yet personal selling and sales promotion are considered to be the most important elements.

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Financial Inclusion and the Role of Cooperative Banks in Odisha

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Abstract

Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general, and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by mainstream institutional players by making efforts to overcome problems of 5 A's such as Adequacy, Availability, Awareness, Accessibility, and Affordability of financial services, which may not only be instrumental for livelihood opportunities of the poor but also critical for Inclusive Growth by way of equitably percolating down the benefits of economic growth to all sects of society especially to rural areas & unorganized sector. In this backdrop the present study aims to analyze the rationale for making the cooperative banks as mainstream players in the process of Financial Inclusion (w.r.t. Odisha State) and to evaluate measures for resolving the issues of Cooperative banks while advocating for their inclusion in financial inclusion process of Odisha state. It is found that even though the cooperative banks have been practicing the financial inclusion process and also have the potentiality to be a mainstream player in the financial inclusion process by norms, they have failed to achieve the status so far due to some of technical (CBS environment) and structural deficiencies. However, efforts have seriously been initiated to rectify the deficiencies so that the co-operative banks can be major mainstream players in this process.

Introduction

The economic landscape of India has undergone a cataclysmic change with visible signs of growth momentum due to the advent of New Economic Policy and the consequent economic reforms. The Indian economy experienced an encouraging GDP growth rate of 7% to 9% during the financial year from 2004-05 to 2009-10. But the irony of the fact is that the benefits of economic growth have not equitably percolated to different parts of our society. The rural and agricultural sector in particular has not gained the desired momentum of growth and development. Economic growth in India thus has to be inclusive in order to make it sustainable. The concern is that, despite the vast network of bank branches, 48 % of the households do not have access to the banking services, the majority being rural population.

Though the banks in India have made significant strides in all areas of their performance, vast segments of population, particularly the underprivileged, are yet to be brought to the realm of banking services. Those at the ‘*bottom of the pyramid*’ have largely remained beyond the reach of the institutional finance. To obviate this situation, the Government of India in the year 2005-06, directed the RBI to issue suitable instructions to banks to bring in “Inclusive Growth”, which essentially means a broad based and decentralized growth and development of the economy to be effected, through the measures of Financial Inclusion.

Financial inclusion (FI) today is a widely and frequently used jargon among the banking community in the context of ‘Inclusive growth’. It has been looked upon as a powerful weapon in the armoury of policy makers to bring the disadvantaged and vulnerable sections of the society within the ambit of mainstream economic activities.

Financial inclusion

Financial inclusion can be defined as providing affordable access to basic banking products and services like savings, loans, remittance, insurance etc to the hitherto excluded and often underprivileged and disadvantaged section of the population comprises of marginal farmers, daily wage landless labourers, unorganized sector employees, urban slum dwellers, oral lessees, minority communities, SC/SC, socially excluded groups and women. The essence of financial inclusion is trying to ensure that a range of appropriate financial services is available to every individual and to enable them to understand and access those services. Apart from the regular form of financial intermediation, it includes a basic no frill banking account for making and receiving payments, a saving product suited to the pattern of cash flows of a poor household, money transfer facilities, small loans and overdraft for productive, personal and other purposes. Access to affordable financial services enlarges livelihood opportunities and empowers the poor to take charge of their lives.



The Banking scenario in Odisha

The economy of Odisha is predominantly agrarian and rural oriented. Prevalence of acute and persistent poverty has characterized the economy of Odisha in the past. The recurrent event of natural calamities have further exacerbated the distress of the people, particularly the weaker sections of society such as small and marginal farmers and landless labourers, etc. A

large number of rural communities are physically excluded for want of connectivity and other infrastructural support. The rural people depend mostly on agriculture to eke out their subsistence. However, the agricultural growth in Odisha is virtually stagnant and employment opportunities are rather limited. The state has a fairly well spread structure of banks with one bank for around 17000 persons on an average. In spite of this, many people in the rural areas do not have access to the banking system and lack proper awareness of the banking products. For this reason the bank branches also face difficulties in expanding their outreach to this chunk of rural population. The ground level scenario is, therefore, perfectly conducive to the introduction of local intermediaries by the banks in the form of Business Correspondents / Facilitators. This initiation by the commercial banks was started in the second half of the year 2006-07 as per the RBI directions in January 2006.

The total number of bank branches in the state reached 3824 as on 31.3.2013 (Table-1). Rural branches consist 53.74 %, semi-urban branches 26.70 % of total branches. The total deposit of banking sector in Odisha reached Rs. 273807 crore as on 31st March 2013 with a growth rate of 13.23 % over March 2012. Similarly advances reached Rs. 1,27,342 crore registering a growth rate of 36.78 % over March 2012. The CD ratio reached 86.94 % which is substantially higher than the RBI norm of 60 % and last year level of 71.88 %. The priority sector advances to total advances is 59.55 % as against the RBI norm of 40 %. Agricultural advance as a percentage of total advances is 30.93 % against the RBI norms of 18 %. Advances to weaker sections as a percentage of priority sector advances is 32.05 % against the stipulation of 25 %. Thus, on the whole, banks in Odisha have met all major parameters. The achievements of banks under Annual Credit plan for the year 2012-13 is 79 % of the target. The banks in Odisha issued 6,65,664 Kishan Credit Cards (KCC) for Rs.7,255 crore in 2012-13. The total KCC holders reached at 54,99,595. Banks financed 10,141 JLGs with Rs.69.58crore in 2012-13. There were 39,332 JLGs as on 31.03.2013, which got bank credit of Rs. 202.56 crore. The banks made credit linkage to 35269 women SHG with Rs. 307.57 crore in 2012-13. As on 31.3.2013, the number of WSHGs, which are credit-linked, reached 273444 with credit linkage of Rs. 1429.40 crore. 9,976 cards with an amount of Rs.33.52 crore have been issued to Artisans as on 31.3.2013. 63,907 MSME entrepreneurs were covered under Credit Guarrantee Fund Trust for Micro and Small Entreprises (CGTMSE) guarantee with a finance of Rs. 4,323.73 crore during financial year 2012-13. 6,88,103 MSME Accounts were financed by banks with Rs. 17,209.18 crore as on31.3.2013. The banks in Odisha financed 21,448 minority community beneficiaries with Rs. 182.95 crore in 2012-13. A total of 268540 minority community farmers were financed with Rs. 2,283.07 crore as on 31.3.2013.

Table-1
Banking network in Odisha

Sl. No	Banks	No. of Branches	Rural Area Branches	Semi-urban area branches	Urban area branches
1.	Public Sector Banks	2313	1107	676	530
2.	Private Sector Banks	269	36	136	97
3.	RRB	901	767	92	42
4.	Cooperative Banks	341	145	117	79
	Total	3824	2055	1021	748

Status of Financial inclusion in Odisha

As observed in certain studies, some of the public sector banks and RRBs operating in Odisha have made tardy progress in the area of financial inclusion in the state (Table-2 and Table-3). The Public sector banks which are extremely slow in implementation of Financial Inclusion Plan (FIP) in the state include Andhra Bank, Canara Bank, Oriental Bank of Commerce, Punjab National Bank and UCO Bank. While Andhra Bank has covered only 29 out of 70 villages allotted to it under FIP by June 2013, Canara Bank has covered just one village out of 21 allotted to it by SLBC. Similarly OBC and PNB are yet to take up a single village under FIP out of 3 and 33 villages allotted to them respectively. UCO Bank, which has the lead bank responsibility in the State, has managed to cover only 70 out of 172 villages allotted to it. Among the RRBs functioning in the state, all 5 banks have been laggards in the area of financial inclusion. Baitarani Gramya Bank has managed to cover just 5 out of 42 villages allotted to it under FIP whereas Utkal Gramya Bank has implemented the plan in only 4 out of 227 villages. Likewise, Kalinga Gramya Bank has brought 49 out of 230 villages allotted to it under FIP by end of June 2013 while Neelachal Gramya Bank has covered 18 out of 114 villages. The performance of Rushikulya Gramya Bank has been the worst as the Bank is yet to cover even a single village out of 98 villages assigned to it.

Among the public sector banks, State Bank of India, Allahabad Bank, Bank of Baroda, Indian Bank, Syndicate Bank and United Bank of India have achieved good progress on the financial inclusion front. SBI has achieved almost 100 % inclusion, covering 466 villages out of 469 assigned to it. Bank of India has covered 20 out of 22 villages while Syndicate Bank has completed the progress in 21 out of 23 villages allotted to it under FIP. Of 1164 villages allotted to Public Sector Bank under FIP, 889 villages have already been covered as on June 2013. While brick and mortar branches have been set up in 16 villages, 857 villages have been covered through banking correspondent model. The balance 16 villages have been brought under the fold of financial inclusion through mobile van banking. Two private sector

banks – ICICI Bank and Axis Bank have been assigned one village each under FIP which are yet to be covered. The RRBs have covered 76 out of 711 villages allotted to them.

On the whole, out of 1877 villages in the state each with a population of over 2000 under study, as many as 965 villages have been financially included. While bank branches have come up in 35 villages, 862 villages have been covered under the Banking Correspondent model with mobile van banking extending the programme to the remaining 68 villages.

Table-2
Status of Financial Inclusion in Odisha (as on June,2013)

Public Sector Banks (PSBs)	Village Covered (No.)	Village Allotted (No.)
Andhra Bank	29	70
Canara Bank	01	21
Oriental Bank of Commerce	--	3
P.N.B.	--	33
UCO Bank	70	172
S.B.I.	466	469
Bank of India	20	22
Syndicate Bank	21	23
Allahabad Bank, Bank of Baroda, Indian Bank and U.B.I.	329	333
Total (by PSBs)	889 (76.4%)	1164
Regional Rural Banks (RRBs)		
U.G.B.	4	227
K.G.B.	49	230
N.G.B.	18	114
B.G.B.	5	42
R.G.B.	--	98
Total (by RRBs)	76 (10.7%)	711
Private Banks (Pvt. Banks)		
ICICI Bank	--	1
AXIS Bank	--	1
Total (by Pvt. Banks)	--	2
GRAND TOTAL (by All above Banks)	965 (51.41%)	1877

Financial Inclusion initiatives by Cooperative Credit Structure

In the three-tier Short Term Credit Cooperative Structure (STCCS) of the state, the Primary Agricultural Cooperative Society (PACS) at the grass root level carries the mandate to play a pivotal role in dispensation of rural credit needs of farming community. In the STCCS of Odisha, there are 2714 PACS, affiliated to 17 District Central Cooperative Banks. The

contributions of these PACS have been substantial in taking cooperative movement in the State forward. Because of their presence, 52.01 lakh rural households have been enrolled as members in cooperative fold out of total 55.01lakh households in the State. Their immense contribution in the issuance of KCC and dispensation of crop loan in the State vis-à-vis Commercial Banks can be viewed from the following information (Table-4 & table-5).

Table-4

Year	During the year		Cumulative		Market Share %	
	Coop. Bank	Com. Bank	Coop. Bank	Com. Bank	Coop. Bank	Com. Bank
2008-09	351237	408591	3268544	1013717	76	24
2009-10	368949	342994	3637493	896758	80	20
2010-11	331905	284479	3656523	986090	79	21
2011-12	720946	353573	4003920	1160458	78	22
2012-13	209600	456064	4157711	1341884	76	24

Table-5

Crop loan financed by Cooperative Banks and Commercial Banks during last 5 years

(Rs. in Crore)

Year	Coop Bank	Com. Bank	Total	Market Share	
				Coop. Bank	Com. Bank
2008-09	1489.46	1267.33	2756.79	54	46
2009-10	2682.17	1432.83	4115.00	65	35
2010-11	3396.39	1877.52	5273.91	64	36
2011-12	4415.89	2270.31	6686.20	66	34
2012-13	5426.49	3175.67	8102.16	63	37

Problems faced by Cooperative Banks in implementing Financial Inclusions

- ❖ Although cooperatives are doing yeomen services by providing more amount of crop loan and issuing more KCC's to farmers (members) than commercial banks, their initiatives have not yet been recognized by the RBI/NABARD under the ambit of Financial Inclusion.
- ❖ The cooperative banks are not yet connected with the Core Banking Solutions (CBS) which is the basic technology required for implementing Financial Inclusion.

- ❖ The cooperative banks are plagued with acute shortage of human resources to make the desired progress under the Financial Inclusion Plan.
- ❖ The lack of well trained and motivated employees in many of the cooperative banks to take up the financial inclusion operations, has contributed to the tardy progress on this front.
- ❖ The cooperative Banks and PACS are lacking in basic infrastructural facility like communication, electricity and internet enabled computerization, which are necessary for rendering better financial services to the potential beneficiaries.
- ❖ The small sized Cooperative Banks and PACS are not in a position to bear the risk of default associated in lending without any tangible collaterals and securities.
- ❖ Lack of quick adaptability to change may be taken as a general factor.

The Steps taken by NABARD for Cooperative Banks in Odisha:

- 1. Support to Cooperative Banks for ICT solution** – NABARD has decided to support the CBS enabled Cooperatives for card based ITC solution under ASP model wherein the bank is the owner of the RuPay Card and the transactions to be done provided by the Cluster BC in their platform. NABARD under FIF would provide support for RuPay Card and the cost of transaction (including the cost of software, hardware and networking) for three years. The support from NABARD would be 90% of the eligible amount. But it has been observed that Cooperatives in Odisha have not migrated to CBS platform as yet. On migration to CBS, the banks would be eligible for the support.
- 2. Support for demonstrating Banking Technology by Cooperative Banks-** CBS enabled Cooperative Banks would be provided assistance through mobile van fitted with ATM and POS machine, GPRS Router etc. which will visit villages in the area of operation of the Cooperative Banks and work primarily as a literacy tool by demonstrating use of ATM/POS machine. The Banks will also provide financial literacy material about KCC, Debit Cards, ATM services and POS terminals are to be provided in vernacular language in the mobile van. Support from FIF will be available @90% for cooperative of the project cost of Rs. 10.00 lakh whichever is lower.
- 3. Support to Cooperative Banks for Interoperable RuPay KCC-** The scheme envisages support to CBS enabled Central Cooperative Banks wherein Aadhaar enabled RuPay Card operable in ATMs and POS devices are to be issued to all the active account of farmers including new farmer clients and farmers whose credit limit are being renewed. NABARD under FITF would support the card cost including personalization in a phased manner. The quantum of support would be 90% for

Cooperatives. The scheme will be open for a period of 3 years so as to cover all the new and existing account holders.

4. **Support to Cooperative Banks for ATMs-** To enable the Cooperative Banks to connect the National Financial Switch (NFS), sponsorship model is being recommended for the CBS enabled Cooperative Banks, wherein, the institution which is already a member of NFS acts as the sponsor Bank for the Cooperative Bank. Under the scheme, the Cooperative Banks will be supported for ATM add-on support, switching fee and transaction fee. NABARD would support 90% of the project cost under FITF.
5. **Village Knowledge Centre (VKC)-** Three VKCs at Nischintkoili under Cuttack CCB, Bhadrak under Bhadrak-Balasore CCB and Lingagada under Boudh CCB have been supported by NABARD with grant support of Rs. 19.57 lakh for spreading financial literacy.
6. **Financial Literacy and Credit Counselling Centre (FLCC)-** This scheme has the objective of supporting both the CAPEX and OPEX or both with financial cap of Rs. 5 lakh to the Cooperative Banks for setting up Financial Literacy Centre (FLC) in Blocks. During the financial year 2012-13, NABARD has sanctioned 30 FLCs to 4 DCCBs namely Angul CCB, Balasore CCB, Khorda CCB and Sambalpur CCB with a total financial support of Rs. 1.33 crore.

Role of Cooperatives in Financial Inclusion

The STCCS (DCCB and PACS) have done a phenomenal achievement in strengthening the morale of poor segment through mobilizing saving and funding small business ventures of individual members and entrepreneurs. With the objective of socio-economic development of the poor and resource deprived individuals, the retail credit has been a flagship facility in the cooperatives in rural areas. Credit cooperatives also have a wider base for employment generation, deposit channelization and motivating the hesitant population to come forward for innovative economic activities resulting in self employment which can reduce the unemployment of rural masses. Even the cooperatives help the unorganized population who do not have money to build up their capital base.

The roadmap for Cooperative Banks

- The Cooperatives must identify the families under the category of financial exclusion and its causes in their respective areas of operations.
- DCCBs and PACS should open no frill accounts for their farmer members so as to enable them to be eligible for Direct Benefit Transfer (DBT) scheme of the Government.

- Cooperatives should organize more number of Tenant Farmer Group and JLGs for extending the banking services.
- Larger coverage of Women SHG by the cooperative is the need of the hour to ensure women empowerment.
- Cooperatives should take necessary steps for issuing General Credit Card along with the KCC.
- They must issue Swarojagar Credit Card and cover maximum number of beneficiaries under the scheme.
- The Cooperative Banks should design and launch suitable insurance products for the financially excluded persons in addition to the insurance facility provided under Kalinga Kishan Gold Card Scheme.
- They must take measures for linking of small savings with health and life insurance of their members.
- The cooperative Banks may be equipped with motivated and trained staff having some market skill and knowledge on appraisal of small loan.
- After opening no frill account, proper measure may be made to organize the members into groups for inculcating the habit of thrift which will ultimately enable them to avail credit facilities.
- Cooperative banks should utilize the services of MFI, NGOs, SHGs, Business Facilitators /correspondents etc. to extend the financial inclusion at a reasonable cost.
- These Banks should adopt technology to establish more low cost ATM/cash dispensers, kiosk banking etc. to financially include underprivileged sections of the society.

Findings

- A financially and technologically sound cooperative structure can do wonders for financial inclusion, given the extensive outreach.
- Financial inclusion is no longer a social responsibility; it is a business proposition for the banks.
- An effective HR policy coupled with technology is the need of the hour for cooperative banks to be mainstream players in financial inclusion.

Conclusion

Financial Inclusion is receiving due attention in our country as a means to provide access to financial services to all the people in a fair, transparent and equitable manner at affordable cost. There is an imperative need to strengthen the credit and financial services delivery system to achieve greater and faster financial inclusion. This will ensure the economic upliftment, build financial assets and empower and enrich the lives of millions of households currently outside the purview of economic opportunities. Financial Inclusion is no longer a social responsibility; it is a business proposition for the banks. Cooperative Banks with its vast networking and localized clientele base can definitely serve as better purveyors of financial services than the commercial banks. With adoption of appropriate technology and market linkage by the Cooperatives, the scalability, viability and sustainability of financial inclusion can be reasonably ensured.

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Innovative M-Payment Model for Banking on the advantage of Sustainable Competition

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ABSTRACT

Innovation is now driven with sustainability at the forefront in the banking industry. In most cases, sustainable marketing options are associated with a reduction of the resources required and hence they provide a commercial saving. The telecommunication sector has changed the style of competition among banks. The key factor for the survival of banks in this competitive environment is whether they know how to make use of these features to maximize advantages and to make profits. This innovative payment model in banking suggests a new paradigm for traditional branch banking. Banks are constantly adopting technology to expand their business and reach different levels of customers. Apart from ATM, Internet banking and other technology enabled services, mobile banking is one of the services provided by banks to its customers. The applications and opportunities for mobile banking are increasing. Astonishing growth in the telecommunication sector, its penetration in rural population, and technology feasibility are the major factors for the introduction of Mobile banking services. Customers expect banks to take the lead and make it easy for them to do the right thing, so even where sustainability appears to add cost, there can be first-mover advantage in embracing and delivering on a customer need in your category. This study provides an application perspective on the technological innovation model adopted by banks and tries to find out the adoption the innovative payment model by which a bank can gain a sustainable competitive advantage over others.

Keywords: Innovation, Sustainability, mobile banking, branch banking.

1. INTRODUCTION

Mobile banking has transformed radically the banking operations. M-banking is a secure banking operation by which services of banks like banking, credit card loan, bill payment and pre-paid mobile recharge can be accessed from the customer's mobile phone anytime and anywhere. All the messages originating from mobile banking applications are encrypted end to end using 128-bit AES encryption, i.e., Passwords are protected up to 128

words. So its security too cannot be challenged. In fact, by seeing the advantages of mobile banking RBI too has increased the daily transaction limit of mobile banking from Rs. 5000 to Rs. 50000. This facility can be availed just at the press of a mobile's button. It offers a very wide variety of features to make banking convenient: Balance enquiry, Fund transfer, Bill payment, Last 5-transactions, Mobile top-up, Top-up of Tata sky, Big TV, Dish TV Request for cheque book, and Air/Train tickets. Mobile banking can also help banks and microfinance institutions in better credit management. It can work as a tool for implementing financial inclusion. It is being considered as the most cost effective way of doing transactions. Mobile payments are becoming more and more important with the increase of wireless services. Improved data transfer and the easier use of such services will also increase demand among end users. Mobile payments are payments for banking services, goods, and bills/invoices with a mobile device by taking advantage of wireless and other communication technologies. M-payments present several security challenges including confidentiality, authentication, integrity, authorization, and non-repudiation.

2. M-PAYMENT SYSTEM IN INDIA

Some of the payment systems used in India are Beam, Pay-as-you-go, Mchek, PayMate and UID projects in micropayments.

A. Beam: It is a micropayment service aimed at the non-banked rural population of India. Beam distributes prepaid vouchers that one can purchase in the denomination of Rs 100 - 1000 and load their account against the mobile number through SMS or IVR. The strategy for the Beam seems to be a little confused. They claim of serving the rural crowd but the agency is targeting the urban youth. A related opportunity in Beam could be micro-transfers, wherein the migrated rural crowd could use the service to transfer money.

B. Pay-as-you-go: This is a cell phone service which applies to small scale solar energy systems. Simpa Networks partnering with solar manufacturing Selco India allows Hardware upfront customers, then purchase pay-as-you-go cards in increments of 50, 100, 500 rupees which supplies them with a cable that they enter to unlock the solar system. Customers can also top off their account with their cell phones. This cell phone payment system is focused on providing solar energy to the rural India, where the customer has to purchase cards to unlock the system. This concept should have been integrated with the banking systems where the customers could directly recharge and access their accounts.

C. Mchek: It allows a cell phone to act like a debit card. It is a mobile based secure transaction platform that can be used for remote authentication, authorization and notification of payments from bank account using mobile phone. Its services are available to almost everyone who owns a mobile phone and a bank account. SIM cards from Airtel, Vodafone, TATA IndiCom; TATA DoCoMo comes with the Mchek application preloaded. This acts as a wallet with limited functionality and usability.

D. UID Project: Introduced in Jan 2010 the ULD project introduces a micropayment platform in order to facilitate banking in rural India. The platform enables Business Correspondents act as micro ATM to conduct instant transaction.

E. PayMate: PayMate offers mobile payment solutions through tie-ups with Banks, merchants and other financial institutions. It had partnered Essar s mobile retail chain Mobile Store to offer mobile payment services, and Tata Teleservices and Corporation Bank to offer a mobile money transfer service, named Green. It also operates mobile payment service in Sri Lanka, Nepal and UAE. It also offers merchant mobile POS solutions in the US through transaction service provider-TSYS. Also, it is a mobile based loan repayment service that is extended to remote rural villages in the Ganjam district of Orissa through Dhanei Kshetriya–Gramin Financial Services (KGFS) registered agents.

3 MOBILE PAYMENT SCHEMES

Some important mobile payment schemes are :

- eCash in a mobile environment
- GeldKarte
- BarclayCard solution
- M-Pay Bill
- Paybox
- ItiAchat
- EMPS (Electronic Mobile Payment System)

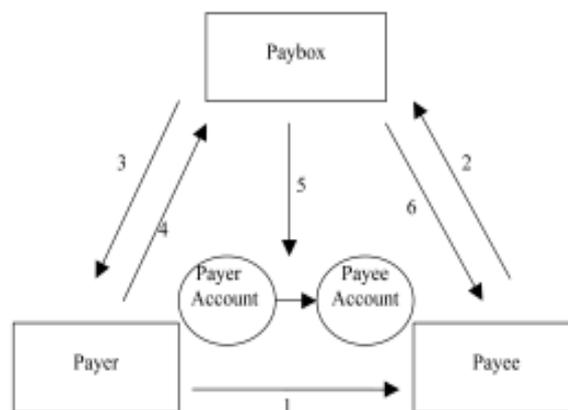


Fig-1 Paybox Payment Transaction

Paybox payment transaction (communication via mobile phone)

1. Payer sends his mobile phone number
2. Payee sends his mobile phone number, Payer's mobile phone number and payment amount x to Paybox.

3. Paybox seeks the confirmation of payment of amount x to Payee from Payer
4. Payer confirms the payment by providing his PIN.
5. Paybox transfers amount x from payer's account to payee's account.
6. Paybox sends a Confirmation message to the Payee.

International Experience

M-PESA – Kenya: M-PESA6 is the first mobile banking solution launched, based on the Mobile Service Led Model in the year 2007 by the telecom operators Safaricom & Vodafone. It has become very popular among the customers and captured major market in Kenya.

SMART Money and G-Cash Philippines: Philippines launched SMART money7 which is an electronic wallet to do most of the banking transactions through the mobile, phone.

4. MODELS OF MOBILE BANKING

The three most popular models of mobile banking are:

- **Bank Focused Model**

In this model a traditional bank uses non traditional low cost delivery channels to provide banking services to its existing customers. It uses mobile phone banking to provide certain limited banking services to banks' customers. It can be seen as an extension of conventional branch-based banking.

- **Bank Led Model**

This model promises the potential to substantially increase the outreach of financial services by using a different delivery channel (retailers/ mobile phones), a different trade partner (Telco/ Chain Store) having experience, and a target market distinct from traditional banks, and may be significantly cheaper than the bank based alternatives. The bank-led model may be implemented by either using correspondent arrangements or by creating a Joint Venture between Bank and Telco/ Non-bank. In this model customer account relationship rests with the bank. An example of Bank Led model is 'M-Paisa', collaboration between Vodafone and HDFC Bank which was launched in India in 2011.

- **Non-bank Led Model**

The non-bank-led model is where a bank does not come into the picture (except possibly as a safe-keeper of surplus funds) and the non-bank (e.g. Telco) performs all the functions. An example of Non-Bank Led Model is 'Obopay', a global mobile payments company that provides the most comprehensive solutions, which was launched in India as 'Obopay India' in 2008 and has partnered with YES Bank, Aircel, BPL and Tata Indicom (Sonali *et al.* n.d.)

5. LITERATURE REVIEW

According to a study done by TRAI (2010), 41% of the urban population and 60% of the rural population in India do not have access to bank accounts. In such a scenario mobile banking has emerged as an opportunity to bring vast population in to the fold and increase

financial inclusion. Mobile banking is prevalent throughout the globe and here some models are being given, which are already being adopted by different countries (TNI, 2011; CMFR, 2011; Mahmood and Ahmad, 2010). Mobile banking can be regarded as financial innovation, as it reduces the cost of reaching out the poor. Financial Innovation can be regarded as a process which reduces costs, reduces risks, provides an improved product and the same is being done by mobile banking. A research done by Ramaswamy *et al.* (2000) and Panda (2009) points out that with the improvement of ICT infrastructure, transaction costs decrease and output increases for firms influencing various sectors of economy. This research recommends increased investment in infrastructure. In this scenario, a combination of banking services with ICT was a required thing which banks took into account and because of combination of these two services mobile banking took birth. M-banking in India, as assessed by the govt. can work as a potent tool for financial inclusion, is yet to clear many hurdles before it can fulfill its objective of reaching the unbanked population. M-PESA in Kenya included 50% of all the adults in nation towards mobile banking in less than 4 years. Bamoriya and Singh (2011) found that the mobile banking has the issues and challenges like mobile handset compatibility, standardizing, software downloading, privacy & security.

6 OBJECTIVE OF THE STUDY

- 1 To assess the awareness level of consumers regarding features of mobile banking.
- 2 To identify the main types of financial transactions the customers carry out with their mobile.
- 3 To find the factors associated with customers' perception of the advantage of mobile banking.

7. RESEARCH METHODOLOGY

Research methodology used in this study is descriptive. This study has been done with the help of structured questionnaire. Responses were taken from them and then those responses were analyzed. In this research the sample was a heterogeneous sample in which some urban and some rural people were asked some questions. This research was done with the help of a questionnaire. The research was done to check the awareness level of banking services consumers towards mobile banking. The survey questionnaire consisted of two parts. The first section recorded the subject's demographic information. The demographic variables included gender, age, level of education, profession and income. The second section asked each of the subject's perceptions of each variable using the seven point Likert scales from 1("strongly agree") to 7("strongly disagree"). For data collection, we designed and also implemented a Web survey. We asked mobile banking users to participate in the survey. Participants were asked to express the level of their agreement/disagreement with attributes/factors identified. Attributes covered respondents' present requirements, their awareness towards mobile banking, their expectations towards the benefits/advantages, and risks

associated with mobile banking. Data were analyzed via frequency analysis and factor analysis with the help of the SPSS software.

SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS:

1. *Age Structure Of the Respondent:*
Respondents' age varies from 20 to 65 years. About 75 percent respondents are in the age group of 25 to 45 years.
2. *Income Level Of the Respondent:*
Majority of the respondents range from upper middle class to higher class and monthly income greater than Rs25, 000 p.m.
3. *Marital Status:*
20 percent of the respondents were unmarried.
4. *Level Of Education:*
All the respondents are educated.55 percent of the respondents had completed their post graduation.15 percent of the respondents are undergraduates.30 percent of the respondents are graduates.
5. *Gender :*
The respondent sample consisted of 70 percent male and 30 percent female.

Table-1 Types of Mobile Banking Services Carried Out By Customers

		Frequency
Valid	Mini Statements And Check Balance	40
	Bill Payment Processing	20
	Portfolio Mgmt Services	20
	Cheque Book Request	14
	Content Services	6
Total		100

The highest number of customers prefer mini statements and check balance enquiry in accounts followed by bill payment processing or cheque book request. The least preferred financial transactions are content services i.e. loyalty related offers.

Factor analysis is a very widely used technique for reducing data complexity by reducing the number of variables being studied. Factor analysis is a good way of identifying latent or underlying factors from an array of seemingly important variables. Factor analysis is a set of techniques which by analyzing correlation among variables, reduces their number into fewer factors which explain much of the original data more economically.

Table 2.1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.796
Bartlett's Test of Sphericity	Approx. Chi-Square	276.284
	df	28
	Sig.	.000

The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity. The KMO measure of sampling adequacy is .796 indicating that the present data are suitable for factor analysis. Bartlett's Test of Sphericity is significant ($p < .001$), indicating sufficient correlation exists between variables for the factor analysis. Bartlett's Test statistics is approximately distributed and is accepted.

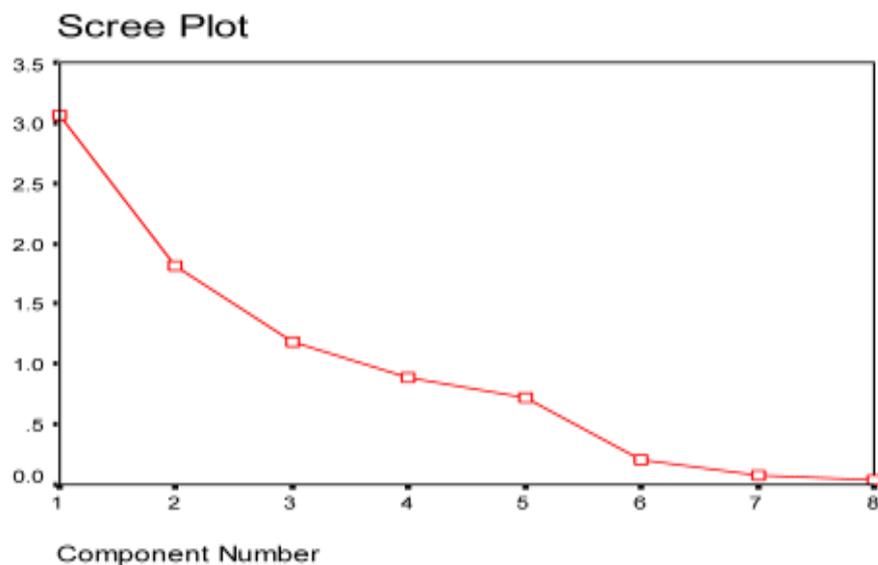


Fig 2.1 Scree Plot

In the above analysis, Scree plot shows that three factors are going to be extracted. Catell's Scree test (1966) involves plotting each of the Eigen values of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and becomes horizontal. Catell recommends retaining all factors above the elbow or break in the plot as these factors contribute the most to the explanation of the variance in the data set.

Table 2.2 Rotated Component Matrix(a)

	Component		
	1	2	3
Time and Place Independent Purchase		.928	
Enhanced payment instrument availability and complement to cash		.892	
Queue Avoidance		.543	
Trust in Merchant	.957		
Trust in Telecom Operators	.965		
Trust in Financial Institutions/Banks	.980		
Concerns on Privacy and Reliability			.807
Transaction errors			.737

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 4 iterations.

From the above Table we find that attributes like time and place, independent purchase, Enhanced payment instrument availability and complement to cash, Queue avoidance have loading .928,.892,.543 on Factor 1. This suggests that Factor 1 is a combination of these variables. Therefore, this factor can be interpreted as: Mobile banking has ease of use and relative advantage. For factor 2, we see that trust in merchant, trust in telecom operators, and trust in financial institutions/banks have a high loading .957,.965,.980 respectively, indicating that Factor 2 is a combination of these variables. These variables can be grouped into a factor called trust towards mobile banking. For factor 3, we see that Concerns on privacy and reliability, and transaction errors have a high loading .807,.737 respectively, indicating that Factor 2 is a combination of these variables. These variables can be grouped into a factor called perceived security and risk in mobile banking.

MANAGERIAL IMPLICATIONS

The new banking distribution channels to consumers, i.e. mobile banking, is still at its early stages in India. The current target market for mobile banking is relatively small due to low level of awareness. There were many critical issues, which stood out as being obstacles to consumer adoption of mobile banking, such as consumers' attitudes. Security factor was found to be the most important attribute that could motivate consumers' attitudes towards mobile banking in India. Other barriers to adoption of mobile banking were perceived risks, computer and new technological skills. As for mobile banking, lack of understanding of the concept and its benefits were the main barriers to its adoption. Users were also widely

spread among the salaried employees, senior managers and small business owners. As such, more women of a particular customer profile may be targeted. Advertising messages could emphasize security and trust for mobile banking. Finally, as far as mobile banking is concerned, lack of understanding of its benefits was found significant. Therefore, perhaps while bankers should focus on security issue for mobile banking, their advertising should focus on the aspect for mobile banking. Bankers should also consider raising consumer awareness and acceptance of new technology-based banking services, through advertising and promotion rather than word-of-mouth communication, as this might prove to be in effective since reference group's influence did not have any impact on mobile banking.

8. CONCLUSION

Mobile banking adoption will depend on more than just market timing. Financial institutions must implement their programs based on an understanding of what factors distinguish the mobile channel from the existing ones, and consumer segmentation criteria that put next to consumer preferences the attributes and benefits of mobile banking. Perceived risk, trust and ease of use had important effects on the adoption behavior of mobile banking. Consumers' trust in and the perceived usefulness of the mobile banking service had direct effects on their adoption behavior. That is, the consumer's trust of the bank, telecom provider, and wireless Internet had significant influence on their using mobile banking. Therefore, banking managers should concentrate on building trust as a prerequisite to mobile banking adoption and developing m-commerce relationships.

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Strategies for Insurance Marketing in India

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Abstract

Last one decade of reforms in India has started yielding results in the Indian economy. The Government's resolve to push the reform measures further, less bureaucratic hurdles, absence of red tapism, investors' friendly business environment all put together have given tremendous boost to industries in terms of FDI and investments from FIIs. Though the impact is felt in all the sectors, service sector is the one which benefited most out of all those reforms, and the contribution of service sector to the GDP of the country has grown manifold. New economic organizations are spreading their wings into service industries like banking, financial services, insurance, communication, entertainment, telecom, and so on. No wonder that India is considered to be the most preferred nation in the world for Business Process Outsourcing (BPO). The service industry in India has achieved a phenomenal growth in the recent past and among them, Insurance is one sector, which has witnessed high decibel growth thanks to the investor-friendly regulator bearing the name of Insurance Regulatory Development Authority (IRDA). The growth the market has achieved in terms of 18-20% in life insurance and 15-17% in non-life insurance stands testimony to that. In this scenario, this paper makes an attempt to understand the paradigm shift that has taken place in marketing of the insurance products and the strategies adopted by the players in the market.

Introduction:

Looking back at the history, the ride had not been so smooth for the public sector players like LIC, GIC and its subsidiaries. For a long time, the insurance policies are not bought but sold in the country because of so many odd reasons like low awareness level, aversion towards the products as such, superstitious beliefs and less diverse product portfolio. The monolith in the life insurance sector, Life Insurance Corporation of India had been basking in its past glory and enjoying the monopolistic situation in the market. Even the General Insurers like GIC and its subsidiaries were able to reach the people with very few products out of the many products in their kitty, offering little or no options to the customers. The rules of the game have started changing with the introduction of reforms towards liberalization and privatization. In fact, private sector participation in insurance is not new in the Indian context. In 1956, when the Government of India nationalized the business of life insurance, there were

245 private insurance companies operating in the country. And sixteen years later, when the same happened to General insurance, there were 106. But the seeds were sown as far back as 1993, when the Malhotra Committee headed by former Finance Secretary and Ex-RBI Governor R.N. Malhotra, was created to recommend the directions the Indian industry should take. By 1994, the Committee was ready with its report.

The salient suggestions included those on the structure of the industry, competition, and the necessity and role of a regulator. The Committee also recommended the opening up of the industry to private sector to increase the reach of the insurance products. Essentially, Malhotra was laying the foundation for the creation of regulation and the liberalization process. In April 2000, Insurance Regulatory Development Authority (IRDA) came into being as a statutory body to regulate the industry and to keep a hawk's eye on the private players. The mission of IRDA is "to protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto". What happened after April 2000 is well known in terms of new entrants in the field, the market growth rate and the achievements of new players within a short span of two to three years.

Industry -An outlook

Insurance is estimated to be Rs.400 billion business in India and the gross premium collection is about 2% of GDP growing between 15% and 20% per annum. India also has the highest number of insurance policies in force in the world and the total investible funds with LIC alone are almost 8% of GDP. Yet, more than three-fourth of India's insurable population has no life insurance cover. Considering that only about 65 million out of 250 million people are covered by life insurance, the potential is quite evident. Switzerland is the world's largest per capita insurance spender (\$ 4663 per inhabitant), ahead of Japan (\$ 4132 per inhabitant) and far ahead of (200% more) North America, and even further ahead of (250% more) Western Europe. In India, the per capita premium is Rs.490, which is less than 1% than the per capita premium collected in developed nations like UK. India has a savings rate of 22% but less than 5% of it is spent on insurance.

The General insurance market is about Rs.11000crores and with the expected growth in the Indian economy and new players moving in, the market for general insurance is expected to grow at 18% per annum. Over the last ten years, the compounded average growth rate for the industry works out to more than 15%. The five major categories - fire, marine (hull), engineering, motor (both owner-driven and third party) and workers compensation (clubbed either with engineering or miscellaneous) comprised 62.41% of non-life business in the year 1999-2000.

Players in the market

The untapped potential in terms of potential insurable population in the country has attracted many players to the market. According to IRDA sources, there are 12 private players in the life insurance sector and 9 in case of non-life insurance sector vying for their pie. Homegrown business barons like TATAs, Birlas, Bajaj and ICICI have jumped into the fray, joining hands with foreign players as joint ventures. The indigenous knowledge about the Indian consumer behaviour coupled with the expertise of the foreign partners in insurance business has enabled the new entrants making an inroad into the market with roaring success. In addition to the market share, the private insurers are also able to grab the mind share of the upwardly mobile Indian. A list of players in life and non-life insurance is given below.

Table 1. List of players in life and non-life insurance**1 (a). Life Insurers**

01. HDFC Standard Life Insurance Company Ltd.
02. Max New York Life Insurance Company Ltd.
03. ICICI Prudential Life Insurance Company Ltd.
04. Om Kotak Mahindra Life Insurance Company Ltd.
05. Birla Sun Life Insurance Company Ltd.
06. Tata AIG Life Insurance Company Ltd.
07. SBI Life Insurance Company Ltd.
08. ING Vysya Life Insurance Company Ltd.
09. Allianz Bajaj Life Insurance Company Ltd.
10. Metlife India Insurance Company Ltd.
11. AMP Sanmar Assurance Company Ltd.
12. Aviva Life Insurance Company Ltd.

Table 2 General Insurers

01. Royal Sundaram Alliance Insurance Company Ltd.
02. Reliance General Insurance Company Ltd.
03. IFFCO-Tokio General Insurance Company Ltd.
04. Tata AIG General Insurance Company Ltd.
05. Bajaj Allianz General Insurance Company Ltd.
06. ICICI Lombard General Insurance Company Ltd.
07. Cholamandalam General Insurance Company Ltd.
08. Export Credit Guarantee Corporation Ltd.
09. HDFC Chubb General Insurance Company Ltd.

The FDI limit in insurance sector has been capped at 26% with the remaining 74% in the hands of Indian players. The proposal by the Government of India to increase the FDI limit to 49% has met with lukewarm response, as the players are comfortable with the existing norms.

Strategies adopted by the players in the market

Gone are the days when the customers were forced to take up the kind of products coming from LIC's and GIC's stables. But now, the customer has been portrayed as the king and to his delight, the products are redesigned and customized suiting his needs taking into account his paying capacity and multiple benefits. Much to his chagrin, he has also got an option of withdrawing his offer within a period of 15 days (free-look period) if he is not satisfied with the policy features. Let us look at the strategies adopted by the players in the market.

I. Shift in the product portfolio

Earlier the entire industry was revolving around investment and savings oriented plans. As the interest rates are moving southwards, all the players are deliberately focusing on selling pure risk covers in an effort to capture new customers. The premium on such products is low as it covers only the risk aspect and does not factor in investments or savings. Even the market leader LIC has withdrawn some of the products, which are positioned on the assured returns platform. Though the share of the term plans in the product portfolio is quite negligible, the shift towards the term products is already visible. Typically a term plan does not provide anything by way of maturity, unlike moneyback or endowment policies. The fact that close to a third of the policies fall into this category must be an encouraging news to the players. Unit linked products are also gaining momentum in this country. Om Kotak and Birla Sun Life have launched unit linked schemes focusing on equity, debt and gilt edged stocks. These schemes are expected to yield better returns when compared to normal insurance schemes. As the awareness level about these unique products is much lower, the companies resort to educate the customers about the salient features of the products.

II. Value For Money (VFM)

The sea change since the sector opened up has been on the way the basic products have been packaged innovatively, often tailor made to provide a bundle of benefits to the customers. This has been possible through the introduction of riders, which have added value to the risk cover at minimal cost. Riders are nothing but add-ons coming along with the base policies for a slightly additional premium. Riders have become the major instruments for the organizations to lure the customers away from the competitors. The removal of 30% cap on

the premium of the base policy for the health riders alone has come as a shot in the arm for many players since this is used as a Unique Selling Proposition by many private players vis a vis the LIC. Later, LIC has also started announcing riders along with the main policies dancing to the tune of the market forces. This could see many non-life players going out of business as life insurers offer a plethora of personal line products as add-ons. Riders can also be availed by the existing policyholders.

III. Tapping the Niche Markets

Private insurers are concentrating much on designing attractive products by investing heavily on research, studying life expectancy and health statistics across age groups, income levels, professionals and regions on their own instead of relying on data with state insurers. The products are designed with a technical team of actuaries and a product development team working closely together to target the niche market. The innovations for the niche markets abound. To name a few . . .

- * MetLife India Insurance Company has recently launched a Charitable Trust Policy in Kolkata, which has evoked a lot of interest especially among the Marwaris business community who want to set up a temple in their name after their death. Similarly a Buy & Sell Agreement cover from the same company permits a business enterprise to take out a life plan on each of its partners, to ensure that the company continues.
- * The other segments, which have attracted almost all the players, are the women and the children segments. Though the State insurer has had a chunk of products sufficiently for a longer time, it faces stiff competition from the private players in these segments.
- * Tata AIG has offered a specialized life insurance package where the insured and the employers of the insured have a say. Termed as Worksite Marketing, AIG, which has adopted this practice in different places across the world, is spreading the concept in India too. Worksite Marketing is a distribution method used to offer voluntary insurance products (employee benefits) to employees at their place of work with the sponsorship or backing of their employer, traditionally done on a deduction from the payroll. The policyholder carries the policy with himself throughout his life, even if he happens to change the organizations.
- * Tata AIG General Insurance, for the first time in the country, has launched a specialized product for Accountants (after tasting the success with specialized products such as Directors' and Officers' policies in India) in its bid to segment the market for professional indemnity policies. The policy has been designed with the assistance from Bombay Chartered Accountants Society. This policy covers claims pertaining to professional negligence, wrongful acts committed in the performance duties. It also provides for coverage of all legal expenses incurred in defending such claims.

- * Any way to promote non-smoking? Or to reward those who give up smoking? Om Kotak Mahindra has taken an initiative by offering a term insurance plan - a pure protection product - to non-smokers at much cheaper price. As against an annual premium of Rs.2400 on a Rs.10 lacs policy for a 10 year term for a 30 year old under the preferred term plan, the regular term premium works out to Rs.3400 for a similar cover. Though there are apprehensions in the industry circle about the success of the policy, the intention of the company is will appreciated.
- * Even the unborn child's future can be safeguarded now. The offspring can be insured against unfortunate congenital defects. State owned General Insurers have started aggressively marketing these kinds of products.

IV. Thrust to the rural markets

Thanks to the norms stipulated by the regulator IRDA, all the players have turned their eyes towards the rural market. Towards ensuring equitable distribution of insurance policies in every nook and cranny of the country, IRDA stipulates the rural obligations to be met by the players over the years. The rural obligation on the part of new private insurance companies is incremental in nature. It goes from 5% to 15% over the period of 5 years for life insurance and from 2% to 5% in case of general insurance. IRDA has also defined what it means by rural.

1. The place should have a population of less than 5000
2. Secondly, the density of the population should be less than 400 persons per square kilometer.
3. 75% of the male population should be engaged in agricultural pursuit.

Of the 11 private sector life insurers, 10 companies substantially performed in the rural sector with the percentage of policies issued in the rural sector standing higher than 5% level mentioned. Most of the non-life insurers achieved the base level of 2% gross premium from rural sector. Since the penalty for not adhering to the obligation includes Rs.5 lacs penal fee and upto 3 years of imprisonment of the Chief of the organization, all the companies are swarming to the rural market. The challenge lies in reaching the critical mass with the redesigned products. And the organizations have been fairly successful in their efforts. For instance, Om Kotak Life Insurance is successful in selling the single premium policy in rural market. Reaching the doorsteps of the villagers through non-conventional channels like Regional Rural Banks (RRBs), Co-operative banks, Self-Help Groups (SHGs), ITCs e-choupal is also being tried by the players.

V Tapping unconventional distribution channels

Nevertheless all the players depend heavily on their agents to reach out (LIC has reached a figure of 8,50,000 agents and planned to increase it to 1 million by this year), and they are trying out other distribution channels also like banks and corporate agencies in addition to the channels mentioned above. The following table shows the strategic alliances the insurers have entered into to distribute their products.

Sl.No	Insurer	Banks / Corporate Agencies
01	Bajaj Alliance (General Insurance)	Jammu & Kashmir Bank, Karur Vysya Bank, Punjab & Sind Bank
02	United India Insurance Company Ltd.	Andhra Bank, Indian Bank, South India Bank, Federal Bank
03	New India Assurance Company Ltd.	Punjab National Bank (General Insurance) Vijaya Bank (Life Insurance)
04	SBI Life	SBI branches and branches of its subsidiaries
05	ICICI Prudential	Allahabad Bank, Bank of India, Citibank, Federal Bank, Lord Krishna Bank, Punjab and Maharashtra Co-operative Banks
06	LIC of India	Corporation Bank, Oriental Bank of Commerce
07	Metlife	Karnataka Bank, Dhanalakshmi Bank, Jammu & Kashmir Bank
08	AMP Sanmar	Kerala based Co-operative Banks – Peruntalmanna Bank and Manjeri Bank
09	Birla SunLife	Citibank, Deutsche bank, IDBI Bank, Catholic Syrian Bank, Bank of Rajasthan, Bank of Muscat
10	HDFC Standard Life Insurance	Indian Bank, Union Bank
11	Dabur CGU Life	Lakshmi Vilas Bank, Canara Bank, Amex, ABN Amro Bank

LIC is also exploring ways to rope in Regional Rural Banks (RRBs) across the country. Cross-selling could be another key strategy in selling insurance, provided the restrictions on the functioning of corporate agencies are lifted. Once the curbs are removed, the market may see a wave of cross-selling. Royal Sundaram Alliance may offer household insurance with Sundaram Housing Finance and sell customers of Sundaram Finance Mutual Fund a whole range of insurance products. ICICI-Prudential and HDFC Standard will tie up with their parent companies to use their network. Once the much-awaited Insurance Brokers Regulations comes into force, the industry is poised to change the way the insurance products are sold with the entry of brokers. While an insurance agent represents an insurance company and offers only the products of that company, an insurance broker is independent and represents a number of insurers. He can also compare the benefits of different policies and premiums to find the best coverage for the customer.

VI Cause Related Marketing (CRM)

Cause Related Marketing has become the order of the day in Insurance industry. By creating goodwill for the organizations, the insurers are making an attempt to change the negative attitude of the people towards insurance products. For instance,

- * Towards serving the society in a better way, LIC has adopted a novel way through its Bima Gram policy. Accordingly, LIC pays 25% of the premium collected from the villagers or Rs.25000 whichever is lesser for undertaking developmental work in the villages provided,
 - The population of the village is between 1000 and 5000
 - Life insurance coverage for atleast one person in 75% of the households
 - Acquisition of 100 new policies in a single year
- * Iffco-Tokio General Insurance Company is planning to launch a novel insurance policy Sankat Karan for farmers in which for the every purchase of 50kg bag of fertilizers, insurance worth Rs.4000 would be provided to the farmers. The policy will remain in force for a period of 12 months from the date of purchase.
- * Birla Sun Life Insurance has adopted 332 villages around Renukoot and actively involved in improving the lives of the residents.

VII. De-tariffing in General Insurance

Though the issue of de-tariffing in general insurance has been debated upon at length, the response from the industry is quite mixed. By fixing a tariff for a product, Tariff Advisory Committee (TAC) maintains discipline in the market and makes sure that the insurance companies do not resort to under pricing to gain market share. IRDA is now working on detariffing the general insurance sector beginning with commercial vehicle business since it constitutes more than two fifth of the non-life business volume. Both IRDA and TAC are working out the modus operandi of the deregulation of motor premium. Sensing the indifferent attitude of the private general insurers towards motor insurance, the Government is contemplating to come out with obligations to be met by the private insurers in this segment (like rural business). Once the motor insurance premium is detariffed, the end user is likely to see a situation like the Cola was.

Conclusion

Observing the trends the industry has been moving towards for the last two years, the commitment of the players to take the business forward is quite apparent. With the increase in awareness level about insurance and the products, the day is not far off when all the insurable population in the country would be brought into the insurance net. The Governments

resolve to continue with the reforms coupled with investor friendly IRDA's regulations will surely take the business faster.

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NICHE - The way to go in Succeeding Internet Marketing

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ABSTRACT

Most niche markets are more open to the latest marketing strategies. Small niche markets are not over stocked with gurus and wise men and are much easier for the beginning marketer to break into. A niche market allows you to promote your own niche product or that of a niche affiliate product. There is a niche market for anything and everything you can imagine. All it takes to break into a niche market is a good idea, a good product (created by you or someone else) that will appeal to certain people, some advertising, and the desire to succeed. The Internet marketing niche, on the other hand, means that you will be promoting your own Internet marketing product. This is a crowded field of endeavor and really difficult to break into. It's a world filled with gurus and wise men who have been playing and winning the game for a long time. Some of the lucrative ventures are involved in the creation of an informational product which can be sold as a stand-alone product or used for advertisement or promotional causes, building a content-rich website which will draw potential customers and publishing newsletters and magazines that are so full of pertinent information that people will happily pay for subscriptions to them. It is also important to discuss ways to find out what people consider a problem by visiting visit the online forums. By visiting forums and taking note of what people are most concerned about, you can search the Internet for products and services that will help them solve those problems. This paper discusses adjoining features in association with internet to niche marketing.

Keywords: niche internet, overture, search engine optimisation, affiliate marketing

FULL PAPER

1. Introduction:

The word 'niche' is defined as: "A special area of demand for a product or service". 'Marketing' is defined as: "The opportunity to buy or sell". If you put the two worked together, niche marketing means buying or selling a product or service in a special area of demand. All that it really means is that a product or service is being sold to the people who

are most interested in that particular product or service and not to the world in general. One of the things that make niche marketing so attractive to sellers is that their advertising budgets go further. It costs less to advertise to a specialized market than it does to advertise to a broader market.

Niche marketing must be designed to meet the unique needs of the targeted audience. Niche marketers must tailor their product to meet those unique needs. If, for example, you have designed a product to make poodle grooming easy enough for the untrained professional to do it, those who own poodles will be most interested in your product. Those who own Bloodhounds or cats couldn't care less. If you have written an e-book that will explain how to start and succeed at an online business, those who are looking for that information are your niche market. Those who are happy doing what they are doing are not interested at all. Niche marketing is a very effective and cost efficient way to advertise and sell specific products or services to a specific audience or, hopefully, buyers of that product or service.

It is just one of those hard, cruel facts of life that the big boys have all the money they need to advertise and sell their products and us little guys are on advertising budgets that are so small they probably don't add up to what the big boys spend on paper clips in a month. Competing with the big boys isn't feasible...or possible, for that matter. So what are we little guys supposed to do? Niche marketing is our answer. We can't advertise our products and services to the world at large but we don't have to be able to do that to be able to make a pretty decent living... thanks to the Internet.

Niche marketing is selling specific products or services to a limited audience. One person with a computer, an internet connection and a good idea can go into business for himself on the Internet and target the people who would be most interested in what he has to sell and do all of the above on a very limited advertising budget. Finding the right niche for what you have to sell isn't really all that difficult. Just think about whom the people are who would be most interested in what you have to sell. For example, if you have concocted a shampoo formula that will take chlorine out of a person's hair, you can't compete with giant companies that sell shampoo but you can narrow your market down to a niche and target sales to those who have swimming pools. You buy a domain, get a server, and build a website to advertise your product JUST to the people who have swimming pools. In essence, niche marketing is selling a product or service to those who want or need the product the most.

You can establish a money-making niche marketing website with the theme of the very things that you love the most. If you can correctly define your niche, make certain that people are willing to pay for the product or service that you are selling, and locate that specific audience; there is no reason why you can't build a niche marketing site that is all

about your greatest passion or the hobby that you most enjoy. Imagine that! Being able to make money and do what you love doing at the same time. It doesn't get any better than that.

2. Objectives

1. To study the adjoining features in association with internet to niche marketing
2. To appreciate why Niche Marketing is the way to go in succeeding online
3. To evaluate how Niche marketing helps to solve real problems via forums
4. To find out what you need to sell info products to hot niches and meet the demand

3. Conceptual Review

A niche market is the subset of the market on which a specific product is focusing. The market niche defines the product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that is intended to impact. It is also a small market segment.

An often used technique for affiliate marketers is Internet-based niche segments of larger markets. Niche websites can be developed and promoted quickly to uniquely serve a targeted customer base, giving the affiliate a small but potentially continuous source of revenue. This technique can then be repeated across several other niche websites. A wider niche is harder to market as the expense of online advertisements increases according to the popularity of the keywords used (on Adwords and YouTube, for example).

Some niches may become saturated with marketers, increasing competition and thus reducing the slice of the pie available to each competitor. One solution is to find smaller, "undiscovered," but still profitable, niches, usually by searching out the best keywords to target. These lower cost keywords are called long-tailed keywords, as in the long tail of secondary keyword phrases that usually follow the main keyword in popularity of number of searches conducted by internet users. Because some are so obscure as to have few or no clicks per month, the trick is to find the right ones to target.

Often business owners view a niche market as narrowing their sales or cutting into a profit margin, so they fear it. The truth is, a niche market could be defined as a component that gives your business power. A niche market allows you to define who you are marketing to.

A niche market is a focused, targetable portion of a market. By definition, then, a business that focuses on a niche market is addressing a need for a product or service that is not being addressed by mainstream providers. You can think of a niche market as a narrowly defined group of potential customers. For instance, instead of offering cleaning services, a business might establish a niche market by specializing in blind cleaning services.

Defining Marketers' niche market before they embark on their Internet marketing strategy is important for the following reasons.

- They have the ability to make the most of their marketing budget by targeting your defined niche market. They'll discern exactly where to advertise and where to look to find blogs and related sites that are catering to your market. This gives them a starting point.

- Their website can then be optimized for search engines so that their niche market can easily find them.
- They are able to cater their website to their niche market. They can develop the site to guide their viewers and help them find solutions or products that are offered and are specific to the problems that the niche market encounters.
- A defined niche market makes it easier to develop ideas for new products or services that inherently appeal to a specific niche.
- They have an upper-hand in establishing yourself as a leader in your industry.
One reason that so many people want to work from their homes is that there is no need for a large financial investment to begin an online business. One doesn't need to invest heavily in product development. Those who have expertise in almost anything can begin by simply writing an e-book and promoting it or obtaining a website and promoting products that are produced by others. Think of the people who promote products that are produced by others as the modern version of the old door-to-door salesman except that instead of knocking on one door at a time they knock on the doors of millions of people at the same time by way of the Internet.

Another attractive reason that draws people to a work-at-home job or small business is the fact that they don't need to incorporate... a sole-proprietorship does nicely. One person working from one computer these days can accomplish the same things that once required many people working many hours to accomplish. A sole-proprietorship business isn't required to file separate tax returns or pay any special taxes on income that is earned in the way that a corporation, an llc or even a partnership business is required to do. The taxes levied on a sole-proprietorship business are just for personal income.

4. What Niche Marketing is not?

- Niche marketing is not about trying to sell your product or service to the world at large. As a small businessperson, you couldn't afford that kind of multi-million dollar advertising budget. It isn't possible. You can, however, with only a computer, an Internet connection and a good idea sell to a smaller audience using niche marketing.
- Niche marketing is not about trying to compete. Competition is taken out of the equation when you do niche marketing. You aren't out there in the world lined up beside or behind a million other people who are selling the same thing you are selling. You are selling to a specific audience that you have created for yourself with your opt-in email list.
- Niche marketing is not about selling to different people every day of the week. Once you have your list built, you can sell to the same people time and time again. By

taking as much time as you need and putting forth enough effort to get to know the people who make up your list of buyers you can continue to sell to them.

- Niche marketing is not about focusing on the big picture. It is about focusing on the small picture and the smaller the better. Narrowing your niche down to a very specific part of a larger market assures you of gaining a fair market share of that small part. The world is a big place and there are billions of people. You only need an infinitesimal portion of the population to have a huge list of potential buyers of your products or services.
- Niche marketing is not about seeing only the impossibilities. Niche marketing is only about looking closely at the possibilities. Small possibilities converted to sales can equal big profits.

5. Niche Marketing vs. Internet Marketing Niche

Niche marketing and an Internet Marketing niche are both forms of Internet marketing but are different. The term 'niche marketing' means selling a specific product to a specific type of buyer. There are far less competitive niches than an Internet marketing niche. Most niche markets are more open to the latest marketing strategies, as well. Small niche markets are not over stocked with gurus and wise men and are much easier for the beginning marketer to break into. A niche market allows you to promote your own niche product or that of a niche affiliate product. There is a niche market for anything and everything you can imagine. All it takes to break into a niche market is a good idea, a good product created by you or someone else that will appeal to certain people, some advertising and the desire to succeed. The Internet marketing niche, on the other hand, means that you will be promoting your own Internet marketing product. This is a very crowded field of endeavor and really difficult to break into. It's a world filled with gurus and wise men who have been playing and winning the game for a long time. This doesn't mean that it is impossible to cash in on the Internet marketing niche because, of course, you can. It is a world still built on demand and that means that if you have a product that can compete and if you have the willingness to play hard ball with the big boys then you can succeed at the Internet marketing niche game. Just be aware that there are easier niche market nuts to crack.

6. Niche Marketing - the Way to Go in Succeeding Online

Niche Marketing is the last great frontier for the small business entrepreneur. Out there in the 'real' world, small businesses don't have a half fair chance of competing against the giant international corporations of the world. The Internet has evened the odds for small business. The Internet has created a real equal opportunity for those who are willing to use it. There are several different ways to make use of niche marketing and succeed. All of the ways

require getting a domain and a webhost, building web pages and adding content. Those are just the basic basics of Internet Marketing in any form. Then there are the choices of how to go about building a successful niche marketing site that will provide you with a profit, hopefully a very large profit.

1. You can create an informational product. An informational product can be articles, reports, and columns, audio or video, or other things. These can be sold as stand alone products or used for advertisement or promotional causes.
2. You can build a content rich web site that will be so interesting it will draw potential customers again and again.
3. You can publish newsletters and ezines that are so full of pertinent information that people will happily pay for subscriptions to them.

All of the above listed ways can be used to create a niche marketing website that has the capacity to make money. There are two things that all of these methods have in common.

1. The topic must be one that helps people solve a problem, makes them healthier or happier, or provides them with information that they want or need in some way.
2. The content of the website, no matter the topic, must be relevant, timely and interesting to the people who are reading it and the website must be easily navigated.

7. Solutions via Forums

Niche marketing at its best helps to solve real problems that real people live with everyday. If you can come up with a product or service to promote in a niche market that will help people solve their problems then you will have a money-making niche market website and can quickly build a long list of potential customers.

The things that people view as 'problems' run the gauntlet of possibilities... everything from a hang nail to a golf swing to a chronic disease are people problems that they are looking for help to solve.

A good way to find out what people consider a problem is to visit the online forums. People talk about anything and everything online. They discuss subjects that they wouldn't talk about with their best friends for the simple reason that they can remain anonymous. They look for solutions online for the very same reason. By visiting forums and taking note of what people are most concerned about you can search the Internet for products and services that will help them solve those problems. Gather the information about the topic. Write or have written for you articles about the topic. In this way you can find a topic and build a content-rich website for niche marketing that helps with the problem you have identified and that will serve the needs of people.

An additional way to use forums to help you build a niche market website is to join a forum, identify the problem being most often discussed, post a question that will produce many responses and use those responses to write an e-book on the topic. The fact is that many people will buy an e-book that is filled with information they could actually gather for themselves. They will also purchase e-books that will tell them what other people with the same problem they have think about or are doing about their common problem.

8. Content-rich Sites

Making money from a content-rich niche marketing website can be very easy, very difficult or impossible. First let's define and describe what a content rich niche market website is and how it works. You won't find a list for "Niche Markets" anywhere. There isn't one. A person will find niche marketers when he types words into his favorite search engine and hits search. Let's say he types in "Improving my golf score". He will get many hits that will provide links that take him to niche marketing sites. On these sites, he will be asked to enter his email address and opt-in to receiving a newsletter. Since he is in need of learning how to improve his golf score, he willingly does that. On the content rich site he will find articles and other information about improving his golf score and advertisements for products and services designed to help him improve his golf score. In the future he will receive a newsletter, about every two weeks usually, and he will have become a niche market customer. If you are the niche marketer, the opt-in email address supplied is pure gold because you will have a customer or a potential customer. When he buys the products and/or services that you are advertising on your site, you will make money. Having a content rich site enhances the possibility of sales.

The trick to making money from a content rich niche marketing website is to have a topic that helps people solve their problems, makes them feel better or look better, or supplies them with information that they need. You will need to have related products and services advertised on your site since that is where the income actually comes from. The website content is what makes people visit your site again and again. The more content rich it is will determine how often they visit and how long they stay. The longer they stay the more opportunities you have to sell to them.

9. Information Products to Niches

There are a lot of people who would love to be able to create a cool informational product and be able to make a great living (even get rich) while sitting in a comfy chair in front of their computers knowing that never again would they have to drive in rush hour traffic with all those crazies or put up with an unrelenting, over zealous boss who never had and never would or could be pleased. What a beautiful vision! The truth is that that lovely vision can

become a reality but you will have to pay your dues first. Successful niche markets for an informational product don't grow on trees or fall out of the sky.

The first thing you need and must have to create an informational product is an idea... a subject... a topic... that will fill the needs, solve a problems, or just make life better for some particular and very specific segment of the general population. You are surrounded by ideas if you just look. Look at yourself first. What is your biggest problem? Do your friends share the problem? Are you passionate about a hobby or a sport? These kinds of things are the stuff of which informational products are made of. So the very first thing you need is to identify a topic and, thereby, a market.

Another thing that you need to have in order to create an informational product which will become successful is research. Every topic and every subject are not going to make money. Many of them will, but just as many will not. The best research is accomplished by reading and talking to people who have succeeded in niche marketing informational products. Savvy niche marketers can spot a great topic from forty paces with one eye shut. When you have an idea and have done the research that has proven that there is a market for your informational product, the rest is just a matter of creating the product, building a great website, and advertising it.

10. Use of Overture

The Overture Search Tool is a wonder to behold. There are so many tools and so much help available at the site that when you visit you will be asking why nobody has told you about this before now. The costs are small and the services are large and extremely helpful to Internet entrepreneurs. It is free to join the site and there are so many ways for you to help yourself. You can locate the best keywords for your business, you can find out what the top bid is on the best key words, and you have the opportunity to place a higher bid. For only the very small price of \$1.99 you can get even more help... and from professionals.

There are a couple of differences to take note of, however. The free service gives you access to the STST. The way that overture will make a profit here, since the service is free, is by selling you the best key words. There's nothing wrong with that... everybody has to make a profit to stay in business. The Keyword tool on Google gives a complete different set of Keywords. They don't sell the keywords, so it makes you wonder which list of Keywords are the best.

If you have not yet made use of Overture, this is certainly a tool you should take the time to explore. Bidding very high on the best Keywords can move your advertisements into the top ten search results in the major search engines very quickly.

We all know that search engine optimization (SEO) is the key to making sales, and making use of Overture is one of the best ways to accomplish that task.

11. Conclusion

Deciding on what product or service you will promote in a niche market should be based on a simple principle. There should be a demand for your product or service and you must offer something that people actually need, something that will make their lives better, make them feel better physically, make them look better, or help them solve a problem. Once you have chosen a product or service to market, researching to find the right niche for your product or service is the next most important part of beginning a niche marketing program. The things that you need to know are where they spend their time online, and what makes them tick from a personal and business point of view. There is niche marketing software out there that can help you learn these things about your potential niche market. The next thing you need to learn as you research your online niche market is what you can reasonably charge for your product or service. The best and most effective way to do this is to visit sites that advertise products or services similar to what you have chosen to sell. It should be easy to see if they are giving away a service or selling the product at a price far lower than you would have to charge. If you can determine that there are people out there to spend money on what you are selling, then you have a niche marketing product or service that can make money on the Internet. Sometimes it takes reframing your product or service to make it more attractive, better or just different than what others are selling it for. Research is the key to successful niche marketing.

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