



Marketing Case-Study Analysis

- Chotukool from Godrej

- SMP11 Thane Center (Ambrish Mathur)
- 17th April 2015



Manufacturer and Goals

- 2005 – A Godrej Employee Entrepreneur's Dream to see Cooling in every RURAL Household – one day hear “Chotu, thanda leke aa” ! (in Hindi language) meaning “Little boy get me a Cold drink” !
- Godrej industries is a \$2.6 billion (2010) Indian conglomerate in various household LOBs.
- Godrej started Chotukool Product (Fridge) as a CSR initiative for the Rural areas (initially of Maharashtra and later Gujrat and South India)
- A “Mini-Fridge for the Poor” was launched in 2010 after working with Rural people in design.
- Challenge - Rural areas have interrupted power and Product should be affordable to Poor



Needs and Wants

- Satisfies the “Need” to keep Food and Beverages Cold in a Rural Household otherwise not possible.
- A “Mini-Fridge for the Poor”.
- Low Purchase as well as Low Operational Cost. Affordability is key to success of Product sales.
- Works with Interrupted Power Supply as Rural areas often lack electricity. Consume Very Low Power.
- Use only in Rural and Semi-urban areas where.
- Many other companies targeting marketing beverages and food in Rural areas of India that supplements the need to ‘Keep food and perishables cold to Preserve’ in small quantity for longer durations.
- Product also targeted for vendors that need flowers and tobacco leaves preserved for longer durations.
- Can be used for Picnics by Rural people to carry food.
- Refrigerator has a need to be Portable.
- India has very low Refrigerator Penetration (below 18%) and 33% of food is lost to Spoilage all over India.





Customer and Consumer

- Consumer - Rural households and Bottom-Of-Pyramid (BoP) Consumers – families and rural SMB vendors.
- Customer – Distribution enabled through Post Offices which reach every person in any part of Rural as well as Urban India.
- Cost Sensitive Rural Buyers who face interrupted Power supply. Price Affordability critical to adoption & success.
- Huge Rural Retail Market Opportunity in India – Rural areas constitute 54% of India's GDP.
- Companies marketing other Food Products to consumers in Rural areas that need the food cold at a very low purchase cost as well as low operational cost.
- .



Godrej's Chotu Kool Refrigerator



Target Market (STPs) and Marketing Mix (4P's)





Product and Background

- A “**Mini-Fridge for the Poor**” designed for rural people of India.
- Priced at Rs 3790 (under \$69) – **cheapest fridge in the world**.
- Runs on Dual Power Supply - Solar energy as well as Inverter and Battery – designed to **work in areas with Interrupted Power Supply**.
- Works without Compressor with a fan via Thermo-cooling a technique designed on the concept of “*Peltier Effect*”. 20 Parts (vs 200+ parts in normal fridge). Cools upto 15 to 20 degrees.
- Involve Villagers right from the design of Product to Color choices and Sizes to the Selling of the Product. **Portable** Product.
- Made Available in 2 Sizes – 30 and 40 Litres capacity with very low Power Consumption of 55 to 62 W compared to competition.
- Utilizes the Post Office for distribution, Micro-Finance Institutions (MFIs) for financing and Rural Self-Help Groups (SHGs) for Rural selling. **Generating Job Opportunities for the Rural areas !**



Price

- Price of Rs 3790 (in some areas price could be reduced to Rs 3200 per suggestions from SHGs / Sakhi women organizations).
- Price affordability is Key to Consumer for successful adoption and sale.
- To keep Costs low - Utilizes the Powerful Distribution of Department of Post Offices (for a small fee) that reach every single person in rural India.
- Utilizes Rural Self-Help Groups (SHGs) for selling for a small fee and generating Jobs.



Place - Segmentation and Target Market

- Segment Marketing – Dual Size Product.
 - ❖ Geographic Segmentation – Rural Villages and Semi-urban towns of India where Power supply is interrupted and Internet often absent. Not targeted in Cities/Urban.
 - ❖ Demographic Segmentation – None. All Families and Small Business SMB vendors who need to keep the Food Cold and Preserved for consumption or sale.
 - ❖ Psychographic Segmentation – Bottom Of Pyramid (BoP) Poor Consumers.
 - ❖ Behavioural Segmentation – None. Everyday use in Rural households and SMB Vendors sales
- Designed only for Price Sensitive Consumers in Rural and Semi-Urban areas.
- India has very low Refrigerator Penetration (below 18%) and 33% of food is lost to Spoilage all over India.



Target Market and Positioning

- Chotukool is very useful and **Positioned for Rural Families and Local Vendors to store and Preserve the following perishables** for a longer duration ...
 - Cold Drinks and water in rural areas.
 - Tobacco leaves
 - Flowers and Garlands
 - Vegetables and Non-vegetarian food Fish
 - Food Dabbawala's transporting food from home to office
- It will keep food preserved and cool below 20 degrees, but NOT USEFUL for those who need food highly cooled.
- Use in areas with interrupted power supply – utilizes solar energy with inverter and battery – Dual Power Supply.
- For Price Sensitive consumers. **The Chotukool Product is Positioned as a “Mini-Fridge for the Poor”**. Low Price and Affordability is key to adoption of Product.
- Very Low Power consumption and Operational Cost.
- Use for Picnics in Rural Areas to preserve Food.
- Can be used as Second Fridge instead of large refrigerators in rural or semi-urban towns



Distribution

- To keep costs low - Utilize the existing Extensive Distribution Network of Department of Post Offices (for a small fee) which reaches every household resident in rural India.
- Utilize Self-Help-Groups (SHG's) and Organizations with women called "Sakhi" for Distribution and selling for a monthly salary and fee. Generating Jobs in Rural areas.
- Utilize Micro-Finance Institutions (MFI's) for helping the rural poor finance the purchase.



Competition and Differentiator

- 3 Other Mini-Fridge models from Competition – Products made in China and sold in India
- Competition Products also in varied sizes of 20 to 50 Litres. Chotukool has 30 and 43 Litres size.
- Competition Products have Higher Weight of 14-22 Kgs as compared to 7.8Kg for Chotukool.
- Chotukool has lower Power Consumption of 55-62 Watts and competition consumers 70 W powers = Higher Operational Cost for Competitive Products.
- Competitive Products can Cool from 10-18 degrees range whereas Chotukool's promise is to keep cool below 20 degrees.
- Competition Products run on AC or DC Power. Chotukool runs on Dual Power Supply – AC and DC Power, Invertor and Batteries as well as Solar Energy !
- Price of Competition Products not Provided. Chotukool is affordable for Poor at Rs 3790 per unit.



Marketing Challenges

- Main Market for Chotukool is Rural Markets with Literate and Semi-Literate consumers.
- Literacy is 68% in Rural India and important for Sale. Marketing Mix needs to be Tuned to the requirements of this Target Market. Companies need to be careful in the way they sell or communicate their value propositions to these consumers. *Involving Rural People in Design was a Key Idea.*
- These Semi-Literate Consumers can understand Pictorial thinking and simple charts to Sell. Not Complex Reasoning and Technical descriptions.
- Some Low-Literate Consumers engage in coping and stigma management strategies such as pre-shopping to post-shopping planning.
- Until now Chotukool does not have TV or any Media Advertisements (to keep cost low), though information is now available on Internet.
- Examples of Products Marketed to BoP Consumers show that the Products can fail badly due to various factors (e.g. : Launch of Tata NANO Car by Tata Motors in Rural India).
- Luckily Refrigeration Penetration in India is below 18% and 33% of Food is Spoiled due to lack of low cost Refrigeration devices. NEED is there.

