

# **MARKETING EDUCATION IN INDIA: ALIGNING CURRICULUM WITH EMERGING MARKET CHARACTERISTICS**

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## **Abstract**

Emerging markets have attracted considerable academic and managerial attention in recent times because of their economic growth and attractive market potential. These markets are different from advanced countries on socio-economic, cultural and regulatory dimensions (Burgess & Steenkamp, 2006). They also have some unique characteristics which influence marketing strategy and practice. Sheth (2011) has advised firms operating in emerging markets to adopt new orientations. Marketing education in emerging markets too needs a customized approach. Clarke and Flaherty (2003) have concluded that content and techniques used for marketing education in the US are not appropriate for emerging markets, and improvisation is necessary. This paper describes the redesign of a core marketing course at a leading Indian school to improve coverage of the market realities of emerging markets. A review of the marketing literature revealed a number of issues relevant for marketing in emerging markets. These issues included market characteristics, affordability in pricing, resource improvisation, market development, conversion of non-users to users, inclusive growth, disruptive innovation etc. The implications of these issues for marketing education were explored and it was decided to redesign the core marketing course in order to improve students' understanding of market realities. The redesign of the course involved choosing appropriate cases and articles to illustrate the issues emerging from the literature review. The redesigned marketing course has been taught for the last two years at the author's school and feedback has been very encouraging. Literature on marketing education in emerging markets is quite sparse, and it is hoped that this paper will be useful to instructors who are teaching marketing in emerging markets.

## **Background**

Emerging markets have fascinated corporations and academicians in advanced countries for over three decades (Kearney, 2012). For corporations, these markets offer the potential for future growth as economic development pulls out millions of people from poverty and subsistence, and transforms them into active consumers (Sheth, 2011). Academicians are keen to examine whether theories of business and management that were developed in advanced countries really work in countries with completely different environments (Burgess and

**Table 1: Marketing courses in a typical two year PGDM (MBA) program in India**

Core (or required courses) in First Year	Marketing Electives in Second Year
<ol style="list-style-type: none"><li>1. Marketing Management -I</li><li>2. Marketing Management -II</li></ol>	<ol style="list-style-type: none"><li>3. Marketing Research</li><li>4. Consumer Behaviour</li><li>5. Brand Management</li><li>6. Business to Business Marketing</li><li>7. Advertising and Sales Promotion</li><li>8. Sales and Distribution Management</li><li>9. Retailing Management</li><li>10. Competitive Marketing Strategy</li><li>11. Pricing Strategy</li><li>12. Services Marketing</li></ol>

Steenkamp, 2006). Emerging markets are quite different compared to nations in the developed world. They have “institutional voids” (Khanna & Palepu, 2010) and different institutional contexts (Burgess & Steenkamp, 2006). Multinational firms have been advised to develop strategies that fit the characteristics of emerging markets. This advice is equally applicable in business education, and business students in emerging markets must also be familiarized with the market realities.

Economic growth in emerging markets fuels the need for skilled managers, which in turn can lead to increased demand for business education. There is evidence of such a linkage in India since student intake in MBA and Diploma programs in India has increased substantially over the last decade. According to Leahy (2011), India produces over 50,000 MBA graduates every year. Another report estimated that there were more than 3800 graduate programs in business administration in India with an enrolment of 379,000 students (Seetharaman, Sharma and Kaushik, 2012). There are two types of graduate business programs in India-“Post Graduate Diploma in Management” (PGDM) programs equivalent to MBAs offered by the stand-alone Indian Institutes of Management (IIM), and MBA degree programs offered by the state universities. The IIMs and state universities cannot meet the huge demand and most students opt for the PGDM programs offered by private business schools which are regulated by the All India Council for Technical Education (AICTE). Marketing is a popular discipline among business school students in India. Table 1 provides a list of marketing courses on offer in a typical graduate business program in India. There is at least one required course in Marketing and at least 6-10 Marketing electives on offer in the MBA and PGDM programs, so there is a lot of focus on teaching of marketing in Indian schools. The focus on teaching of marketing has however not translated into research on marketing education, and there is little advice on how to

improve the marketing curriculum and align it with market characteristics and needs. Clarke and Flaherty (2003) have concluded that the content and techniques used for marketing education in the US are not appropriate for emerging markets, and improvisation is necessary. Marketing is a context sensitive discipline (Sheth, 2011), and hence marketing education must expose students to the fundamental aspects of the context, particularly the distinguishing characteristics of focal markets.

Literature on marketing education in emerging markets is quite sparse. This paper aims to partially fill this gap. The paper is structured as follows: first, literature on emerging markets is reviewed to identify unique issues related to marketing in emerging markets. Next, the implications of these issues for marketing education are explored. The final section describes the redesign of a required marketing course at a leading Indian school to improve coverage of these emerging market realities. It is hoped that the suggestions in this paper will be useful to marketing educators who are teaching, or planning to teach marketing in India.

### **Emerging Markets**

The term “emerging market” can be applied to a large number of countries and there are many lists which classify countries into emerging and developed country categories. In addition, multilateral bodies such as WTO, UN, and World Bank have their own classifications for categorizing countries. Burgess and Steenkamp (2006) have recommended GDP per capita as a basis for classifying emerging markets, and their list of emerging markets contains 152 countries from different continents.

Emerging markets have different contexts compared to developed countries. Salient differences exist between developed countries and emerging markets in three broad areas: socio-economic characteristics, cultural characteristics and regulatory environment (Burgess & Steenkamp, 2006). Emerging markets are quite heterogeneous in terms of cultural dimensions (Hofstede, 2001), and they differ from advanced countries and from each other on parameters like autonomy / embeddedness, hierarchy/egalitarianism, and mastery/ harmony (Burgess & Steenkamp, 2006). The regulatory environment in emerging markets can also be quite different. Legal structures and infrastructure may be weak, legal processes may be bureaucratic and time consuming, and enforcement may be poor. Corruption is another big problem in emerging markets. Sarin (2012) mentions that business to government marketing in India plagued with corruption.

Sheth (2011) identifies five major characteristics that influence marketing in emerging markets- market heterogeneity; governance; shortage of resources; unorganized competition; and lack of infrastructure. Market heterogeneity refers to the considerable diversity of income and wealth in emerging markets. This diversity results in three broad consumer segments: a small class of elite consumers, a substantial middle class, and a large mass market (Khanna and Palepu, 2010; Prahalad and Lieberthal, 2003). Governance refers to the roles of government, big business and other groups in influencing the way markets function. Sheth (2011) argues that markets in emerging countries are influenced more by governments and local business groups than by competitive forces. Unorganized competition, the third characteristic mentioned by Sheth (2011), refers to self reliance in production; importance of second hand products; and presence of barter arrangements in purchasing. Shortage of resources, the fourth characteristic of emerging markets, refers to limited availability of essentials such as electricity, water, education, healthcare, public transportation and housing. The fifth characteristic of emerging markets is the lack of adequate physical and distribution infrastructure (Sheth, 2011; Khanna and Palepu, 2011). Retailing activities in these markets are usually carried out by small independent shops, and firms encounter many challenges while building distribution networks.

Sheth (2011) argues that the unique characteristics of emerging markets necessitate a rethinking about marketing theory, strategy, policy and practice. He advises marketers to adopt new orientations like aggregation advantage, resource improvisation, market development, conversion of non users to users, and inclusive growth to guide marketing activities in emerging markets. Resource improvisation refers to the ability to leverage existing resources in creative ways to deal with resource scarcity. The term “jugaad” is well known to Indians. Jugaad is a way of innovating with available resources. Examples of jugaad include conversion of a tractor and a trailer into a load carrying vehicle; and usage of bamboo as raw material for furniture. Market development according to Sheth (2011) refers to the process of growing market size and increasing product penetration by simply providing access to affordably priced products. This approach which involves creating wide distribution for low unit packs and introducing pay as you go pricing for services, has worked well in terms of providing access to low income consumers in emerging markets.

Sheth (2011) has advised marketers in emerging markets to focus on conversion of non-users to users. This orientation requires wide product availability, appropriate price points, an effective persuasion. Persuasion in emerging markets is enhanced when popular endorsers are used in

**Table 2: Marketing issues in emerging markets**

<b>Marketing education issue</b>	<b>Explanation</b>	<b>Source</b>
1. Emerging market institutional context and market characteristics	Unique features of emerging markets which influence marketing strategy and practice	Khanna and Palepu (2011) Burgess and Steenkamp (2006)
2. Affordable pricing for large middle and mass markets segments	Price points in emerging markets must be significantly lower	Prahalad and Lieberthal (2003) Khanna and Palepu (2011)
3. Resource improvisation	Companies and customers have to leverage available resources in imaginative ways to create useful products and services	Sheth (2011)
4. Market development	Firms have to invest in creating and growing the market	Sheth (2011)
5. Conversion of non-users to users	Low unit packages at entry level prices with opportunities for product trial will encourage new users to try and repeat	Sheth (2011)
6. Inclusive growth	All sections of society must be supported to become active consumers. People at the BOP must be helped to increase incomes	Sheth (2011)
7. Poor distribution infrastructure	Traditional urban focused distribution structure with small retailers leaves many rural areas uncovered	Khanna and Palepu (2011)
8. "Bottom of the Pyramid"	Millions of consumers who earn less than \$ 2per day can collectively represent a sizeable market. MNCs can profit by creating and marketing appropriately designed and priced products and services	Prahalad and Hart (2002)

9. Disruptive innovation in products and business models for addressing low income segments	Innovations in terms of product features, materials, and technologies are required to address affordability	Burgess and Steenkamp (2006)
10. Emerging markets a source of new product ideas for multinational companies	Innovations created in emerging markets can be transferred to other emerging markets, even to developed markets	Washburn and Hunsaker (2011)

communication. Film actors and cricket players are popular endorsers in India. The campaign against polio endorsed by a respected actor has been one of the most persuasive social marketing campaigns in India in recent times. Sheth (2011) has also advised firms to focus on inclusive growth while marketing in emerging markets. Inclusive growth requires initiatives aimed at increasing the income of low income people to enable them to participate in the market. Firms can address the issue of inclusiveness either through marketing strategy or through corporate social responsibility activities. Karnani (2007) suggests that firms can help increase consumer income by co-opting low income consumers as producers in their supply chains.

The “Bottom of Pyramid” (BOP) concept is an interesting concept about emerging markets (Prahalad & Hart, 2002). This concept refers to the four billion people whose incomes are less than \$1500 per year. Prahalad and Hart (2002) have suggested that there are opportunities for companies to grow, profit, and make a social contribution by serving the people in the BOP with specially designed products and services. In order to satisfy the needs of low income consumers, firms must create disruptive innovations and new business models (Burgess & Steenkamp, 2006). Innovations are required in technologies, product features, price points, pricing models and business processes. Product and business model innovations developed in emerging markets can be transferred to other emerging markets and can even be targeted to address low income segments within advanced countries (Washburn & Hunsaker, 2011).

The emerging market issues identified in the literature review are listed in Table 2. The next section examines their implications for marketing education in emerging markets like India.

## **Implications of Emerging Marketing Characteristics for Marketing Education**

Many emerging markets are experiencing rapid economic growth and growth creates opportunities for firms which are positioned in the right sectors at the right time. Good relationships with national and regional governments, an ability to cut through bureaucratic red tape, and speed in establishing manufacturing and distribution infrastructure, are among the key factors for success in emerging markets. Corruption is common business government relationships in many emerging markets. Marketing courses in Indian business programs usually do not cover the subject of government relations or discuss the menace of corruption. There is a need for equipping business students in general, and marketing students in particular, with a strong foundation of business ethics so that they can handle government relations in a principled way.

The emerging market literature suggests that there is a great deal of heterogeneity across consumers in emerging markets. The segment of affluent consumers who can purchase global brands at global prices is often quite small, and the returns on marketing investments in this segment are limited, at least in the short run. Foreign companies therefore need to address consumers in the middle and lower-income tiers in order to achieve volumes and growth (Prahalad & Lieberthal, 2003). The middle-income segment in emerging markets is quite large. Consumers in the middle segment seek global quality at affordable prices (Khanna and Palepu, 2011). Firms must reengineer cost structures to deliver high quality products at attractive price points (Prahalad & Lieberthal, 2003). Emerging markets also have a large mass market segment which cannot afford global products. This segment is usually targeted by local companies with locally developed, unbranded, low-priced products, (Khanna & Palepu, 2011; Sheth, 2011). Manufacturers have been advised to develop disruptive innovations and low-cost business models for targeting low income segments (Burgess & Steenkamp, 2006). Disruptive innovations are particularly relevant for “Bottom of the pyramid” (BOP) consumers (Prahalad and Hart, 2002). Consumers in emerging markets are very price conscious and have strong value perceptions; hence marketing students must appreciate the importance of affordability in all its aspects. Marketers must also consider aspects like popularity of second hand products (Sheth, 2011), low level of literacy and functional illiteracy (Viswanthan and Rosa, 2009) and cultural characteristics while developing and implementing marketing plans in emerging markets.

Income constrained consumers in emerging markets have been successfully targeted with smaller servings, pay as you go pricing and incorporated into supply chains as producers. New product creation in emerging markets is an important topic in marketing education. The academic and business literature contains several examples of successful products created in emerging markets. These examples can serve as excellent vehicles for students to learn about market research, product development, and product launch strategies relevant to their markets. Theoretical frameworks that describe disruptive innovations, particularly frameworks that deal with low-budget product development will be very useful to students.

Several researchers have commented on the lack of distribution channels in emerging markets (Khanna and Palepu, 2011; Prahalad and Lieberthal, 2003). Distribution channels in these markets tend to have traditional structures with small, independent, middlemen. The Indian distribution system contains thousands of small wholesalers and distributors who deliver products to over 10 million small retailers. This system covers most of India's towns but many rural villages lack distribution. The tax structure in India encourages a state-wise rather than a national distribution approach and encourages the contracting of distribution activities to small, local warehouses and wholesalers. Marketing students must understand the structure of the distribution, the nature entities that operating in the system and the ways in which distribution activities can be optimised for customers and firms.

### **Aligning Marketing Curriculum with Emerging Market Characteristics**

This section describes the experience of redesigning a “core” marketing course in a leading Indian school to better accommodate the emerging market characteristics identified from the review of marketing literature. The course is a three credit “core” course in the first year of a two year PGDM program (MBA equivalent) and is the first marketing course that students are exposed to during their two year program. Prior to the redesign, most of the cases used in the course were cases set in advanced countries. These foreign cases had been originally chosen to reflect generic marketing concepts and issues. Student feedback on the course had suggested the need to use more cases relevant to India, so it was decided to redesign the course to accommodate locally relevant marketing concepts and more local content. Three objectives were set for the redesigned course. The first objective was to make the course more relevant to Indian conditions by focusing more on the needs and characteristics of the middle income and low income consumers. The second objective was to expose students to the unique characteristics of the marketing systems and distribution channels in India, and the third



**Table 3: Aligning pedagogy with marketing realities in emerging markets**

Marketing education issue	Course in which this issue can be addressed	Case/Readings
1. Emerging market institutional context and market characteristics	Marketing (Core course)	Article: Burgess and Steenkamp (2006)
2. Affordable pricing for large middle and mass markets segments	Marketing (Core course) Pricing Strategy	Case: Aravind Eye Hospital
3. Resource improvisation	Marketing (Core course)	Case ITC E-Choupal
4. Market development	Marketing (Core course)	Case: Unilever in India Hindustan Lever's Project Shakti
5. Conversion of non-users to users	Marketing (Core course)	Case: Eureka Forbes
6. Inclusive growth	Marketing (Core course)	Case: Aravind Eye Hospital Case: Unilever in India Hindustan Lever's Project Shakti
7. Poor distribution infrastructure	Marketing (Core course) Sales and Distribution Management (Elective course)	Case: Unilever in India Hindustan Lever's Project Shakti Case: Hindustan Unilever's Pureit Water Purifier
8. "Bottom of the Pyramid"	Marketing (Core course)	Article: Prahalad and Hart (2002) Case: Heath Insurance at the base of the pyramid

9. Disruptive innovation in products and business models for addressing low income segments	Marketing (Core course) New Product Development (Elective course) Product Management (Elective course)	Case: Tata Ace Case: Tata Nano Case: Godrej Chotukool
10. Emerging markets a source of new product ideas for multinational companies	Marketing (Core course) New Product Development (Elective course)	Case: Hindustan Unilever's Pureit Water Purifier Case: Biocon-Launching a new cancer drug in India

income and low income consumers. The second objective was to expose students to the unique characteristics of the marketing systems and distribution channels in India, and the third objective was to convey best practices adopted by global and Indian firms for addressing consumer and infrastructural issues. The redesign of the course involved identifying ideas and concepts that are relevant to marketing in emerging markets and choosing new cases and articles. The important cases chosen are listed in Table 3, and comments on individual cases are given below.

Recent cases about firms in India contain good overview of the various market segments and the large sizes of the middle income segment and mass segments in India. However, there is not much case material about the BOP segment. The BOP concept can be explained to students using a series of articles like Prahalad and Hart (2002); Barki and Parente (2010); and Hammond *et al.*, (2007); along with videos supplied with the book Prahalad (2004). Teaching experience suggests the need for balancing articles supporting the BOP concept with articles which are critical of BOP such as Karnani (2007). The BOP concept can be part of a larger discussion on development needs in emerging markets. Students will benefit from exposure to topics like the United Nations' "millennium development goals" and the role of corporations in helping governments in achieving these goals.

The resource improvisation concept mentioned by Sheth (2011) can be illustrated very well by using the "ITC eChoupal Initiative" case (Upton & Fuller, 2003). ITC introduced a computerised system called "e-choupal" for purchasing soyabean directly from Indian farmers at prices that were beneficial to both parties. In order to forestall opposition from entrenched middlemen, ITC

co-opted middlemen into the computerised system by giving them important roles in the purchase process. Students can be given an assignment to identify issues involved in scaling up the e-choupal and can be asked to evaluate the potential of the e-choupal system to sell products back to farmers.

The Eureka Forbes case (Das, 2005) is a good example of Sheth's (2011) emphasis on conversion of non-users to users in emerging markets. The case describes an Indian company that has built an extensive direct to home sales organization to sell water purifiers and vacuum cleaners. The firm's sales personnel demonstrate the products and bring latent needs to customers' attention. Water quality in Indian cities is often a problem, and traditional methods of treating drinking water like filtering and boiling are not very effective. Eureka Forbes has been very successful in increasing the salience of water quality and persuading people to buy and use water purification systems.

The Aravind Eye Hospital case (Rangan, 2009) provides a good illustration of the "inclusive growth", "resource improvisation" and "affordable pricing" concepts mentioned by Sheth (2011). The hospital was started with the aim of treating blindness caused by cataract growth, a problem which affects millions of people in India. Aravind has a unique, cross subsidy business model where those who can afford to pay cover costs of those who cannot pay. The hospital manufactures intraocular lenses at a fraction of the cost of imported lenses. The hospital's employs women from nearby villages for nursing jobs and trains them to provide high levels of nursing service. Aravind conducts a large number of eye camps in the surrounding villages to identify people who need interventions. The camps are funded and promoted by local business people who get an opportunity to participate in community development. The published Aravind case can be supplemented by the video titled "Infinite vision" describing the life and philosophy of Dr. Govindappa Venkataswamy-the founder of the Aravind organization. Students who read the case and view the video are profoundly touched by the compassion and commitment of Dr. Venkataswamy to his mission of reducing needless blindness.

The complex nature of the Indian distribution system is explained in the case "Unilever in India-Hindustan Lever's Project Shakti" (Rangan & Rajan, 2005). This case describes an innovative Unilever initiative to utilise self-help groups to distribute consumer products in villages. This case is a good illustration of the "market development" concept discussed by Sheth (2011). The case can be supplemented by an article on the Indian distribution system like Mishra (2009), to provide an excellent overview of distribution in India.

Several disruptive innovations have been introduced into the Indian market over the last few years and are highlighted in recent cases. These include the Tata “Nano “car (Tybout and Fahey, 2011), the “Tata Ace” mini-truck (Palepu and Srinivasan, 2008), and “Chotukool” a small refrigerator from Godrej (Dhanaraj, Suram and Vemuri, 2011). Students enjoy case discussions on these innovations since the Tata Nano and Tata Ace vehicles are quite visible on Indian roads. Another excellent product development example is the “Pureit” water filter from Unilever’s Indian subsidiary Hindustan Lever highlighted in a case written by Rangan and Sinha (2011). The “Pureit” case enables discussion on Washburn and Hunsaker’s (2011) idea of transferring innovations from one emerging market to other emerging markets or to advanced countries.

The redesigned core marketing course incorporating new cases and articles described above has been taught by the author for the last two years. Student interest levels have been very encouraging and the quantitative feedback has been excellent. Students have mentioned in qualitative feedback that the course has increased their interest in the field of marketing and has helped them in really understanding the marketing situation in India. Students have also mentioned that the usefulness of the course in preparing for summer internships and in choosing marketing electives in their second year. The author plans to review the course content on a regular basis to keep the content updated with new developments in the Indian market.

### **Concluding Comments**

Emerging markets are very promising but they are quite different from advanced countries. The unique characteristics of emerging markets influence marketing strategy and practice and necessitate adoption of new orientations by marketers. Marketing education in emerging markets must also be aligned with market realities. Course material that is used for teaching marketing in advanced countries may not be suitable in emerging markets. In recent times, many good marketing cases and articles set in emerging market contexts have become available. Incorporation of these cases and articles in pedagogy can significantly improve the relevance and utility of the marketing course for students in emerging markets.

References available upon request