

## **Strategic Proposal of Marketing for SELCO India (Shivang Khare)**

### **Assignment Taken –**

To propose a marketing plan for SELCO India for major three agendas: 1. Product Line Expansion 2. Sales Network Expansion 3. Energy Service Centres Expansion.

### **Case Understanding –**

SELCO India, based in Bangalore, operates as a social enterprise and specializes in providing solar-powered solutions to address the needs of India's economically disadvantaged citizens. At the core of SELCO's mission lies a profound belief in the potential of empowering impoverished individuals to enhance their economic well-being. A major obstacle faced by these individuals is their limited access to clean and cost-effective energy sources. Even today, a significant portion of the rural population relies on inefficient energy solutions. SELCO has persistently endeavored to tackle this issue by granting access to clean and eco-friendly solar energy. However, the economic viability of this solution has been challenged by the typical income levels of rural households. Initially, the company incurred financial losses, but in 2008, Mr. Harish Hande successfully restructured the business with support from the International Finance Corporation (IFC), a division of the World Bank specializing in commercial finance.

While SELCO India continued to operate as a for-profit entity, Mr. Hande managed to secure new investors who were more aligned with the organization's objectives. Furthermore, he sustained the sales and service business, which is driven by a dedicated team of professionals. In India, a nation characterized by its diverse population, approximately 400 million individuals in the low-income category continue to lack access to accessible and sustainable energy solutions. Addressing this gap necessitates the expansion and scaling of SELCO India's services to deliver the benefits of solar energy to a broader audience. This expansion is envisioned without compromising the organization's core mission of serving the underprivileged population. Our task is to prepare a comprehensive marketing proposal that outlines the strategies for SELCO India's business expansion, ensuring that its impact reaches more people in need.

### **Summary –**

Within the marketing proposal, our initial step involves a strategic evaluation of the company, employing both SWOT and Porter's Five Forces models. We will place a strong emphasis on key aspects such as feedback and grievance resolution, innovation in product development, and the expansion of our sales and Energy Service Centers (ESCs). Identifying the target market is crucial to effectively encourage more customers to adopt solar energy solutions.

Once we have successfully entered the market using strategic promotions and a well-crafted marketing mix, our focus will shift towards diversifying our product offerings, thereby providing a broader range of options to end-users. The establishment of a streamlined operational infrastructure within specific regions will play a pivotal role in facilitating SELCO's expansion. The expansion of our sales network not only broadens our reach but also generates additional employment opportunities within the market.

Furthermore, the incorporation, acquisition, and leveraging of cutting-edge technologies for production processes will result in cost reductions, particularly advantageous for individuals in the low-income demographic, as it will make our offerings more affordable and accessible.

**Solution –**

**SELCO India**

**Primary Objective –** Empower the poorest of India whose needs were largely ignored by service providers.

**Approach –** End-user centric and Demand driven approach on ecosystem building.

**Vision -** To develop affordable technological innovations and next-generation improvements in products those enhance livelihood or quality of life of low-income rural customers.

**1. SWOT Analysis**

<p><b>Strengths –</b></p> <ul style="list-style-type: none"> <li>• Financially strong with backing from banks and financial institutions.</li> <li>• Low cost of production</li> <li>• Efficient labour and networks in the existing markets.</li> <li>• Innovation expertise</li> <li>• Strong leadership and management</li> <li>• Strong domestic demand</li> </ul>	<p><b>Weakness –</b></p> <ul style="list-style-type: none"> <li>• Limited capacity to handle orders</li> <li>• Lower brand recognition</li> <li>• Missing wide range of renewable capabilities when compared with global businesses.</li> <li>• Industrial partners lacking</li> <li>• Lower marketplace recognition</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Demand for lower priced environment friendly energy.</li> <li>• Country wide expansion with partnerships.</li> <li>• Use of e-commerce platforms.</li> <li>• Product line expansion and diversification.</li> <li>• Government funding and tax saving options.</li> </ul>	<p><b>Threats –</b></p> <ul style="list-style-type: none"> <li>• For new product development, high R&amp;D costs.</li> <li>• Entry of other competitors in India.</li> <li>• Technological challenges in dynamic market environment.</li> <li>• Demand – Supply gap in India.</li> </ul>

**2. Porter’s Five Forces Analysis**

<p><b>Threat of New Entrants</b></p>	<p>The high cost of renewable energy production, including solar panel setup, acts as a significant barrier to entry in the energy sector. New players face formidable challenges due to the substantial upfront investment required, making it difficult to scale operations and compete on pricing. Additionally, establishing distribution channels and gaining market recognition is a daunting task for newcomers, given SELCO’s established reputation in the industry.</p>
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<b>Bargaining Power of Suppliers</b>	Supplier power in this niche sector is moderate, influenced by limited supplier options and substantial order values. Key energy component suppliers can affect SELCO's pricing. To mitigate risks, SELCO should explore alternative suppliers and options for switching without significant cost implications.
<b>Bargaining Power of Buyers</b>	Buyer power is elevated due to the ease of switching to a more cost-effective non-renewable energy source. Customers can readily shift to a cheaper energy option if one becomes available. When deciding between SELCO and other brands, buyers wield substantial influence. While there are limited strong competitors domestically, global market competition primarily hinges on pricing. SELCO's products match renowned brands in quality and technology, making price a key factor in the buyer's choice.
<b>Threat of Substitutes</b>	The threat of substitutes will persist as long as cost-effective non-renewable energy sources are available. While the entry of cheaper energy alternatives, like solar or hydrogen energy, may affect SELCO India, it's important to consider that solar energy remains expensive and unattractive to consumers due to its high initial costs and lengthy recovery period. Consequently, there is limited risk of low-cost substitute products emerging in the energy sector and undermining SELCO's sales.
<b>Competitive Rivalry</b>	Given the sector's novelty and the ongoing establishment of industry players, it has not yet reached a stage of intense competition. Consequently, competitive rivalry within the sector remains at a low level.

### 3. Key Focus Areas

- ***New Product Development*** - SELCO will offer tailored products and services to cater to the unique demands of local clients, thereby facilitating word-of-mouth promotion, improving interactions between staff and clients, and accelerating product development based on feedback.
- ***Deepen Supplier Connects*** - SELCO has the capability to collaborate with local suppliers and sales personnel, which will expedite customer service responses and contribute to product enhancements based on customer requirements. This will additionally result in swifter resolution of customer issues.
- ***Financial Services for Clients*** - SELCO can collaborate with local stakeholders to expedite client access to bank loans, enhancing bank-client relationships and promoting solar entrepreneurship in villages.
- ***Continuous Feedback Mechanism*** - Ongoing feedback and issue resolution enhance our understanding of client needs, leading to more effective marketing strategies.
- ***Collaborations*** - SELCO must consistently identify new needs and collaborate with suppliers, facilitators, and customers. This involves actively participating in CSR initiatives, partnering with community organizations, and engaging in community activities to establish trust and networks. SELCO should prioritize involving the local population, institutions, government entities, CSOs, market

players, and more across the entire value chain as employees, customers, suppliers, and entrepreneurs. This entails ongoing local skill and capacity building. Such local engagement fosters awareness, trust, and cost-efficiency throughout the value chain.

- **End-to-End Solutions** - SELCO should enhance its product/service offerings with scalable after-sales and financing support. This offsets operational costs while increasing both revenue and social impact.

#### **4. Market Plan**

As given in Figure named – “Market Plan”, attached separately.

#### **5. Target Market**

- Rural households and small businesses in southern India
- Agricultural and irrigation communities
- Local educational institutions
- Local NGOs and government agencies promoting sustainable energy solutions.
- **Initiators** – Local leaders, Sarpanch, Cooperative Banks, Self help groups.

#### **6. Marketing Strategy**

SELCO should primarily focus on the following objectives of Marketing Strategy –

- Enhance customer loyalty
- Enhancement of brand awareness and increase in sales
- Product / Service expansion
- Attracting new segment of customers
- Increasing market share through innovation

Following steps need to be followed at SELCO India –

##### **a. Market Analysis**

Conducting research and analysis is essential for uncovering unmet and potentially undiscovered customer needs. A great starting point for research and development is to perform a 5C Marketing Analysis.

##### **I. Customers**

In its 28-year history, SELCO has served a diverse clientele. SELCO's clients can be categorized as follows (as per SELCO business plan 2006 – 2010):

Type 1 - Primary SELCO Clients (65-75% of clients):

- i. Small farmers earning \$1,200 to \$1,500 annually.
- ii. Small businesses earning \$2 to \$4 per day.
- iii. Individual households with monthly incomes of \$100 to \$150
- iv. Home-based workers

Type 2 - Secondary SELCO Clients (10-15% of clients):

- i. Farmers earning \$2,500 to \$5,000 annually.
- ii. Individual households earning \$250 to \$400 per month.

Type 3 - Institutional SELCO Clients (Remaining clients):

- i. Institutions serving the poor, such as residential schools and old-age homes.
- ii. Religious institutions like temples, churches, and mosques.
- iii. Government institutions, training schools, and private institutions.

SELCO primarily focuses its marketing efforts on Type 1 clients and does not actively market to Type 3 clients.

To effectively meet the diverse customer needs, SELCO India should:

- i. Identify and understand the needs of both current and potential customers.
- ii. Define attractive market segments and choose a target market strategy.
- iii. Carefully select the target market and design marketing activities to establish the desired positioning in the minds of the target market.
- iv. Analyze customer factors, considering factors like industry growth rate, market size, product features, and income levels.
- v. Identify the target customer categories, including users, influencers, initiators, and buyers.
- vi. Determine the most desired product features and align the company's positioning with these critical features.
- vii. Leverage existing brand awareness within the target segment and the wider population to build sub-brands for niche segments.
- viii. Adapt marketing strategies based on the level of consumer involvement with the product, whether high or low involvement.

In summary, SELCO India should focus on understanding and catering to the specific needs of its diverse customer base and leverage its brand awareness to target profitable niche segments effectively.

## **II. Company**

SELCO India must engage in a comprehensive assessment of its internal strengths and weaknesses and their impact on marketing effectiveness. Prior to making marketing decisions, the company should thoroughly analyze its internal factors. This analysis enables SELCO India to optimize the utilization of marketing resources while ensuring alignment with consumer expectations, ultimately fostering a sustainable competitive advantage.

*Equity:* SELCO India boasts robust brand equity, resonating with both current and potential customers. This valuable asset can serve as a Launchpad for expansion into new market segments.

*Financial Resources:* Bolstered by a strong financial position, SELCO India possesses the financial capabilities to allocate substantial resources to marketing efforts, encompassing product launches and the enhancement of existing brand positioning.

*Research and Development Investment:* As a frontrunner in multiple product segments, SELCO India allocates considerable resources to research and innovation, spanning product design, process optimization, marketing strategies, and the development of IT infrastructure to support promotion and distribution strategies.

### **III. Competitors**

SELCO India must conduct a thorough analysis of its competitors and their respective marketing strategies. Armed with this insight, the company can formulate its marketing strategy, taking into account competitive dynamics and available marketing resources. Key decisions include positioning SELCO India's brands relative to its own brand portfolio and those of competitors, understanding competitors' marketing strategies, assessing the feasibility of direct competition or identifying niche market positions, and comprehending the competitive landscape within the industry in which SELCO India operates.

*\*\* The competitive factors are as mentioned above in the table of Porter 5 forces.*

### **IV. Collaborators**

SELCO's robust rural service network, renowned for its direct engagement with rural clients, has garnered considerable attention from organizations seeking to partner with SELCO for the ultimate goal of enhancing the quality of life among impoverished communities. Some notable examples of such collaborations include:

- Business Venture Development Department at Colorado State University, Fort Collins
- Information and Communication Technology (ICT)
- Water-Based Services

SELCO India is actively researching supply chain and value chain partners to effectively develop and deliver new products to its customers. These collaborators encompass both upstream and downstream elements of the value chain. In evaluating these collaborators, SELCO India must critically assess the supply chain across factors such as bargaining power, supplier contributions, supply chain flexibility and agility, and revenue-sharing at each value chain stage.

The factors that need to be considered during collaborations are -

- a. Number and Capabilities of Suppliers: Striking a balance is crucial; too many suppliers may lead to high management costs, while too few may expose the company to supply chain disruptions.
- b. Managing Uncertainty in Deliveries and Services: Diversification is vital to mitigate delivery and supply chain risks.
- c. Supply Chain Flexibility and International Considerations: Decisions, from production to marketing, must align with local preferences and international market localization.
- d. Intellectual Property Rights and Patents: Operating internationally entails risks related to intellectual property rights, including patents and copyrights, necessitating careful evaluation before making marketing and diversification decisions.
- e. Position and Bargaining Power in the Value Chain: Collaborators with strong bargaining power may limit SELCO India's ability to sustain higher margins, even with increased marketing expenditure.

## V. Context

In the specific context, a comprehensive analysis of the external factors affecting the business environment in which SELCO India operates is essential. To achieve this, we have undertaken a Porter 5 forces analysis of SELCO India.

Following are the considerations that needs to be undertaken:

- **Employment:** The employment landscape is a pivotal consideration when devising a marketing strategy. Employment not only influences the purchasing power of customers but also shapes their self-esteem and the brands they associate with.
- **Consumer Behaviour:** Consumer behavior can significantly differ during economic booms and recessions, necessitating an understanding of how consumers will react within the current economic climate.
- **Regulatory Framework:** The regulatory landscape plays a crucial role in determining the types of products SELCO India can market and the nature of advertising and marketing campaigns it can undertake.
- **Inflation:** Inflation can have a profound impact on SELCO India's pricing strategies, warranting careful consideration.
- **International operations:** International operations introduce not only the risk of deploying marketing strategies that may not align with specific markets but also the risk of foreign exchange exposure.

### b. Decisions related to STP Analysis

After 5C analysis, a significant measure is to take into account the selection of target market.

Segmentation serves as a pivotal strategy for SELCO India, allowing the company to break down the vast market into smaller, more manageable segments distinguished by unique needs, characteristics, and consumer behaviors. The segmentation criteria encompass a wide array of factors, including geography, demographics, usage patterns, user statuses, income levels, lifestyles, value proposition priorities, sought benefits, loyalty statuses, gender, social classes, self-perceptions, psychographic attributes, and other attitudes.

Following segmentation, SELCO's approach to targeting involves distributing its products through a network of wholly-owned sales and service centers (SSCs) strategically situated within its operational areas. Each SSC serves as a product showcase and serves as the central hub for sales and service operations in the designated geographic territory.

Once the market is segmented, the critical task is to select the most appropriate target segment or segments, aligning with the delivery of specific value propositions. This involves conducting a Segment Attractiveness Analysis as the initial step in the targeting process. The analysis evaluates all segments based on the following criteria:

1. *Profitability in Various Segments:* Identifying segments with higher profit margins relative to others.
2. *Mode of Competition and Business Models:* Examining competitors' strategies to comprehensively understand the solar power industry landscape.

3. *Market Maturity*: Assessing the market's maturity, considering that different segments may exhibit varying levels of competition and demand forecasting complexities.

4. *Customer Behavior and Loyalty Analysis*: Ongoing analysis of customer behavior within each segment, with a focus on identifying potential opportunities for overlap. Loyalty behavior analysis becomes particularly critical when the company's core strategy involves attracting customers from existing players.

In terms of differentiation and positioning, SELCO India engages in a deliberate process to set its products and services apart from competitors. Differentiation encompasses how SELCO India distinguishes its offerings in the marketplace, while positioning focuses on establishing its products within the minds of target customers based on distinctive features, qualities, and functions. The company's approach involves:

1. **Identifying Competitive Advantages**: Determining the unique value proposition that positions the brand effectively in consumers' minds.
2. **Selecting Compatible Competitive Advantages**: Ensuring that the chosen advantages align seamlessly with SELCO India's marketing strategy. The company may utilize perceptual maps to gain a clearer understanding of the competitive positioning of various brands in the market.
3. **Communicating Superior Value**: Positioning the brand as a provider of superior value to the target segment and effectively conveying this position to consumers through the marketing and promotion mix.

### **c. Go-To-Market (GTM) Strategy**

When navigating the complex marketing landscape, SELCO India should adhere to the principles of the Four Ps of the Marketing Mix, tailoring its approach to align with the dynamic trends and forces within the company's marketing environment.

**Product**: SELCO's product portfolio has evolved beyond its roots in solar photovoltaics to encompass a diverse range of offerings, including solar thermal solutions, efficient cooking solutions, and biogas systems for individual, community, and institutional use. To effectively meet consumer needs and preferences, SELCO India should integrate Product Management into its marketing process, consisting of several critical phases:

- **Identifying Opportunities**: Through continuous market and customer research, SELCO India can pinpoint customer needs, allowing the company to cater to them with its existing and acquired resources.
- **Design and Prototype Testing**: Product design should align with the value proposition customers seek and that SELCO India can deliver. Considerations encompass the customer value proposition, regulatory requirements, available resources, opportunities for differentiated positioning, and profitability.
- **Product Launch**: This phase involves decisions on pricing, communication strategy, distribution channel management, and infrastructure development for post-purchase services.
- **Product Life Cycle Management**: Managing the product's life cycle involves navigating its various stages, from introduction and growth to becoming a cash cow and eventually declining.



Additionally, SELCO India can make key product line planning decisions such as evaluating the impact of new product brand launches on existing brand equity, considering the individuality of the new product compared to existing offerings, ensuring that the launch satisfies potential customer needs while delivering profits, and balancing product line breadth and length based on market complexity and niche opportunities.

**Place:** In terms of distribution, SELCO's initial presence extended across various districts in Karnataka, Kerala, Gujarat, Maharashtra, and Andhra Pradesh. To make informed channel decisions, SELCO India must assess buying behavior and distribution channel costs. Key considerations include:

*Target Geographies and Expansion Strategy:* The company should strategically select target areas based on factors like total village population and transportation accessibility. Appointing Business Associates for village sales and service can enhance the effectiveness of distribution.

*Market Expansion and Development:* Specific regions can be targeted for market expansion and product development based on their potential. For instance, Karnataka offers growth prospects with its strong brand recall and equity. Rajasthan, Jammu & Kashmir, Madhya Pradesh, Maharashtra, and Gujarat are states with substantial solar energy potential and should be targeted based on their ability to produce maximum solar energy, as assessed by the Government of India.

*Assessing Resource Potential:* Recognizing the solar power potential in various states, especially those with abundant wasteland resources, can guide strategic distribution decisions.

By meticulously evaluating product offerings and distribution strategies, SELCO India can effectively navigate the multifaceted marketing landscape and meet the needs of its diverse customer base.

The development of distribution channels for SELCO India hinges on a comprehensive consideration of several critical factors:

*Channel Design:* SELCO India must strategize the type of distribution system to adopt, whether it be Direct, Indirect, or a Hybrid model. The channel design decision encompasses an understanding of the customer value proposition, existing customer convenience points, the breadth and depth of SELCO India's product line, and an assessment of competitors' distribution systems.

*Direct Distribution System:* SELCO India has the option to employ its own direct distribution channel, engaging directly with customers. This can be achieved through establishing company-owned stores or exclusively selling products online.

*Indirect Distribution System:* Alternatively, SELCO India can incorporate channel partners such as wholesalers, retailers, logistics companies, and distribution agents into its distribution network.

*Hybrid Distribution System:* A hybrid distribution model offers a balanced approach, wherein the company manages critical distribution functions while delegating secondary tasks like logistics, warehousing, and store management to various channel partners.

*Channel Management:* From a marketing perspective, effective channel management is contingent on three pivotal considerations:

- **Per Unit Cost of Stocking:** The cost associated with stocking inventory plays a significant role. When costs are high, SELCO India may require channel partners to collaborate and pool resources. Conversely, if the costs are manageable, the company can opt to handle operations independently.
- **Market Development Requirement:** If SELCO India necessitates extensive market development efforts, partnering with channel experts possessing the requisite knowledge and skills to expand into new markets becomes essential.
- **Customer Willingness to Search and Travel for Purchase:** SELCO India can structure its channel policies to align with customer preferences, making the purchase process more accessible and convenient.

**Promotion** - In the realm of Promotion, SELCO India should leverage a myriad of Integrated Marketing Communication tools, encompassing Advertising, Sales Promotion, Personal Selling, Public Relations, and Direct Marketing, to effectively convey essential information to customers. These tools serve as the conduits for communicating product existence, pricing, distinguishing features, purchasing locations, and guidance on product or service utilization. The promotion strategy should revolve around several key principles:

- Create Awareness and Generate Interest:** The initial step involves raising awareness about the use of Solar Lighting systems and generating interest among potential customers.
- Emphasize Benefits:** A pivotal aspect of the promotion strategy is underscoring the benefits of SELCO's offerings, particularly sustainability, affordability, and reliability.
- Customer Engagement:** SELCO should engage with its customers and target audiences by highlighting use cases and benefits rather than fixating on functionalities and features. Communication should be experiential, focusing on how the product enhances the consumer's life.
- Promote Trials and Adoption:** Encouraging trials and facilitating product adoption should be a central objective, showcasing the effectiveness and value of SELCO's offerings.

Market-focused promotion is essential, directing marketing communications toward the intended target segments, be it current or potential customers. Personal influence, such as word-of-mouth and influencer demonstrations, can play a vital role in building trust. A clearly outlined mission should articulate the goals and key performance indicators (KPIs) of the marketing communication strategy.

The messaging strategy should outline specific aspects to be communicated, encompassing brand awareness, product features, and more. A diverse array of mediums, including leaflets, banners, newsletters, road shows, street plays, exhibitions, samples/trials, sales demonstrations, and various social media platforms, should be utilized. Language considerations should encompass both English and vernacular dialects, fostering inclusivity and outreach. Partnerships with other sectors can enhance the marketing mix.

The Marketing Mix Plan should allocate resources as follows:

- Advertisement: 20% (Leaflets, Posters, Pamphlets, Road Shows, Exhibitions, Trials, Demonstrations)
- PR: 5% (Interviews on TV, Radio, Newspaper, Product Note, Spokesperson profiling, Accolades, Recognitions) – Target Media could be TOI, Hindustan Times, The Indian Express, Dainik Jagran, Power Today, Mint, DNA, The Hindu, Business India, Local Media outlets etc.
- Personal Selling: 40%
- Direct Marketing: 20%
- Sales Promotion: 15% (Head Lamps, Lights for Education, Schemes, Projects)

Media vehicles chosen for communication should be meticulously selected for their effectiveness. TV and radio interviews, company profiles, accolades, testimonials, trade fairs, and conferences offer a diverse array of platforms. The allocation of resources should be optimized to achieve specified objectives, and the impact of the promotion campaign must be regularly measured.

In addition to traditional marketing channels, SELCO India can leverage contemporary digital strategies:

- Email Marketing: A direct approach to reach potential customers, email marketing can effectively target high-probability prospects based on data collected through kiosks, trade marketing, and customer surveys.
- Search Engine Marketing: By optimizing website content with relevant keywords, SELCO India can ensure that customers and potential customers access detailed product information. Strong Search Engine Optimization practices can enhance website visibility, ensuring a prominent online presence.

Ultimately, the promotion strategy should reflect SELCO India's commitment to delivering valuable solar solutions while effectively conveying these offerings to its audience.

**Price** - In crafting an effective pricing strategy, SELCO India should consider a critical aspect of its business model: the conversion of existing customers. To determine the optimal price point for enticing current customers to transition to a new brand, diligent research is essential. However, pricing is intricately interconnected with the other facets of marketing, including product, place, and promotion. The pricing recommendation for SELCO India can be based on a comprehensive evaluation:

- High Brand Awareness: Given SELCO India's well-established reputation and respect in the market, the company is well-positioned to command a slight premium over competitive brands. This pricing strategy not only leverages brand awareness but also reflects the trust and loyalty that customers place in SELCO's offerings.
- Innovative Product: SELCO's products, enriched with advanced features, are perceived as innovative within the current market context. Implementing a slight premium price strategy not only highlights the unique features of these products but also acts as a deterrent to potential new entrants. Setting a high premium price, however, carries the risk of attracting new competitors and subsequently diminishing overall profitability. By adopting a strategic pricing approach that acknowledges brand strength and product innovation, SELCO India can effectively navigate the pricing landscape and continue to meet the evolving needs of its customer base.

#### **d. Post Purchase Steps**

Post-purchase services and ongoing communication play a pivotal role in nurturing lasting customer loyalty. SELCO India can significantly enhance the post-purchase experience for its existing customers through several key initiatives:

- *Installation and Related Services:* Providing seamless and efficient installation services ensures that customers can immediately enjoy the benefits of their purchased products. A hassle-free installation process contributes to overall customer satisfaction.
- *Continuous Feedback:* Regularly seeking feedback from customers is invaluable. SELCO India can engage customers by asking for their insights on how specific product features can be improved. This not only shows a commitment to product enhancement but also makes customers feel valued.
- *Product Care Tips:* Offering guidance on how to care for and maintain products is beneficial. Customers appreciate information that helps them prolong the lifespan and functionality of their purchases.
- *Community Building:* Establishing online or offline communities where customers can share their experiences, tips, and advice fosters a sense of belonging and trust among customers. It also creates a space for customers to help one another.
- *Maintenance Services and Spare Parts:* SELCO India can provide ongoing maintenance services and easy access to spare parts for customers who may require them. This proactive approach ensures that products remain in optimal condition, and customers have a reliable source for support when needed. By implementing these post-purchase services and fostering continuous communication, SELCO India can solidify its relationship with customers, driving long-term loyalty and reinforcing its commitment to providing sustainable solutions.

### **7. Proposed Focus Area for Product Line Expansion**

SELCO's innovative products are tailored to uplift rural livelihoods and provide a steady source of income. We aim to enhance our product offerings by identifying rural needs, determining affordable pricing, and showcasing the relevance of our products. Building on our successful track record in solar solutions for rural areas, we propose a plan to expand the product range with the introduction of various products as shown below –

#### *i. Household:*

- Solar Cooking Appliance
- Solar-Powered Stove
- Solar Refrigeration Unit
- Solar Mobile Charging Devices
- Solar Spice Grinder
- Solar Powered Pumps

#### *ii. Livelihood:*

- Solar-Powered Boats for Coastal Areas
- Solar Flour Mill
- Solar Irrigation Pumps

- Solar Fodder Cutting Machine
  - Solar Tile Cutting Devices
  - Solar-Powered Wood and Axe Cutter
  - Solar Powered Medical devices
- iii. *Institutional:*
- Solar Food Warming System
  - Solar Cooling Equipment
  - Solar-Powered ATM
  - Solar based Transportation

## **8. Proposed Focus on Product Development**

Our approach will begin with the development of prototypes, subjecting them to rigorous testing on the following critical criteria:

- *Product Design and Efficiency:* We will evaluate the design's effectiveness and efficiency to ensure it aligns with our customers' needs.
- *Cost Modeling:* Detailed cost analysis will be conducted to ascertain the feasibility of production.
- *Manufacturability Issues:* Identifying and resolving any challenges in the manufacturing process to streamline production.
- *Value Analysis:* Assessing the value that the new products will bring to our customers and their overall impact.
- *Sourcing and Supplier Compatibility:* Establishing reliable sourcing channels and suppliers that fit our production requirements.
- *Volume Scaling and Production:* Preparing for scalability to meet potential market demand.

Given our robust existing distribution networks and loyal customer base, we believe that the Karnataka market presents an ideal environment for exploring product line expansion. The streamlined distribution channels and customer loyalty will facilitate a faster adoption process for new products. Karnataka still holds immense potential for growth, fueled by SELCO's strong brand recognition and equity. This scenario sets the stage for higher conversion rates, substantial customer base expansion, and significantly improved return on investment.

## **9. Proposed Focus Area for Sales Network Expansion and Energy Service Centre Expansion**

The expansion of our sales network and the bolstering of our e-commerce presence are two intertwined strategies crucial for achieving our desired outcomes. A key factor in achieving a high sales rate is a strategic focus on engaging with local residents, particularly those in rural areas.

To enhance our sales network, we will implement a meticulous bottom-up approach. This entails the estimation of sales potential in each village, followed by aggregation at the level of village clusters, areas, and districts. The figures are systematically accumulated as we ascend this hierarchy. This approach is heavily reliant on the sales projections provided by our sales team in various clusters, which are then consolidated to establish targets for rural hubs and,

ultimately, the entire district. Critical to this process is the identification of rural clusters that align with the capabilities of our sales representatives and offices. These clusters should be designed to maximize village coverage while minimizing travel time, ensuring a more efficient and effective expansion of our sales network.

## **10. Proposed Locations**

- **Bihar** – Patna, Gaya, Darbhanga, Chapra
- **Kerala** – Kochi, Kozhikode, Palakkad, Trichy
- **Maharashtra** – Karjat, Kolhapur, Nagpur, Nashik, Ahmednagar, Panchgani
- **Tamil Nadu** – Vellore, Coimbatore, Salem, Kanchipuram, Madurai
- **Andhra Pradesh** – Warangal, Vijaywada, Nellore
- **Gujarat** – Surat, Vadodara, Kutch, Ahmedabad

Given SELCO India's well-established market presence in Karnataka, it presents a prime opportunity for market penetration, the introduction of new product lines, and market expansion. Furthermore, we can explore market development in Bihar, Tamil Nadu, Maharashtra, Kerala, Gujarat and Andhra Pradesh. Our recommendation includes extending our market footprint to additional regions beyond our existing branch network. The organizational structure for this initiative would be structured as follows:

### ***Regional Sales Director: (1 per State)***

- Responsible for overseeing the entire sales operation in the region.
- Sets sales targets and KPIs for the region.
- Develops and executes the regional sales strategy.
- Manages and coordinates the activities of the sales team.

### ***Regional Sales Manager: (1 per State)***

- Leads and supervises the sales operations in a specific geographical area.
- Develops and implements sales plans to achieve targets.
- Monitors the performance of the sales teams under their jurisdiction.
- Reports to the Sales Director.

### ***Area Sales Managers: (1-2 per Region)***

- Manages sales teams within designated districts or towns.
- Sets sales targets and strategies for their respective areas.
- Provides training and support to Sales Executives.
- Reports to the Regional Sales Manager.

### ***Sales Executives: (2-4 per Region)***

- Field sales representatives responsible for engaging with customers directly.
- Identify potential customers, conduct sales pitches, and close deals.
- Maintain customer relationships and provide product information.
- Report to the Area Sales Manager.

### ***Sales Agents (Local Micro-Entrepreneurs):***

- Collaborators or agents working on commission or partnership basis.
- Act as intermediaries between SELCO India and customers, especially in remote areas.
- Promote SELCO India's products and services within their communities.
- Report to the Area Sales Manager or directly to the Sales Director.

***Inside Sales and Customer Support Representatives: (2-4 per Region)***

- Handle customer inquiries, provide information about products and services, and assist in scheduling appointments for sales teams.
- Support customers with after-sales service requests and maintenance.
- Report to the Sales Director or Customer Support Manager.

***Sales Coordinators: (1-2 per Region)***

- Provide administrative and logistical support to the sales teams.
- Assist in scheduling appointments, tracking sales leads, and managing documentation.
- Report to the Sales Director or Sales Manager.

***Training and Development Specialist: (1-2 per Region)***

- Conducts training programs for the sales teams to enhance their product knowledge, sales skills, and understanding of the market.
- Ensures that the sales teams are well-equipped to address customer needs.
- Reports to the Sales Director.

This hierarchical structure ensures clear reporting lines and accountability within the sales team. It allows for efficient coordination, training, and supervision, and enables SELCO India to effectively reach its sales and expansion goals.

**Market Trends as per IBEF Report 2023**

- India, owing to its advantageous location within the solar belt (ranging from 400 S to 400 N), enjoys an abundant and favorable reception of solar energy.
- Over the past 9 years, the installed solar energy capacity in India has experienced remarkable growth, surging by a factor of 24.4, and currently stands at 66.7 GW as of May 2023.
- In the year 2022, up until November, India has successfully incorporated an additional 12 GW of solar power capacity.
- During the first half of 2022, India's utilization of solar power generation has led to substantial savings, amounting to US\$ 4.2 billion in fuel costs and a reduction of 19.4 million tonnes of coal consumption.
- India's solar power production reached an impressive 70.24 billion units (BU) in the initial nine months of 2022, reflecting a substantial 36% year-on-year increase.

*The top 10 state wise solar installations in India as per April 2023 statistics are –*

- 1) Rajasthan
- 2) Karnataka
- 3) Gujarat
- 4) Tamil Nadu

- 5) Andhra Pradesh
- 6) Telangana
- 7) Maharashtra
- 8) Uttar Pradesh
- 9) Punjab
- 10) Madhya Pradesh

*Growth Drivers –*

- **Government Commitments** - India has made substantial strides in its renewable energy goals. The country, led by Prime Minister Mr. Narendra Modi, has raised its renewable energy target from 175 GW to an ambitious 450 GW. This expansion is backed by a US\$ 2.4 billion allocations for the National Hydrogen Mission, aiming to produce 5 million metric tons of hydrogen by 2030, along with an additional US\$ 36 million budget addition. To support this growth, new regulations introduced by the Ministry of Power in October 2021 seek to alleviate financial pressures on electricity stakeholders. Furthermore, the government has plans to significantly boost funding for domestic solar cell and module manufacturing, from Rs. 4,500 crores (US\$ 594.68 million) to Rs. 24,000 crores (US\$ 3.17 billion), positioning India as an exporting nation. Additionally, India is accelerating its solar park projects, with 59 solar parks approved across the country, totaling 40 GW in capacity. Efforts are also underway to promote Floating PV Projects.
- **Investments** - In August 2022, Norfund and KLP, the Norwegian Climate Investment Fund and Norway's largest pension company, jointly acquired a 49% stake in a 420 MW solar power plant in Rajasthan for Rs. 2.8 billion (US\$ 35.05 million). This investment reflects the growing interest in India's renewable energy sector, which witnessed a remarkable 125% increase in funding, reaching a record US\$ 14.5 billion in FY22. The future looks promising, with expectations of a substantial US\$ 15 billion investments in India's renewable energy sector in 2022. This growth is driven by the government's focus on electric vehicles, green hydrogen, and the manufacturing of solar equipment.
- **Favorable Policies** - In April 2021, the Ministry of Power (MoP) introduced a draft of the National Electricity Policy (NEP) 2021 and sought input from various stakeholders, including Central Public Sector Undertakings, the Solar Energy Corporation of India, power transmission companies, financial institutions like the Reserve Bank of India, the Indian Renewable Energy Development Agency, HDFC Bank, ICICI Bank, industrial, solar, and wind associations, and state governments. Additionally, the government has sanctioned the creation of 59 solar parks with a combined capacity of 40 GW, in line with its promotion of Floating PV Projects.

## **11. Proposed Estimate of a Marketing Mix Budget Breakup**

The following is a more detailed breakdown of the budget:

- a. **Product Development and Customization:** (20% of the budget)
  - Research and development for region-specific solar solutions.
  - Design and engineering of customized products.
  - Quality assurance and testing for product reliability and safety.



- Prototyping and sample production.
- b. *Promotion and Advertising:*** (25% of the budget)
- Regional marketing campaigns:
  - Online advertising and content creation (10%).
  - Traditional advertising (TV, radio, print media) (5%).
  - Social media advertising and promotions (5%).
  - Sponsored content and influencer partnerships (5%).
  - Website development and maintenance (5%).
  - SEO and SEM (Search Engine Optimization and Marketing) (5%).
  - Marketing collateral and materials (brochures, pamphlets, banners) (5%).
  - Sponsorship of local events, trade fairs, and community engagement (5%).
- c. *Sales Team and Training:*** (20% of the budget)
- Recruitment of sales teams, including salaries and commissions (10%).
  - Sales training programs, workshops, and materials (5%).
  - Performance-based incentives and bonuses (5%).
- d. *Distribution and Infrastructure:*** (15% of the budget)
- Establishment of distribution hubs and warehouses in key cities (5%).
  - Partnering with local retailers and electrical supply stores (5%).
  - Inventory management systems and software (5%).
- e. *Customer Support and Service:*** (10% of the budget)
- Setting up local customer support centers and hotlines (5%).
  - Training local customer support staff (2.5%).
  - After-sales service and maintenance (2.5%).
- f. *Market Research and Analysis:*** (5% of the budget)
- In-depth market research and data collection (2.5%).
  - Analysis of customer preferences, competition, and market trends (2.5%).
- g. *Community Engagement:*** (5% of the budget)
- Organizing workshops, seminars, and community events (2.5%).
  - Developing relationships with local influencers and community leaders (2.5%).

## 12. Conclusion

With a well-executed marketing plan and a focus on product line expansion, sales network expansion, and ESC expansion, SELCO can achieve its sales targets. Effective advertising and promotions, along with a carefully allocated budget, are essential. Training and buffer expenses must be considered. This strategic approach can lead to the realization of objectives within a 3-year timeframe.