

# Case Study - Segmentation-Targeting & Positioning Chotukool from Godrej

Presented by Suma Gopalakrishna  
SMP - IIMC  
Batch11  
Jayanagar Center

# Introduction

- Sundar Raman Gopalan wanted to do something different after 25 years of work experience at Godrej & Boyce Mfg. Co. Ltd.
- He wants to come up with an idea to solve a problem of the Indian villagers. As a result of the manifestation of his idea, he wants to hear “Chotu, thanda leke aa” in rural households. He wants to produce a durable good namely a mini-fridge, a miniature model of the regular fridge to cater to the rural markets. We may consider he is creating a new need or want in rural households.
- Here Sundar Raman wants to serve the poor and also generate income for the company. For this he leverages innovative ways to cater to requirements of the poorer consumers.
- He takes the village women’s support to create and market the product and leverages it for designing the communication strategy.

# Market Segmentation & Target Market

- The level of Market Segmentation considered is Segment Marketing.
- Here the market segments can be considered to be Urban India and Rural India.
- Further the market segment Rural India is segmented into rich and the poor.
- He selects the “poor people of rural India” as the main Target Market segment.
- Target Market Segment – Low income markets of India’s BoP(Bottom Of Pyramid) consumers.
- Targeting the BoP consumers leads to significant growth and profits for the company.

# Segmentation Process

- Sundar Raman and team does a need-based segmentation in order to introduce need for refrigeration in very rural household. Here he is not actually solving any consumption problem, rather introducing a new consumer product to rural India.
- Then identifies the segment based on segmentation variables.
- Regarding the Segment Attractiveness, they expect to get 100% sales from rural areas, and with support and encouragement and along with entrepreneurship plans, firm is confident to see a huge growth in the next 3 to 5 years, especially in rural areas. Also the existing mini-fridges do not have all the features Chotukool offers and therefore are not competitors for Chotukool. It has identified rural India as the most promising segment and also targeted the Urban India. There is also mention that, they will target South Asian countries also. In rural India, company is using DoP, MFIs and SHGs to market the product.

# Segmentation Process

- For Segment positioning, they come up with a product-price positioning strategy. For example, in Maharashtra a woman who has become an equity stakeholder in a company called Sakhi Retail Co. , has convinced Godrej & Boyce to reduce the price from Rs.3700/- to Rs. 3,200/- . Also 100 prototypes of the products are being tested in different locations.
- Leverages a Marketing–Mix Strategy, wherein he includes all aspects of the marketing mix namely product, price, promotion and place.
- The product is a nano-refrigerator called Chotukool.
- It is priced at Rs. 3700/-
- It conducted demonstrations to consumers explaining about the features and benefits and demonstrated how perishable food products could be stored for longer duration of time.
- The places are various villages and some cities in India.

# Segmenting Rural Markets

- Factors considered for rural market by Sundar Raman are,
- Literacy level
- Income
- Spending power
- Availability of power
- Social and cultural orientation of people
- The differences influence the market potential and buying patterns and habits of consumers. Approximately 50% of India lives in the villages.
- Therefore as a marketing strategy, a market segment called rural India has been identified.

# Variables leveraged to segment the consumer markets

- The major market segmentation variables leveraged for constructing the market segment are,
- Geographic segmentation
  - Rural and semi-urban areas – core region is rural areas
  - Urban Areas
- Demographic segmentation
- These variables are often associated with consumers' needs and wants.
  - Income – Low income to high income groups
  - Education – Educated, Uneducated, Semi-Urbanite, highly sophisticated urbanite
  - Occupation – Rural households, Rural Shopkeepers, Mumbai Dabbawalas, florists, fish-sellers
  - Socio-Economic Classification –Rural Areas, Urban Areas

# Variables leveraged to segment the consumer markets

- Behavioural segmentation
  - Benefits – Quality, service, economy
  - User status – Nonuser, potential user, first time user
  - Usage Rate - Light
  - Loyalty status – Can't say because in future another company may come up with a similar product and price it competitively and may become the preferred brand.
  - Readiness stage – Unaware, interested, intending to buy
  - Attitude toward product – Enthusiastic, positive
- Other Operating variables
  - Technology
  - Specific application of a product namely fridge



# Understanding the consumer behaviour – Grassroots Marketing

- In 2007, Sundar Raman initially begins to work on the idea and then includes some of his staff members.
- He takes inputs from many rural women and in 2008 September, he comes up with working prototype of a mini-fridge.
- In 2009, a mini-fridge for the poor was created.
- The product is named Chotukool.
- It was available for buying in March 2010.
- Grassroots Marketing – Co-creation with consumers
- The color candy red was very popular amongst the village women and therefore selected as the colour of the fridge.
- Involving villagers in design and marketing helps in building loyalty and increase the sales.

# Positioning of Chotukool

- Brand is Chotukool and positioning is it provides cool comfort, convenience and social status to rural India. And expected market share is 100%.

# Chotukool - Product Specifications

- Affordable
- Portable
- Low-energy-consuming refrigerator, because it works without compressor and leverages a solid-state cooling technique known as Peltier effect.
- It works both on AC and DC power
- Compact (30-40 ltrs)
- Top-loading
- Lightweight
- Comes in vibrant colours
- Cooling chip with fan similar to that being leveraged in computers.
- Created by a branded, century-old Indian conglomerate, Godrej and Boyce.
- Low prices to overcome the income constraints.

# Perpetual Mapping

