



## TATA MOTORS LIMITED

### CAPTURING THE HEART OF RURAL INDIA

TATA Motors' Project NEEV is uniquely poised to tap into India's rural markets in a sustainable, scalable and socially responsible way.

#### OVERVIEW

With 69% of India's population being rural, and the Government's increased focus on developing rural infrastructure, the demand for commercial vehicles in rural India was expected to expand exponentially creating a burgeoning opportunity for Tata Motors (TML) to grow its small commercial vehicles business.

Through Project NEEV, TML collated a trusted group of advisors from the government and NGOs to aid businesses in enhancing employment opportunities for the youth through Ace/Magic. Project NEEV's revolutionary customer-centric approach resulted in an integrated long-term rural marketing strategy that was distinctive, lucrative and scalable. Shifting from the trend of pitching traditional product features and operating economics to focus on the livelihood enhancement of a consumer through entrepreneurship, and diverging from selling only through dealerships to a community-based sales force model, NEEV broke the mould and laid the foundation for TML to grow and solidify its position as a rural market leader.

#### INNOVATION

The Government's renewed focus on the development of rural infrastructure was soon going to result in over 1.65 lakh rural homes having access to a road network of over 3.93 lakh kilometres – with new road construction and upgrades. This has had a tremendous positive effect upon cargo transportation and passenger movement to and from these rural areas. TML's core thought for this new innovation stemmed from the increasing future-need belief that rural market demand for commercial vehicles would expand significantly soon. TML's raison d'être was to widen its focus from urban and semi-urban markets to address the increasing demand in rural pockets was warranted given the scale of this inevitable opportunity wherein SCV category vehicles would definitely be required in rural environments. While broaching this new project, understanding the rural customer was essential – and also one that, at the time, was very limited in its focus.

In order to strengthen its foothold in this previously-uncharted terrain, it was crucial that Tata Motors moved quickly with an 'out-of-the-box' approach to create a one-of-a-kind rural sales channel, which was competitive and could deliver results consistently and cost-effectively. NEEV was conceptualized to leverage the synergy between TML's business team, who possessed the sales skills, and community-based individuals who had a deep knowledge of the territory and the trust of the consumer. This coupled with the company's effort to find the right stimulus by accurately understanding the needs, challenges and motivation of rural Indians, helped TML forge a path into rural India.

To increase the visibility and awareness about Project Neev, TATA Motors brought together and deployed a network of 'Tata Gram Mitras' (TGMs) – a unique assemblage of youth from the Nehru Yuva Kendra Sangathan, NGO workers from the Centre of NGOs of Rural India (CNRI) and owners of Kisan Seva Kendras. The Nehru Yuva Kendra is a body under the Ministry of Youth Affairs and Sports that is spread over 501 districts with access to

## CASE STUDY

YEAR OF IMPLEMENTATION: 2011

#### INNOVATION IN A NUTSHELL

A distinctive marketing strategy based on the true understanding of the consumers needs and a pioneering approach to distribution by leveraging a community based sales network.

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over 1 lakh youth clubs. The Kisan Seva Kendra, a chain of over 2,800 rural petrol pumps across India, has been used to spread awareness for TML products by displaying its vehicles there. TML worked closely with the owners of KSK outlets to spread awareness about TML products. The CNRI is a network of over 7,000 rural-focused NGOs. TML leveraged their members as TGMs to pilot this project in their districts. To incentivise them, each TGM was given a stipend for working with Project Neev and they were trained in sales, rural-specific vernacular marketing and given a coverage plan. TGMs were then expected to source leads and pass those along to TML via text message. They then receive a call-back requesting the customer's details that is later forwarded to relevant dealers. TGMs are further rewarded with a commission for every viable lead they manage to generate.

TML used the TGMs to drive awareness and consideration for its products while also building trust and consumer loyalty. Interestingly, TML incurred a minimal incremental cost to put this network in place. Going off the beaten track from the typical pitches its competitors were making, TATA Motors captured the heart of its rural consumers by focusing on the value their vehicles could deliver to supplement their livelihoods versus traditional product features and operating economics. TML was the first industry player to create an indirect channel to its customers that comprised of volunteers from NGOs and businesses. Project Neev's vision of using rural youth to make them more employable in the future also set this initiative apart from the crowd.

Testing assumptions to ascertain the true potential of rural markets in a systematic way was critical to getting the success formula right. A pilot was planned in the first phase and rolled out across 44 districts in 5 states - Andhra Pradesh, Uttar Pradesh, West Bengal, Maharashtra and Tamil Nadu. The results of the pilot study and the evidence that the project was moving in the right direction provided the stimulus for TML to launch "Wave-1" with the purpose of fine tuning the model for scale. The outcome was a well-thought out, long-term, sustainable rural marketing plan that was replicable and profitable for TML and its dealers. By the third year of implementation, TML was selling commercial vehicles to rural areas in 10 states. Subsequently, Wave-2, Wave-3, Wave-4 and Wave-5 were rolled out in 19 states, 379 districts and 4,205 tehsils.

## THE CHALLENGES

A high churn rate among TATA Gram Mitras, who were largely a pool of youth volunteers doing development work, meant that the District Team was unable to consolidate a mature Sales Team. Working part time for Neev, the TGMs would need to be incentivized and constantly engaged with, if the model had to work. Addressing this pressing concern, TATA Motors promptly set monthly stipends, increased the interaction of TGMs with dealership personnel, and offered high performers employment with the dealership.

Though TATA Gram Mitras had a thorough understanding of the market they were addressing, their sales and customer engagement capabilities needed to be refined. TATA Motors set up people with sales skills to accompany rural sales coordinators and had them meet at common monthly meetings and share their learnings, resulting in a seamless sales process stemming from the synergy that this combination brought.

TML also realized that the largely unbanked rural consumers' access to finance could make or break the decision to purchase an asset. Banks too were cognizant of the risks involved with lending to a population that had no documentation or credit history. TML helped buyers to secure credit by aligning with potential financiers to ease their eligibility criteria, and in return helped lending banks access risk cover through the Government of India and SIDBI's CGTMSE scheme by engaging with NABARD.



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## CHALLENGES FACED

High attrition of the indirect sales force led to an immature sales team at district level and the buyers' inability to access credit impeded the decision to purchase an asset.

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## SOLUTION

Incentivizing the indirect sales force with long term employment opportunities stabilized the work force and bridging the gap between financiers and consumers facilitated access to loans

## THE IMPACT

### TO THE CUSTOMER & SALES FORCE

Over 70,000 TML customers became rural entrepreneurs, operating their own goods or passenger transportation businesses, and spurred the rural economy through indirect demand for local mechanics, spare parts and more.

By 2015-16, TATA Motors had an indirect community sales force of over 6,000 people earning an incremental income, 736 retailers of Ace/Magic and hired over 350 TGMs in full-time positions. Project Neev's distinctive distribution model utilized the vast talent pool of capable rural youth, up skilling them, making them more employable and them providing long-term career opportunities at various levels indirectly and directly. Among consumers and the sales force, the resulting incremental income and improved standard of living dissuaded a citable number of individuals from migrating to cities to earn a living.

### REWARDS & RECOGNITION

In addition to winning Tata Innovista two years in a row in 2011 and 2012, and receiving the Innovators Trophy in Innovision Wave 3.0 in 2012, Project Neev won accolades at the Awards on Excellence in Rural Marketing in 2012 including 'Best CSR' by a Brand, Creative Award for an Innovative Communication Tool, and Best Long Term Rural Communication. In 2013, the Rural Marketing Association of India awarded Project Neev Gold for the Best 'In-film campaign' of the year in "Kutumb", Silver for the best 'On-ground in Sales Promotion', and Bronze for Best 'On-ground promotion for Brand Awareness'.

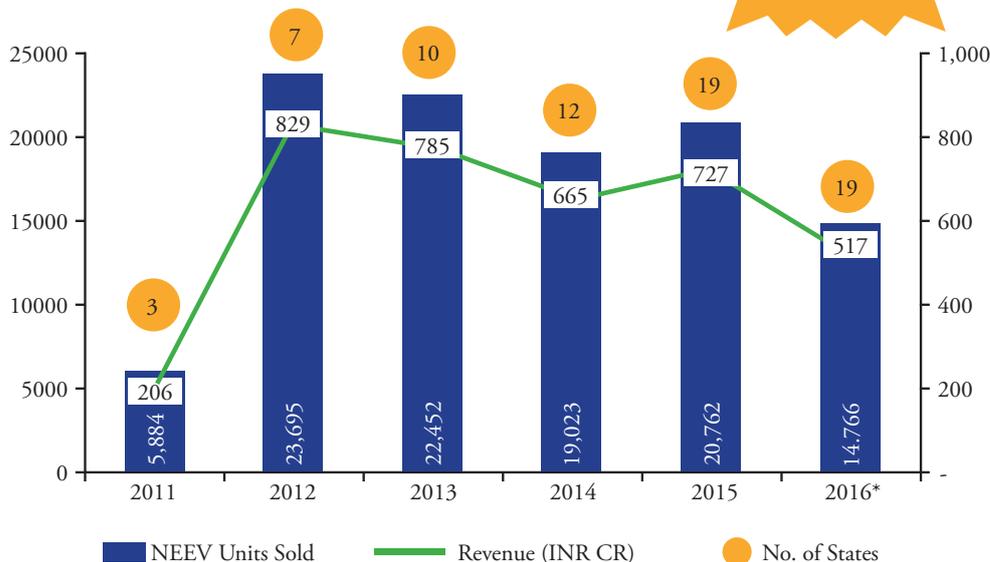
Project Neev continued its winning streak in 2016 with CMO Asia bestowing 3 awards in Rural Marketing Excellence – the Most Effective Use of Direct Marketing to Rural Customers, Excellence in Sustainable Marketing and the Best Integrated Rural Marketing Campaign.

### THEIR JOURNEY POST-INNOVISTA

Project Neev outperformed all assumptions with project costs remaining below projections and the retail segment being profitable across product models. By 2016, Project Neev had added a cumulative Rs.3,729 crores of the revenue of TML over its project life. With a resounding presence in 19 states and sales of over 1,00,000+ vehicles since it was set up, Project Neev added 23% to the small commercial vehicle category sales of TML in 2015-16 alone.

By having in place renewable contracts with business partners, clear standard operating procedures, a well-defined lead management and follow-up system through an upgraded CRM, and key financiers aligned to cater to rural geographies, Project Neev has ensured that the strong foundation it has built will help TML grow sustainably in these previously unexplored markets.

Neev's innovative and value-centred approaches has consistently delivered results since its inception and paved the way for Tata Motors to win over the heart of rural India and establish itself as a market leader there.



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### RESULTS ACHIEVED

By the year 2015-16, NEEV's sales had proliferated to 100000+ vehicles in 19 states in India, and contributed 23% to Tata Motors' small commercial vehicles revenue.

### BENEFICIARY STORIES

- Bablu Kumar, a partially handicapped, unemployed youth from an under resourced family in Makhn Nagar, Meerut has sold over 150 vehicles to date through the Tata Gram Mitra program and is now stably employed with TML and engaged in field sales.
- Ramchandra Ramsenighatvil from Barabanki bought for his fourth son the Tata Magic, to discourage him from migrating to the city like his three older sons did, and is proud to say that he is faring far better, financially, than his city-based siblings.

### ABOUT TATA MOTORS LIMITED

Tata Motors Limited, a USD 42 billion organisation, is a leading global automobile manufacturer of cars, utility vehicles, buses, trucks and defence vehicles.

Set up in 2011, Project NEEV is a rural marketing initiative with purpose of establishing Tata Motors' presence in rural India. NEEV has done just that and helped TATA Motors set itself apart from its competitors, build trust with rural consumers in 19 states in India and set itself up for exponential growth in the long term.