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Maximum Marks: 50	Examination: End Term Exam	Date: 13/04/2024
Duration: 3 Hours		
Programme code: 10 Programme: MBA PT Marketing	Class: SY	Semester/Trimester: VI
College: K. J. Somaiya Institute of Management	Name of the department/Section/Center: Marketing & International Business	
Course Code:	Name of the Course: Rural & Social Marketing	
Instructions: 1) Answer the following Questions in the Case Study. There is no choice. 2) Quality and not Quantity will fetch you more marks.		

		Max. Marks 50
	<p>It's all about NOISE!!</p> <p>The Genesis:</p> <p>In a tier-2 city like Bikaner in Rajasthan where the typical youth's trajectory veers towards professions like medicine, engineering or the civil services, cousins Amit and Gaurav Khatri chose to build a make-in-India consumer technology startup, they named 'Noise'. The founders of this technology wearables major of the day, were drawn to entrepreneurship for different reasons. For Gaurav, the driving force was deprivation of smart technology. Back then, even tier-1 cities had to wait months for the latest technology to reach them. Then 21 and a commercial pilot, Gaurav found himself disillusioned with the turbulence in the aviation industry, and yearned for a more fulfilling pursuit.</p> <p>His older cousin Amit, at 32 was already well-versed in the ways of the world, jet-setting across countries for an export house that was delivering to global giants like Zara and H&M. He was exposed to the pulse of innovation.</p> <p>United by a shared vision of pioneering an Indian business grounded in tangible products, the Khatri cousins initiated a journey of entrepreneurial daring. In 2014, their brainchild, Noise, which started as a mobile accessories seller, soon pivoted to compete head-on with industry titans such as Apple, Samsung, Bose and others in the wearables space.</p> <p>Amit attributes the inspiration for the brand's name to the stressful days when both found their true calling and listened to their "inner noise". "It meant to cut the noise outside and listen to what you have inside. If you look at our consumers, they also relate to it," says Amit.</p> <p>Defying Odds:</p> <p>Unbranded Chinese players then dominated the tech wearables market in India. Establishing an Indian brand from scratch in a cluttered market was a daunting task. The thought of building a sustainable business with their own resources added to the stress. Recalling the challenges of the</p>	

early days, Amit talks of some of the biggest questions that haunted the duo in their not-so-common bootstrapped journey. "How will you hire the team? You don't have the capital; how will you fight with the giants of the industry? How will you invest in technology," were some of the questions that the founders grappled with in the early days.

Noise defied conventions and stayed bootstrapped and profitable except for one of the ten years that it has been in existence. It soon emerged as one of the fastest-growing Indian startups in the consumer wearables space. With India witnessing a surge in mobile penetration and internet adoption, the stage was set for Noise's grand entrance.

***Riding the Wearables Wave**

The synergy between technology and fitness has never been more seamless than now. In India, the smartwatch market was booming in 2021, driven by a growing emphasis on health and wellness, particularly amplified by the pandemic. In this scenario, Noise emerged as a frontrunner in the smartwatch category, consistently taking the top spot among competitors, as affirmed by International Data Corporation (IDC) reports spanning consecutive quarters till the third quarter of 2023 (3Q23).

The tech wearables market in India, according to IDC, witnessed an impressive 34 per cent year-on-year growth through the 2023 calendar year. Noise commanded a significant 22 per cent market share in the smartwatch category. Noise crossed the Rs 2,000 crore revenue mark in FY2023. Looking ahead, Gaurav Khatri talks of his ambitious plans. "For the current fiscal year, we are poised to double down on our targets, aiming for 70 per cent growth," he says.

Noise said it is entering into a joint venture with II Jin Electronics, a subsidiary of Amber Enterprises India, to boost the manufacturing of smart wearables in India in the early 2024. The objective is to establish a manufacturing ecosystem in India to enhance local value addition through in-house infrastructure development for product assembly, hardware design and component manufacturing.

In a statement, Amit Khatri, co-founder at Noise said, "Our partnership with II Jin Electronics is a pivotal milestone in our quest to fortify India's manufacturing capabilities. As industry pioneers, our dedication to delivering top-quality 'Made in India' smart wearables remains unwavering. Looking ahead, this collaboration will harness our collective expertise to elevate domestic manufacturing, drive category expansion, and stimulate growth throughout the ecosystem."

Noise already manufactures more than 95 per cent of its products within India.

Competition Heats Up:

According to IDC Tracker, the last calendar year ended with the Indian wearable market recording a 34 per cent growth year-on-year. All three top players, boAt, Noise, and Fire-Boltt, secured their respective positions in the wearables market through diversified product portfolios. In the smartwatch category, however, Noise lost its leading position to Arnav Kishore-led Fire-Boltt.

Gaurav contends that most of the change in market share is owing to the growth in the sub-Rs 1000 price point. "We never fought at this price point. In the Rs 2000-5000 category, we hold north of 40 per cent market share. Our focus has always been on an aspirational price point rather than fighting at the bottom of the pyramid," he adds.

Market observers see technological innovation and premiumisation in the category that will continue to drive growth as consumers get more ready to upgrade. But the Noise founders see the market consolidating now and smaller players exiting the market space. "The top three players have taken the spot with 60-70 per cent market share. A lot of unbranded and small players will start moving out because the commercials won't make sense," says Amit. Noise also intends to keep smartwatches and wearables as the mainstay of its product portfolio. "I don't think we will be diluting into multiple categories. There is enough juice in the market," says Amit.

Priorities are Branding, R&D:

During the last financial year, the company's profit plummeted 39 times to Rs 88 lakh from Rs 35.5 crore in FY2022. Media reports attributed this drastic drop in profit margins to rising "expenses". Amit explains that the company doubled on research and development (R&D) and branding, which will help it premiumise its offerings and leverage back on these expenses.

The company established Noise Labs mid-last year to focus more on technological innovation. Noise claims that it goes beyond functionality, aiming to redefine customer expectations and evoke a sense of progress.

"In account books, they look like expenses, but these are the investments you do for the long haul," says Gaurav. The brand has so far kept its spending on marketing and branding close to zero or below one per cent of sales. Of late, the brand's star power has shot up multi-fold as it roped in cricketer Virat Kohli, Olympics star Neeraj Chopra and Bollywood actress Tapsee Pannu, among others.

The duo emphasized that investments need to go into innovation, marketing, advertising, and brand building to sustain the business in the long term. The company has recently also forayed into the smart ring category. "As a customer-centric brand, Noise realized and understood the need for disruption in the industry and launched Luna Ring. Noise is the first brand to introduce smartwatches for children, designed to take into account parents' concerns," say company sources. The company is also banking heavily on Bharat and anticipates "tremendous demand" coming from tier- 2, tier- 3 and tier-4 cities. The customer split, at present, across tier-1, tier-2 and tier-3 cities stands at 40:20:20.

The Big Pivot to Noise in Rural India:

With almost 6.5 Lakh villages in India and a population of 740 million, India's Rural Markets are hard to be ignored by any company that is operating in India. The one thing that brings a sense of excitement to the Noise founders is the focus on audio for their Rural growth path. In December 2023, Noise's bootstrapped journey took a turn when international audio giant Bose came in as a strategic investor in the series- A funding round. With this fresh round of cash flowing into the company, Noise focused on entering the rural markets as a part of their blue ocean strategy, as the urban markets were getting more cluttered and highly competitive especially with the Chinese brands. Rural Consumers have a penchant for making videos and listening to songs on social media platforms like You tube, Moj etc. The True Wireless category grew over 40 per cent in the 2023 calendar year (CY2023), according to IDC. A major growth trajectory came from the rural markets. "Rural consumers are moving from traditional neckbands to truly wireless devices. This means a higher average sales price. There is a shift towards new technologies. The market is under-penetrated right now. So going forward, you would see Noise doubling down on audio," says Amit.

The company intends to enhance its audio portfolio through Bose's vast intellectual property (IP) bank in the space, its distribution network and amplify its R&D capabilities. The company is now working on reverse innovation to provide affordable true wireless category exclusively tar-

	<p>geted at rural India.</p> <p>The Social Angle:</p> <p>Noise is training the rural youth to start their own outlets to sell their products. Special skills training in Retail and Customer service is predominantly being trained by Umeed, a third party Consultancy who are experts in Rural Retailing and Rural Sales and customer service training for free of cost to the interested participants. This is boosting the entrepreneurial growth in the rural areas by providing jobs to the rural youth. A special scheme to train rural women as sales professionals is underway in rural Punjab state. If successful, the company wants to do the similar training in Madhya Pradesh, Orissa and Andhra Pradesh to empower women and make them stand on their own feet.</p> <p>Noise has also launched a Social initiative “<i>Shabd</i>” to train rural youth by providing free headsets to practice and encourage the budding singers to participate in the reality TV shows. The company has also roped in Umeed, the third party consultancy to conduct special training skills for mastering music and singing by bearing the entire cost and not burdening the rural youth who are interested to make a breakthrough in singing and musical career paths in the future. Amit is of the opinion that this social initiative will support the rural markets, however Gaurav has a different opinion. He is of the view that the “<i>Shabd</i>” initiative can bring a lot of good will and enhance the brand name and create a significant market share for the Noise brand. One needs to think silently whether this is a good initiative.</p> <p>Questions :</p>	
Q1	If you are a part of the Team from Rural Reality, a rural marketing specialized consultancy illustrate and explain how you will design the Planning stage in the Rural Marketing Strategy for Noise brand to make inroads in the rural markets, with their main focus being the Punjab State as the first test launch for the brand?	10 Marks
Q2	Which distribution strategy, you think Noise should plan to have a widespread reach for Noise brand initially to launch their True Wireless category in the entire North Indian market Illustrate and Explain ? What can be the bottle necks in implementing the Distribution Strategy in Rural Markets	10 Marks
Q3	Suggest any 3 Non - Conventional Media Tools for the launch of Noise True Wireless category in Northern States of Rural India. Do you think the Brand should use Key Opinion Leaders in their Conventional Media Tools especially for Television campaigns? Support your argument with suitable examples?	10 Marks
Q4	Is “ <i>Shabd</i> ” a good initiative from Noise brand to support the rural youth to participate in reality shows? Don’t you think this strategy can misfire for the brand Noise, as it can be dubbed “ <i>as to sell their products, the company is taking this initiative</i> ”? What is your opinion about this initiative? Enumerate any 5 bullet points to support of oppose your view points?	10 Marks
Q5	Is the initiative from Noise to train Rural Women as Sales Representatives and also connect with the retailers to motivate them to stock their products a good strategy? Do you think this will work in North Indian States? Give two positive points and two negative points to this strategy?	10 Marks