



Marketing the  
**Modern Kitchen**

for Early Adoption of  
**Improved Cookstoves**  
in Bangladesh

**A Marketing &  
Behavior Change Strategy**



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## ACRONYMS

- BCSIR - Bangladesh Council of Scientific and Industrial Research
- BDT - Bangladeshi Taka
- BIS - Bureau of Indian Standards
- BRAC - Bangladesh Rural Advancement Committee
- FY – Financial year
- GACC - Global Alliance for Clean Cookstoves
- GDP - Gross Domestic Product
- GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
- GOB - Government of Bangladesh
- GS - Grameen Shakti
- HCD – Human Centered Design
- ICS - Improved Cookstoves
- IFRD - Institute of Fuel Research and Development
- MFI - Micro Finance Institution
- NBCI - National Biomass Cookstove Initiative
- NGO - Non-governmental organization
- SG - Savings Group
- SHG - Self help groups
- SHS - Solar Home System
- SMC – Social Marketing Company
- USAID - United States Agency for International Development
- VERC - Village Education Resource Center
- VSG - Village Savings Group
- WB - World Bank
- WTP - willingness to pay

# Executive Summary

Bangladesh has a large potential market for clean and efficient cookstoves estimated at more than 30 million households; however, only about half a million improved stoves are thought to currently be in use, a penetration rate of less than 2%.<sup>1</sup> Increasing purchase and adoption of improved cookstoves in Bangladesh requires a targeted, market driven approach that incorporates the needs and wants of end users and prioritizes consumer segments that will open the market and facilitate expanded demand in the longer term.

WASHplus, through support from USAID/Bangladesh, the USAID Asia Regional Bureau/Washington, and an additional grant contribution from U.S. State Department’s Office of the Secretary of State, Global Partnership Initiative, has spearheaded an initiative to see improved cookstoves marketed and sold in Bangladesh. The Global Alliance for Clean Cookstoves has identified Bangladesh as one of its focus countries and is catalyzing efforts at the national level, ensuring collaboration among partners and alignment with the Country Action Plan for driving near universal adoption of clean cookstoves in Bangladeshi homes by 2030.

The Alliance and WASHplus commissioned the firm iDE to **identify the market segments most poised for early adoption of clean and improved stoves through a market-based model and to develop a 4Ps marketing strategy for promotion of those stoves in Bangladesh.**

This included primary research with consumers to learn more about their needs, wants and desires around cooking and uncover enablers and barriers to transitioning to clean and improved cooking solutions that could be leveraged and addressed through marketing efforts.

The objectives of the study were as follows:

1. Refine ICS<sup>2</sup> target market, and identify and develop detailed consumer profiles of customers to be targeted by initial marketing efforts
2. Develop a 4Ps (product, price, place, promotion) marketing strategy

This research built from an earlier study conducted by WASHplus as well as other research and learnings from the Bangladesh stove sector. Human Centered Design (HCD) principles were utilized to examine key behavior change elements that were used in developing the marketing strategy. **Four distinct customer segments were identified** as the most poised to buy relatively unknown modern ICS products:

Target Segments Identification		
Segment	Urban and Peri-urban	Rural
Middle class	Segment 1 (Outside Dhaka)	Segment 4
Lower middle class	Segment 2	Later Priority (Free biomass)
Low income	Segment 3	Later Priority (Free biomass)

Identifying the most critical underlying influence across the four priority segments **helped frame value propositions to include in the marketing mix**, resulting in discrete strategies based on

<sup>1</sup> GACC - Bangladesh Market Assessment Sector Mapping, 2012

<sup>2</sup> For the purpose of this report, clean, efficient and other improved biomass stoves will be referred to as ICS for brevity.

varying needs and preferences across segments. Some of the key influencing factors uncovered via the research with consumers were the following:

- **Convenience:** Faster cooking times, less attention required, and by extension, more time for other activities are principle drivers that make upmarket options like rice cookers attractive. For a modern ICS to be viable in the market, it must address this dimension of consumer preference.
- **Cleanliness:** Smoke damages interiors. As many families rent, they are constrained in the type of stove they can use indoors and therefore continue to use unimproved biomass stoves outdoors or in kitchen structures separate from the main home. Being able to cook entirely indoors, or in the home, is perceived as safer and is associated with higher economic and social status.
- **Safety:** As many families cook in additional kitchen structures and rent, there are fire concerns associated with traditional cookstoves. Upgrading to modern ICS as a form of “fire insurance” for families and landlords could drive greater ICS adoption.

These findings ultimately informed the creation of the **Modern Kitchen Marketing and Behavior Change Strategy**, which focuses on balancing targeted engagement with each segment within an integrated narrative that enables implementers to engage each segment. The strategy is characterized by the following elements:

<b>Modern Kitchen Marketing and Behavior Change Strategy</b>	
<b>Goal</b>	Consumers see ICS as “ <b>Modern Chula</b> ” a key element of a ‘ <b>modern kitchen</b> ’ that bundles ICS with other appliances to deliver both the convenience of alternative appliances with the traditional experience associated with wood-fueled home cooking
<b>Objectives</b>	<p><b>Behavior objective:</b> Influence consumers to actively seek a <i>Modern Chula</i> as part of their kitchen, and to become the earliest advocates of the wider “modern kitchen” concept</p> <p><b>Knowledge objective:</b> Ensure consumers know that <i>Modern Chulas</i> are efficient, clean, easy to use, and accessible</p> <p><b>Belief objectives:</b> Persuade consumers that a <i>Modern Chula</i> is an essential additive to a “modern kitchen” rather than a substitute or backsliding from alternatives</p>
<b>Core Features</b>	<ul style="list-style-type: none"> <li>• Utilize <b>Adhunik</b> (“modern”) as the core branding element</li> <li>• Embed all messaging within larger proposition of the “Modern Kitchen”</li> </ul>
<b>Product</b>	
<ul style="list-style-type: none"> <li>• Differentiate two distinct ICS product categories (<i>Value &amp; Premium</i>) to leverage segment-specific value propositions.</li> <li>• Bundling the Modern Chula with other kitchen appliances and products will improve targeting to the segments and tie ICS to demand for more mature products already established in the market.</li> </ul>	
<b>Price</b>	
<ul style="list-style-type: none"> <li>• Focus initial activities on segments with lower price sensitivity (middle class).</li> <li>• Micro-loans only available at price points above cost of ICS, so bundle ICS with other aspirational appliances to enable micro-financing.</li> </ul>	
<b>Place</b>	
<ul style="list-style-type: none"> <li>• Incentivize distributors to incorporate ICS activities within existing product lines and retail channels.</li> </ul>	
<b>Promotion</b>	
<ul style="list-style-type: none"> <li>• Co-market or package jointly with brands already known to customer to minimize psychological barriers to adoption amongst consumers due to lack of knowledge associated with new ICS products.</li> <li>• Leverage landlord perceptions of ICS as a form of “fire insurance”.</li> </ul>	

The ‘Modern Kitchen’ marketing strategy is expected to be successful for the following reasons:

**BANGLADESH MODERN KITCHEN MARKETING AND BEHAVIOR CHANGE STRATEGY**

Factor	<i>Modern Kitchen Strategy</i>
<b>Simple</b>	<ul style="list-style-type: none"> <li>• The concept of the “modern kitchen” is straightforward</li> <li>• Integrating all four segments into a single outcome increases the efficiency of engagement for implementers, as well as private sector partners</li> </ul>
<b>Innovative</b>	<ul style="list-style-type: none"> <li>• Bundling ICS with other kitchen goods is a novel approach to ICS sales and can help differentiate modern ICS from bondhu chula or traditional clay stove options</li> </ul>
<b>Concrete</b>	<ul style="list-style-type: none"> <li>• “Modern kitchen” concept can be easily translated into ownership of discrete product bundles</li> </ul>
<b>Emotional</b>	<ul style="list-style-type: none"> <li>• “Modern” is a strongly positive and aspirational for Bangladeshi consumers across middle, lower middle and low-income segments</li> <li>• Ties marketing propositions across all four segments to core idea of balancing traditional food culture and contemporary technology and prosperity</li> </ul>

## I. Background

Around the globe, close to three billion people use traditional biomass for cooking and heating.<sup>3</sup> It is estimated that nearly four million premature deaths occur annually due to the harmful effects of traditional biomass cookstoves, with women and children disproportionately affected. In Bangladesh, a predominately rural population with 30% of families living below the international poverty line<sup>4</sup>, close to 90% of the population continues to rely on solid fuels for cooking<sup>5</sup>. Bangladesh is the eighth most populous country in the world with more than 150 million people and has the highest population density of all developing countries. Each year more than 78,000 Bangladeshis die from the effects of household air pollution.<sup>6</sup> During the Bangladeshi monsoon, many women move their cooking spaces indoors, which also adds to health risks. Indoor concentrations of carbon monoxide, carbon dioxide and dust were found to be significantly higher in Bangladeshi urban kitchens than in rural<sup>7</sup> ones, and in poorly ventilated homes the quantity of small particulate matter can be greater than 100 times WHO recommendations.<sup>8</sup>

Designed and promoted to mitigate indoor air pollution for households relying on biomass for cooking, clean and improved cookstoves and fuels could greatly reduce premature mortality and morbidity in Bangladesh. For households across Bangladesh the environmental, social and economic benefits of using improved cookstoves are derived from time savings for leisure or productive activities, cost savings on fuel expenditures, and reductions in exposure to harmful smoke.<sup>9</sup> Since 1970, several government, nongovernmental, and international organizations in Bangladesh have been implementing programs to address household energy and indoor air pollution issues. The development and promotion of improved cookstoves in Bangladesh can be divided into 3 stages:

1. **1970 to 1980:** With an aim to achieve efficient energy usage at household level, the Bangladesh Council of Scientific and Industrial Research (BCSIR) led the research and development of different models of improved cookstoves.
2. **1980 to 1990:** The focus shifted towards improving health and welfare of the people. BCSIR and the Local Government Engineering Department (LGED) led several programs with support from various NGOs and community groups to disseminate improved cookstoves (BCSIR model) to thousands of households.
3. **Late 1990s onwards:** The focus has shifted away from grant assistance to commercial approaches. Several NGOs, private entrepreneurs, and microfinance providers are increasingly marketing and promoting improved cookstoves.

Despite these efforts, the large potential market for ICS in Bangladesh, estimated at more than 30 million households, is still largely untapped. Only half a million improved stoves are thought to currently be in use, a penetration rate of less than 2%.<sup>10</sup> Grameen Shakti and GIZ operate two of the largest ICS programs in Bangladesh and have projected future growth. However, anecdotal evidence suggests that many stove producers struggle to overcome limited consumer awareness and low demand for ICS among their consumer base. Of the several improved cookstoves (ICS) designed and developed in Bangladesh, the 'Chimney Improved Cookstove', also commonly known as the 'Bondhu Chula' is currently being widely disseminated through both aid programs

3 International Energy Agency (IEA), World Energy Outlook 2013 (Paris: IEA/OECD, 2013). Available at: [www.worldenergyoutlook.org/resources/energydevelopment/energyaccessdatabase](http://www.worldenergyoutlook.org/resources/energydevelopment/energyaccessdatabase)

4 World Bank, 2013. Bangladesh country data. Available at: <http://data.worldbank.org/country/bangladesh>

5 Institute for Health Metrics and Evaluation (IHME), 2010. Bangladesh - Household air pollution. Available at:

[www.vizhub.healthdata.org/irank/arrow.php](http://www.vizhub.healthdata.org/irank/arrow.php)

6 Ibid.

7 Khalequzzaman, M. et al., 2011. Indoor air pollution and health of children in biomass fuel-using households of Bangladesh: comparison between urban and rural areas. *Environmental Health Prev Med*: 16(6): 375-83

8 WHO, 2014. Household air pollution fact sheet. Available at: <http://www.who.int/mediacentre/factsheets/fs292/en/>

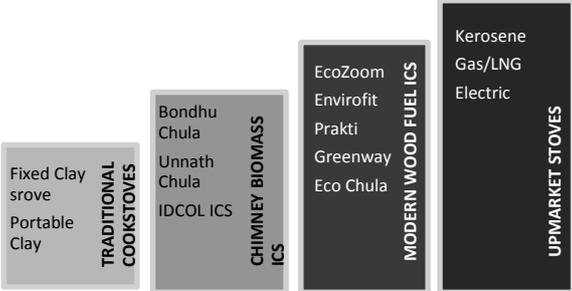
9 Energy Sector Management Assistance Program (2010) Improved Cookstoves and Better Health in Bangladesh: Lessons from Household Energy and Sanitation Programs (The International Bank for Reconstruction and Development/The World Bank, Washington, DC).

10 GACC - Bangladesh Market Assessment Sector Mapping, 2012

and commercial channels. While reducing indoor smoke, Bondhu Chulas are frequently manufactured and installed improperly due to decentralized production. In addition, many consumers within Bangladesh are moving up the cookstove ladder from traditional cookstoves to upmarket stoves (kerosene, LPG and electric) especially for short cooking times. This jump effectively skips the “Chimney Biomass ICS” and the “Modern Wood Fuel ICS” categories on the cookstove ladder (Chimney Biomass ICS and Modern Wood Fuel ICS<sup>11</sup>).

While moving up the cookstove ladder is a goal of this initiative, conditions on the ground are not as simple. Stove stacking, the use of multiple types of stoves for different purposes, is prominent in this context. Thus, while some households may begin using upmarket stoves, these stoves with costly fuels and distributions challenges are only used for short durations and specific purposes, like cooking rice or quickly heating leftovers. Traditional biomass cookstoves continue to be the main stove used for long cooking times and for preparing the principle daily meals that can take hours to prepare.

Bangladesh Cookstove Ladder



This can be seen as the basis for a strong marketing opportunity for an improved Bangladeshi kitchen. While rapid urbanization and rising incomes are helping Bangladeshis move up the cookstove ladder, biomass continues to be the major fuel source for households. Thus, imported and locally produced cleaner and more efficient stove options could fill the gap between traditional clay chula cookstoves and upmarket stoves, in which millions of Bangladeshi households currently fall.

WASHplus, through support from USAID/Bangladesh, the USAID Asia Regional Bureau/Washington, and an additional grant contribution from U.S. State Department’s Office of the Secretary of State, Global Partnership Initiative, has spearheaded an initiative to see improved cookstoves marketed and sold in Bangladesh. This initiative has commenced in two phases, the second of which is presented in this report:

- *Phase 1.* Establish preliminary market segmentation, gain insight into consumer preferences, and willingness to pay for ICS in Bangladesh; this included a research report titled *Understanding Consumer Preference and Willingness to Pay for Improved Cookstoves in Bangladesh*<sup>12</sup>
- **Phase 2. Refine target market for ICS adoption, and develop an ICS marketing strategy for Bangladesh**

The goal of these efforts is to inform the implementation activities to be carried out by the USAID/Bangladesh Catalyzing Clean Energy for Bangladesh (CCEB) program.

The Global Alliance for Clean Cookstoves (Alliance) is a public-private partnership created to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient cookstoves and fuels. Its goal is to increase by 100 million the number of households using cleaner and more efficient cookstoves and fuels by 2020. The Alliance identified Bangladesh as one its focus countries and is leading activities to catalyze the market for clean and improved stoves in Bangladesh, working with WASHplus and other partners to ensure alignment of efforts.

The Alliance and WASHplus collaborated on the management of this study, and commissioned the firm IDE to undertake the research and development of the strategy.

<sup>11</sup> For the purpose of this study, clean, efficient and other improved stoves will be referred to as ICS for brevity. In addition, for this study this product category has been further segmented into Chimney Biomass ICS and Modern Wood Fuel ICS. The former includes all existing fixed chimney ICS currently commercially available in Bangladesh. The latter includes the imported brands of ICS models used in this study. These imported ICS models use only wood fuel. 4 out of 5 Modern ICS models were portable. Only one of these imported Modern ICS models was a double burner model with chimney option.

<sup>12</sup> Full report can be accessed at: [http://www.washplus.org/sites/default/files/bangladesh-consumer\\_preference2013.pdf](http://www.washplus.org/sites/default/files/bangladesh-consumer_preference2013.pdf)

## II. Objectives

Drawing from the findings of the WASHplus *Phase 1 study* and other stove sector learning, this study identified key behavior change elements that could be used to develop a marketing strategy for increased uptake of ICS within Bangladesh. This report focuses on developing a “4Ps” marketing strategy by extracting customer insights while refining the target market. The objectives of this research were the following:

1. Refine ICS target market, and identify and develop detailed profiles of ICS customer segments to be targeted by initial marketing efforts;
2. Develop a 4Ps (product, price, place, promotion) marketing strategy for each customer segment

## III. Approach

iDE-Bangladesh applied Human Centered Design (HCD) principles to compile insights into the desirability, viability, and feasibility of ICS among market segments developed during Phase 1 of the program. These insights were used to further refine the segments and develop detailed profiles for each.

Early assumptions about the target segments were validated through qualitative field research in rural, urban, and peri-urban areas in the Dhaka, Rajshahi, and Khulna districts of Bangladesh. The research team conducted several contextual observation studies to develop a deeper understanding of consumer behavior and habits around earning and expenditure patterns, cooking practices, and seasonal changes. In addition, HCD deep dives were employed to develop a richer understanding of consumer need and demands, value perceptions, motivations and fears, and dreams and aspirations in regards to cooking and cookstoves. These deep dives used interviews and observations, activity maps with flash cards, focus group discussions, and mock market testing. Lastly, co-creation workshops were used to analyze specific technical aspects of five improved cookstoves to further identify insights about the market placement of ICS within the cookstove ladder in Bangladesh.<sup>13</sup>

For the marketing strategy, the 4P’s – product, price, place and promotion – offer a framework for identifying strategic marketing goals and ensuring customer needs are met. The segment based marketing strategy developed by this study takes into account stove design, bundling strategies, payment options, fuel availability and type, distribution and sales, promotional opportunities, and public and private sector engagement. The marketing strategy identifies the potential geographic reach in Bangladesh for commercial sale and promotion of new ICS models (based primarily on wood-fuel use only), maps out promotional and positioning strategies for these new stoves, and proposes specific interventions for the adoption of these strategies in Bangladesh.



## IV. Defining the Target Market

During “Phase-1” high-level profiles were drafted for priority customers for new ICS models. These profiles identified consumers for ICS models with the following criteria:

- Small size families (< 5 members)
- Regularly buy wood fuel;
- Cannot cook outside during wet seasons (both rural and urban areas);
- Lack outdoor space to install a traditional stove; and
- Live in urban and semi-urban areas with several imposed restrictions and constraints (including space) to use traditional biomass cookstoves.

<sup>13</sup> EcoZoom, Envirofit, Prakti, Greenway and Eco Chula

**BANGLADESH MODERN KITCHEN MARKETING AND BEHAVIOR CHANGE STRATEGY**

Further investigation was conducted to refine the target segments, which yielded the following:

- A** Urban and peri-urban households that earn > \$2.50 (100 BGT)/day, are already buying and paying for wood fuel, and are relatively easy-to-reach (based on the presence of existing stove production and distribution centers)
- B** Urban/peri-urban part-time LPG users
- C** Urban and peri-urban landlords who rent out rooms and communal kitchens to migrant textile and leather workers
- D** Rural and Urban Households that can be reached by adding cookstoves to the portfolios of existing innovative distribution models run by NGOs, women’s groups, membership organizations, and microfinance institutions (MFIs)
- E** Rural and Urban Households that can be reached by retailers by adding cookstoves to the range of products sold – these retailers include sanitary shops, “blue star” shops (a network of pharmacy retail shops organized by SMC<sup>14</sup>), durable consumer goods retailers, shops that sell cooking pots and pans.

These preliminary target consumers were further segmented through HCD research into groups with the greatest potential for the ICS market in Bangladesh. These segments consist of customers who may be willing to take the calculated risk to buy relatively unknown ICS technologies/products because the new stoves fit their profile of ‘needs and wants’<sup>15</sup>.

During the research process it was determined that the consumers that could afford ‘Modern ICS’ products (MRP range of 2600 BDT – 5000 BDT) through commercial channels were most likely to be from the income groups earning between 6,000 BDT to 25,000 BDT per month. The population in this income range were further segmented as low income, lower middle class and middle class. The preliminary adopter groups (A, B, D, E) mentioned above were split into distinct economic and geographic definitions<sup>16</sup>.

Population segmentation by geographic, economic and fuel use patterns			
Segment	Urban	Peri-urban	Rural
<b>Low Income</b> (6,000-10,000 BDT/month)	Free biomass + purchased wood		Free biomass
<b>Lower middle class</b> (10,000-15,000 BDT/month)	Free biomass + purchased wood + electricity and kerosene		Free biomass
<b>Middle class</b> (15,000-25,000 BDT/month)	Purchased wood + electricity, LPG and kerosene		Free biomass + purchased wood + electricity, LPG and kerosene

Charting these economic, geographic and fuel use patterns reveals six distinct population segments, of which four will be targeted:

Target Segment Identification			
Segment	Urban	Peri-urban	Rural
Middle class	Segment 1 (Outside Dhaka)		Segment 4
Lower middle class	Segment 2		non-target (Free biomass)
Low income	Segment 3		non-target (Free biomass)

<sup>14</sup> Social Marketing Company (SMC) is a nonprofit private limited company established in 1974 as the Family Planning Social Marketing Project under a tripartite agreement between the Government of Bangladesh, Population Services International (PSI) - a US based NGO, and USAID.

<sup>15</sup> Some of these ‘needs and wants’ are tangible attributes, for instance portable or even a color; other ‘needs and wants’ can be less tangible and/or aspirational such as ‘cutting edge’, or ‘modern’.

<sup>16</sup> While preliminary target group C (Landlords) do identify as customers and promoters for ICS in Bangladesh, they do not represent direct consumer sales opportunities and therefore are not included in the market segmentations as identified in this report. Based on HCD insights, landlords (preliminary priority group C) are unwilling to purchase ICS for tenants as many of these stoves are relatively portable and landlords do not any provide any furnishings in rooms because things are often stolen. However, landlords, are interested in promoting the stoves under the auspices of fire insurance, making the use of either upmarket or ICS mandatory to tenants. NGOs and specific retail shops (channels to reach preliminary priority groups D and E) will be incorporated into the promotion and distribution strategy for the selected segments.

The ‘rural lower middle class’ and ‘rural low income’ consumers are considered non-target segments for this phase because of their high dependency on freely available biomass fuel during most of the year, and their lack of purchasing power.

The middle class, represented in Segments 1 and 4, are part-time users of upmarket stoves for cooking times under 30 minutes. While these segments were left out of the preliminary market segmentation, further research determined that the middle class in both rural and peri-urban spaces continue to use traditional cookstoves. While the middle class in tier-2 cities (excluding Dhaka and Chittagong) living in peri-urban areas may be able to afford upmarket cooking options, investigation revealed that many households in this segment continue to use traditional biomass cookstoves on a part-time basis for cooking at least one main meal a day<sup>17</sup>. These households wish to retain their traditional methods of cooking using biomass fuel (especially wood), as they strongly *believe* it tastes better and has better health benefits<sup>18</sup>.

## V. Current ICS Market and Consumer Insights



Most households among the target segments continue to use traditional biomass cookstoves in a separate kitchen shelter from the main living quarters. These stoves are frequently single-pot clay stoves that have been built in place, can be portable, and can have two burners. Even middle-income families that use upmarket cooking appliances, like rice cookers and kerosene stoves, continue to use traditional biomass stoves due to cost constraints of higher end fuels, as well as perceived taste benefits when cooking with wood. Of the families participating in the study, most preferred single-pot designs because of the reduced attention necessary while cooking. This freed cooks to multi-task while preparing meals, and allowed time to complete other household chores.

<sup>17</sup> The middle class households (segment-1) in tier-1 cities like Dhaka and Chittagong are already fulltime users of upmarket cookstoves and hence have not been considered as targets. Also, the segment-1 households in peri-urban and rural areas who are already using Bondhu Chula or other improved cookstoves will not be targeted as early adopters for the ‘Modern ICS’ products to deliberately replace their existing ICS products. While this study explores strategies to substitute the traditional biomass stoves used by the segment-1 and segment-4 consumers with the modern ICS products, a policy based strategic approach would need to be taken to help the segment-1 and 4 consumers in urban, peri-urban and rural areas to further move up the energy ladder, increasing their dependency on cleaner fuels and cookstoves (electric, LPG and natural gas).

<sup>18</sup> The strategy in this report does not endorse the promotion of the ‘smoky taste’ obtained by cooking in a traditional cookstove as a desirable proposition to promote ICS. However, an emphasis on existing consumer identification and preference toward “traditional” cooking methods using wood fuel can still be promoted as an USP for ICS by leveraging the emotional driver associated with nostalgic feelings of traditional cooking, without actually promoting the unhealthy “smoky taste” that is also associated with the traditional cooking style using wood fuel and biomass stove.

**Local ICS:**  
 Bondhu Chula -  
 “pipe/chimney chula”



Research showed that general awareness around ICS in Bangladesh remains limited, with the most commonly known and used ICS being the Bondhu Chula, or locally produced “chimney stove”. Participants in this study primarily purchased bondhu chulas to mitigate damage from smoke to the walls and interior of the home if used in the main house. Research showed that customers are unclear about additional efficiency benefits of bondhu chulas, and many perceive them to be slower and less fuel efficient than the simple clay chulas. As mentioned previously in this report, bondhu chulas are generally distributed through aid channels with subsidy schemes, and research showed that entrepreneurs engaged in selling these stoves would not continue operations without a subsidy. As this market is primarily subsidy-driven, there appears to be insufficient awareness around the additional benefits of ICS in terms of health, or efficiency gains due to limited incentives to invest in advertising. Furthermore, after-sales service for these stoves was limited in the areas visited. Anecdotally, clogged chimneys were common issues, and in some cases, holes were poked in the chimney to reduce clogging, which resulted in smoke being released back into the interior of the home.

These findings suggest that there are opportunities for a market-based solution to deliver more value to consumers, and to become more widely adopted than current bondhu chula options are. This will be addressed more in-depth in the marketing strategy section of the report.

**Modern ICS:**  
 Greenway  
 EcoZoom  
 Eco Chula  
 Envirofit  
 Prakti



At the time of this research, there were very few domestically produced modern ICS options in Bangladesh (beyond the Bondu Chula). Therefore, stoves tested with consumers were all imported. Stoves tested included: EcoZoom, Greenway, Envirofit, Prakti, and Eco Chula.

**Upmarket:**

Rice cooker  
Kerosene  
LPG



Upmarket cooking options are becoming increasingly common in Bangladesh due to demographic trends like urbanization and rising incomes, and the increasing premium placed on convenience. However, as upmarket fuel remains expensive, these appliances fulfill specific niches and have not taken over principle cooking duties. Biomass stoves continue to be the primary cookstove, especially for meals that take longer to prepare.

Given the information obtained from research participants about the various stove options, common themes around upgrading stove-types emerged:

- **Convenience:** Faster cooking times, less attention required, and by extension, more time for other activities are principle drivers that make upmarket options like rice cookers attractive. For a modern ICS to be viable in the market, it must address this dimension of consumer preference.
- **Cleanliness:** Smoke damages interiors. As many families rent, they are constrained in the type of stove they can use indoors and therefore continue to use unimproved biomass stoves outdoors or in kitchen structures separate from the main home. Being able to cook entirely indoors, or in the home, is perceived as safer and is associated with higher economic and social status.
- **Safety:** As many families cook in additional kitchen structures and rent, there are fire concerns associated with traditional cookstoves. Upgrading to modern ICS as a form of “fire insurance” for families and landlords could drive greater ICS adoption.

With these insights and the context of cooking in Bangladesh in mind, the target market for ICS was divided into four segments; insights into these target segments are provided in the next section of this report.

## VI. Market Segments

### Urban and Peri-Urban Middle Class - Outside Dhaka (Biomass and Upmarket Stove Users)

# Segment 1

<b>Size<sup>14</sup></b>	<ul style="list-style-type: none"> <li>Total market size: ~ <b>1.9 million households</b></li> </ul>
<b>Demographics</b>	<ul style="list-style-type: none"> <li>Average earnings of 17,000 to 25,000 BDT per month<sup>15, 16</sup></li> <li>Multiple sources of regular income</li> <li>Employment as service holders, medium sized business owners, entrepreneurs, wholesale merchants, engineers, technicians etc. or female-led families in with husbands earning abroad</li> </ul>
<b>Cookstoves</b>	<ul style="list-style-type: none"> <li>Traditional cookstoves or Bondhu Chula using purchased wood fuel to cook main meals</li> <li>Some might have experience with Bondhu Chula or other chimney ICS</li> <li>Kerosene, electric or gas for short cooking times (snacks, heating up food, baby food etc.) or during the monsoon when cooking moves indoors</li> <li>Prefer to use electric rice cooker for quick cooking of rice</li> <li><b>Will not stop using biomass</b> because of high fuel costs for kerosene and perceived improved taste when cooked over wood fire</li> <li>Purchase biomass fuel from wood seller</li> <li>Indoor built-in kitchens or individual standalone kitchens with shelter</li> <li>Living in rented houses are not allowed to cook using biomass cookstove inside the built-in kitchen</li> </ul>
<b>Profile</b>	<ul style="list-style-type: none"> <li>Living in areas with easy access to schools and local market areas</li> <li>Well educated and well informed</li> <li>Have bank accounts and small investments in a local bank but not always familiar with MFI loans</li> <li>Experience buying consumer products using loan and installments</li> <li>Highly influenced by community opinions</li> <li>Own TVs and computers</li> <li>Subscribe to newspapers and magazines</li> <li>Display high willingness to invest on premium and durable products</li> <li>Aspire to improve lifestyle and social status</li> </ul>



### Case Study: Narais Parvin

Nargis Parvin lives with her family of five in urban Rajshahi. Their main source of income is her husband's shop in Katakhal. She has access to electricity in her house, which does not extend to her external standalone kitchen. She also has a kitchen inside the house but prefers to cook the main meal in the external standalone kitchen using a biomass stove. The external standalone kitchen was built to house the biomass stove in order to avoid blackening the walls because of soot. Few months' back, she replaced her traditional biomass stove with a Bondhu Chula to resolve the problem. She uses wood fuel, which her husband buys. She cooks twice a day. She uses electric cooker to cook rice and to reheat curries at night. She makes joint decisions with her husband about any big household expenses. For her, word of mouth is the most reliable source for purchasing any household appliances. *"Before we make any decision, I usually observe the products and brands that my neighbors have".*

## Segment 1 - Key Insights

<ul style="list-style-type: none"> <li>• Most cook indoors either in their built-in kitchen or sheltered external kitchen</li> <li>• Most own and use either rice cooker or electric stove in combination with LPG stove for daily cooking because of the comfort, convenience and safety offered by these stoves while cooking indoors.</li> <li>• Some of them use biomass cookstove to cook at least one main meal for the family everyday while many others use biomass stove occasionally to cook traditional food.</li> <li>• Biomass cookstoves are usually used in their external kitchen space.</li> <li>• Cooking indoors with more privacy is associated with high social and economic status in urban areas.</li> <li>• Aspire to be able to afford <b>LPG</b> for daily use or cook with <b>piped gas</b> connection when available.</li> <li>• High end imported rice cooker, electric curry cooker, LPG stove, blenders, refrigerator, water filter are common home appliances in these households<sup>19</sup>.</li> <li>• Usually show keen interest to buy or use proven new technologies, products or brands that will improve their lifestyle (convenient and comfortable) and social status.</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">PRODUCT</p>
<ul style="list-style-type: none"> <li>• Willingly spend 2000 BDT to 4000 BDT to buy kitchen appliances (rice cooker, LPG, water filter) that help make their life more <b>comfortable and convenient</b>.</li> <li>• Have sufficient disposable income to invest on a value for money products.</li> <li>• Usually buy home appliances costing more than 2500 BDT using loans or installment options from retailers.</li> <li>• Rent, children’s education, entertainment and healthcare are the main expenses for these families.</li> <li>• Women sometimes contribute to family income through part time jobs and participate in decision making while purchasing expensive products for their home.</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">PRICE</p>
<ul style="list-style-type: none"> <li>• Women of the household usually purchase daily grocery from neighborhood shops.</li> <li>• The male members of the household do major purchases for the households from the central market area of the city.</li> <li>• Usually buy household consumer products from reputed retailers and distributors in the city.</li> <li>• Most of these households have experience buying from salesmen visiting their home but do not usually trust the quality of such products.</li> <li>• Wood fuel sellers are not located close to these households. Households usually buy huge bulk of fuel wood (transported by cycle van) to avoid frequent visits to wood sellers in the suburbs. However, wood sellers in certain cities like Khulna go door-to-door, to sell wood fuel.</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">PLACE</p>

<sup>19</sup> Majority of the population under segments 1, 2, 3 and 4 have access to electricity. However, the legality of the electric connection and the regularity of electric supply is highly variable throughout the country.

- These households are highly influenced by popular media as well as word of mouth and community opinion.
- Well exposed to mainstream advertisement and promotion channels like hoardings, posters, TV, newspaper ads, door-to-door marketing, and sales.
- Most of the households capitalize on seasonal and festive offers from major retailers to make major purchases for their home.
- Souvenirs, like calendars or caps, from private brands and NGOs can be seen in these households.
- TV serials and movies are a window to their aspirational lifestyle that they strive for.
- They are interested to explore new technologies and products that will help them stay a step ahead of others by making their life more comfortable, convenient and increase their social status/image.
- They prefer to buy familiar and popular brands that are perceived to be trustworthy with reliable after sales service.

PROMOTION

## Urban and Peri-Urban Lower Middle Class (Biomass and Upmarket Stove Users)

Segment 2

<b>Segment 2</b>	<b>Size<sup>14</sup></b>	<ul style="list-style-type: none"> <li>• Total market size: ~ <b>2.3 million households</b></li> </ul>
	<b>Demographics</b>	<ul style="list-style-type: none"> <li>• Average earnings of 11,000 to 17,000 BDT per month<sup>15, 16</sup></li> <li>• Multiples sources of income with at least one regular source</li> <li>• Employment as car or truck drivers, service holders, factory workers, small business owners, teachers, tailors, etc.</li> <li>• Women contribute to family income through part time job or small business</li> </ul>
	<b>Cookstoves</b>	<ul style="list-style-type: none"> <li>• Traditional clay cookstoves with biomass during dry season to cook meals</li> <li>• Kerosene or electric stove for short cooking times (snacks, heating up food etc.) or during the monsoon when cooking moves indoors</li> <li>• Will not move up the energy ladder (using upmarket stoves only) because of the <b>fuel cost</b> and perceived improved taste when cooked over wood fire</li> <li>• Some might have experience with Bondhu Chula or other chimney ICS</li> <li>• Purchase biomass fuel from wood seller (wood, wood chips and sawdust)</li> <li>• Generally cooking indoors in a built-in kitchen or individual standalone kitchen with shelter</li> <li>• Families living in rented homes are not allowed to cook using biomass cookstove inside the built-in kitchen</li> </ul>
	<b>Profile</b>	<ul style="list-style-type: none"> <li>• Living in clusters of rented houses</li> <li>• Have migrated with family and young children to urban/peri-urban areas</li> <li>• Have membership in a recognized savings group/MFI/ NGO</li> <li>• Living in areas with easy access to school and local market area</li> <li>• Highly influenced by opinions of their relatives, friends and neighbors</li> <li>• Own appliances like TV<sup>27</sup> and/or radio and subscribe to local newspapers</li> <li>• Display slight willingness to invest on premium and durable products</li> </ul>



## Case Study: Kohinoor

Living in Jamsing, peri-urban Savar with her in-laws and a son, Kohinoor (25) is a widowed housewife. Their average household income of BDT 15,000 comes from her father-in-law's income from pension fund and family investments in agriculture. They live in their own brick house with legal electricity but no gas connection. The kitchen is situated outside which is hard to use during heavy rain. She regularly uses either the 'fixed double pot' or the 'fixed single pot' clay stove for cooking regular meal. She owns two single pot portable stoves as standby stove to be used for cooking large quantity food or to cook indoors during monsoon season. Half of Kohinoor's cooking fuel are sourced from freely available biomass like dry leaves, twigs, cow dung, etc. Stating her dislike of the idea of purchasing another cookstove, which can only be used with wood fuel, she said, "If I need to use wood fuel to cook, then why should I purchase a cook stove? I already have many". Nonetheless, Kohinoor is also concerned about her mother-in-law's health, who helps with her daily cooking. To ensure better home environment for her family, Kohinoor wants to purchase better products and upgrade her household. She considers MFI loans to be "an easy means to afford things which people like us can't buy at once".

## Segment 2 - Key Insights

- Want to be able to cook at least their main meals everyday using just one biomass cookstove with multiple fuel types, irrespective of weather condition or food quantity.
- Mostly cook outdoors (*usually with shelter*).
- Susceptible to flooding during monsoon and hence tend to cook indoors.
- Most of them own a portable clay cookstove (*in tier-2 cities and peri-urban areas*) or kerosene stove (*in tier-1 cities like Dhaka where biomass fuel is not easily accessible*) as a standby stove for wet seasons.
- Cooking indoors with more privacy is associated with high social and economic status in urban areas.
- Kitchen spaces are congested with harsh usage conditions for appliances, like muddy undulated floors.
- Lack of space, safety and cleanliness are the main concerns for them to cook indoors.
- Usually cook large quantities of rice at once to suffice the family for whole day.
- Might use free / cheap biomass or kerosene when wood fuel is not available.
- Rice cooker and electric stoves<sup>27</sup> are largely perceived as the next level upgrade for their cooking needs because of the comfort and convenience in using them indoors.
- Usually show interest in buying or using proven new technologies, products or brands.
- Aspire to live a comfortable and convenient urban lifestyle with improved social status.

PRODUCT

- Usually spend around 300 BDT to 750 BDT to buy either kerosene stove or portable clay cookstove as standby.
- New kerosene stoves costing anywhere between 500 BDT to 750 BDT are popular among these households.
- Irregular and small income makes it difficult to make huge expenditures in one go.
- Many aspire to buy and use rice cooker because of the comfort and convenience in using them indoors.
- Most of them are either members of women's savings group, SHG or a local MFI.
- Children's education, house rent, food and healthcare are the main expenses for these families.
- MFI loans are usually sought for healthcare, family functions and house improvement.
- Husband or the male earning member usually makes purchasing decisions for expensive products.

PRICE

<ul style="list-style-type: none"> <li>• Women of the household purchase daily grocery from neighborhood shops.</li> <li>• Major purchases for the households are done by the male members of the household from nearby market area or the central market of the city.</li> <li>• Small retailer dealing with kerosene, LPG and cooking utensils and small hardware retailers and repair workshops are a common sight in their neighborhood.</li> <li>• Wood fuel sellers are located at walk able distances from these households. While, wood sellers in certain cities Khulna go door-to-door, to sell wood fuel.</li> <li>• Local NGOs, women’s savings group and SHGs are active channels for awareness creation and product distribution for several aid programs in these areas.</li> <li>• These households are highly influenced by community opinion and hence many NGOs effectively conduct community yard meetings and door-to-door awareness campaigns in these localities.</li> </ul>	PLACE
<ul style="list-style-type: none"> <li>• Well exposed to mainstream advertisement and promotion channels like hoardings, posters, TV and newspaper ads, door-to-door campaigning, community yard meetings.</li> <li>• Most of the households wait for seasonal and festive offers from major retailers to make any major purchases for their home.</li> <li>• Word of mouth marketing and endorsement from community opinion leaders like imam (religious leader), teacher, doctor etc., are very effective in creating awareness and demand.</li> <li>• Souvenirs like calendar or caps from several private brands and NGOs can be seen in these households.</li> <li>• TV serials and movies are a window to their aspirational lifestyle that they strive for.</li> <li>• Buy familiar and popular brands, which are perceived to be trustworthy with, reliable after sales service.</li> </ul>	PROMOTION

## Urban and Peri-Urban Low Income (Biomass Users)

### Segment 3

<b>Size<sup>20</sup></b>	<ul style="list-style-type: none"> <li>• Total Market Size: ~ <b>1.3 million households</b></li> </ul>
<b>Demographics</b>	<ul style="list-style-type: none"> <li>• Average earnings of 6,000 to 10,000 BDT per month<sup>21,22</sup></li> <li>• Single or multiple source of irregular income</li> <li>• Employment as day laborers, migrant workers, rickshaw pullers, small business holders, vegetable vendors etc.</li> </ul>
<b>Cookstoves</b>	<ul style="list-style-type: none"> <li>• Traditional clay cookstoves with biomass</li> <li>• Dependent on biomass fuel because they cannot afford or access alternatives like kerosene, gas or electricity</li> <li>• Try to access <b>free or low-cost biomass</b> whenever possible</li> <li>• Use detached and outdoor community cooking spaces</li> <li>• Habituated to move cooking space indoors during the monsoon</li> </ul>
<b>Profile</b>	<ul style="list-style-type: none"> <li>• Living in housing cluster at informal or illegal settlements</li> <li>• Rely on easy access to central market areas</li> <li>• Susceptible to temporary displacement due to flooding</li> <li>• Susceptible to permanent displacement due to fire or legal evacuations</li> <li>• Have membership in registered savings groups and NGOs</li> <li>• Highly influenced by community opinion</li> </ul>

<sup>20</sup> Refer **Appendix-2** for calculation of market estimates  
<sup>21</sup> Kalam, A.K.M.A., Jahan, R. 2012. “Measuring Rental Housing Affordability of Middle-Income Group in Dhaka City”, Journal of Bangladesh Institute of Planners. Vol. 5, December 2012, pp. 79-91  
<sup>22</sup> Refer **Appendix-3** for rationale behind economic classification of the customer segments



## Case Study: Taposhi

Taposhi (28) lives in peri-urban Keraniganj with her husband and one son. Her husband, Dilip, is a carpenter and she is a stay at home mother who processes betel nuts in her free time to earn some extra money. Together they earn BDT 10,000 per month on average and spend around BDT 8,000 for household expenses including their son's education expenses. They live in a rented house built on a raised ground, which becomes isolated during monsoon. Taposhi cooks her meals and often stores firewood in a 60 square feet kitchen outside the dwelling house. With access to shared electricity but not to gas line, she cooks the daily meals using either one of the single pot stove with wood fuel or a double pot stove with free biomass fuel. She mostly uses free biomass (dry leaves, twigs, etc.) for her cooking, barely using purchased wood during dry seasons. She uses more of purchased wood as fuel during monsoon, spending around BDT 600 to 750BDT in a month for it. Her husband purchases the wood fuel and other household items from the central market place, which is 5-6 kilometer away from their house. She prefers to use dry leaves and twigs with her double pot stove to cook two curries at the same time saving her more time to cut nuts and take care of her son. Aspiring to have better life with gas stoves and gas line connection, Taposhi is well aware of the reality of gas situation and "I will always keep another stove as back up even if I have a gas connection because in this area, you never know if the gas supply today will be enough to finish cooking your meals in time."

## Segment 3 - Key Insights

- Want to be able to cook at least their main meals everyday using just one biomass cookstove with wood fuel all year long, irrespective of weather condition or food quantity.
- Mostly cook outdoors (with or without shelter).
- Susceptible to flooding during monsoon and hence tend to cook indoors.
- Most own a portable clay cookstove as a standby for wet seasons.
- Kitchen spaces are congested with harsh usage conditions for appliances, like muddy undulated floors.
- Lack of space, safety and cleanliness are the main concerns for them to cook indoors.
- Usually cook large quantities of rice at once to last the family for whole day.
- Cannot afford wood all through out the year.
- Might use free or cheap biomass when wood fuel is not available or not affordable.
- Not comfortable with using unfamiliar technologies or products or brands.
- Aspire to live a comfortable urban lifestyle.

PRODUCT

<ul style="list-style-type: none"> <li>• Don't have sufficient disposable income to buy a new cookstove to fully replace their free self-built biomass cookstove for daily use.</li> <li>• Irregular and small income makes it difficult to make huge expenditures in one go.</li> <li>• Kerosene and electric stoves<sup>27</sup> are aspired, as the next level upgrade for their cooking needs.</li> <li>• Used kerosene stoves are available at price range similar to a portable clay cookstoves (~ 250 BDT).</li> <li>• Most of them are either members of women's savings group, SHG or a local MFI.</li> <li>• Children's education, food and healthcare are the main expenses for these families.</li> <li>• MFI loans are usually sought for healthcare, wedding and house repair or improvement.</li> <li>• Husband or the male earning member usually makes purchasing decisions for expensive products.</li> </ul>	<p>PRICE</p>
<ul style="list-style-type: none"> <li>• Women of the household purchase daily grocery from neighborhood shops.</li> <li>• Major purchases for the households are done by the male members of the household from nearby market area or the central market of the city.</li> <li>• Small retailer dealing with kerosene, LPG and cooking utensils and small repair workshops are a common sight in their neighborhood.</li> <li>• Wood fuel sellers are located at walkable distances from these households. While, wood sellers in certain cities Khulna go door-to-door, to sell wood fuel.</li> <li>• Local NGOs, women's savings group and SHGs are active channels for awareness creation and product distribution for several aid programs in these areas.</li> <li>• These households are highly influenced by community opinion and hence many NGOs effectively conduct community yard meetings and door-to-door awareness creation campaigns in these localities.</li> </ul>	<p>PLACE</p>
<ul style="list-style-type: none"> <li>• Well exposed to mainstream advertisement and promotion channels like hoardings, posters, TV and newspaper ads, door-to-door campaigning, community yard meetings.</li> <li>• Most of the households wait for weekly market day (haat) and seasonal or festival markets (mela) to make any major purchases for their home.</li> <li>• Word of mouth marketing and endorsement from community opinion leaders like imam (religious leader), teacher, doctor etc., are very effective in creating awareness and demand.</li> <li>• Souvenirs like calendar, caps from several private brands and NGOs can be seen in these households.</li> <li>• TV<sup>27</sup> serials and movies are a window to their aspirational lifestyle that they strive for.</li> <li>• They tend to buy familiar and popular brands which are perceived to be trustworthy.</li> </ul>	<p>PROMOTION</p>

## Rural Middle Class (Biomass and Upmarket Stove Users)

Segment 4

<b>Size<sup>14</sup></b>	<ul style="list-style-type: none"> <li>Total market size: ~ <b>7.9 million households</b></li> </ul>
<b>De-mographics</b>	<ul style="list-style-type: none"> <li>Income 17,000 to 25,000 BDT per month<sup>15, 16</sup></li> <li>One or multiples sources of regular income</li> <li>Employment as farmers, fish-farmers, timber and brick merchants, teachers, doctors etc.</li> </ul>
<b>Cookstoves</b>	<ul style="list-style-type: none"> <li>Traditional cookstoves with wood fuel and other biomass fuel to cook main meals</li> <li>Main meals are cooked using biomass cookstove only</li> <li>Electric or gas for short cooking times (snacks, heating up food etc.)</li> <li>Electric rice cooker for cooking rice as rice takes a long time to cook over a fire (many families do have electricity in their homes)</li> <li>Some of them have experience using Bondhu chula</li> <li>Either gather biomass fuel or purchase wood fuel from wood seller</li> <li>Will not move up the energy ladder (using upmarket stoves only) because of the fuel cost and perceived improved taste when cooked over wood fire</li> </ul>
<b>Profile</b>	<ul style="list-style-type: none"> <li>Can afford to buy LPG for part time usage</li> <li>Living in own house with sufficient space around the house</li> <li>Earning and decision making members of the family are fairly educated and informed</li> <li>Have bank accounts and small investments in a local bank and have experience with MFI</li> <li>Have high social standing and their opinions are highly valued in the community</li> <li>Own appliances such as TVs, radios, refrigerators etc<sup>27</sup>.</li> <li>Have disposable income to invest on building and maintaining their house</li> <li>Have willingness to invest on premium and durable products</li> </ul>



**Case Study: Lippi Gomez**

Lippi Gomez (35) is a middle class rural housewife whose husband works abroad as chef. She lives in a village near Nawabganj with her three children and does embroidery on clothes and bags to earn some extra money along with managing the farm. With a monthly income up to BDT 25,000, Lippi can afford a domestic help to clean to house and yard in the morning whilst doing other chores all by herself. She is the head of the household making all the decisions regarding home management. She visits the local market to purchase daily groceries. Though she can purchase household items, as she wants, her husband brings most of her appliances from abroad. She has a chimney-improved cookstove (Bondhu Chula) and a gas stove. While she uses the chimney improved cook stove with purchased wood fuel for cooking meals, she uses LPG to make snacks and heat food at night to save time.

## Segment 4 - Key Insights

<ul style="list-style-type: none"> <li>• Cook all their main meals using biomass cookstove</li> <li>• Usually cook large quantities of rice at once to suffice the family for whole day</li> <li>• Prefer to cook using wood fuel all year long. Due to non-availability of dry wood fuel during wet season, they are often forced to but are forced to use other biomass (dry leaves, straw, cow dung) in dry season in order to store wood fuel for wet season</li> <li>• Prefer to cook in kitchen space with shelter. Cooking in sheltered kitchen is associated with high social and economic status</li> <li>• External kitchen spaces usually have permanent shelter to withstand damage during monsoon</li> <li>• Some of them own electric rice cooker or electric stove<sup>27</sup>, LPG stove for part-time usage for cooking quick snacks, tea or to reheat food at night</li> <li>• Safety and cleanliness are the main concerns for them to cook indoors using biomass stoves</li> <li>• Not very comfortable in using unfamiliar technologies or products or brands</li> <li>• Usually show interest to buy or use new but proven technologies, products or brands that will improve their lifestyle and social status</li> </ul>	<p>PRODUCT</p>
<ul style="list-style-type: none"> <li>• Willingly spend 2000 BDT to 3000 BDT to buy kitchen appliances (rice cooker, LPG, water filter) that help make their life more comfortable and convenient.</li> <li>• Have sufficient disposable income to invest on a value for money products</li> <li>• Usually take MFI loans and bank loans for home improvement, healthcare, agriculture or business</li> <li>• House improvement, Children’s education, healthcare and agriculture are their main expenses</li> </ul>	<p>PRICE</p>
<ul style="list-style-type: none"> <li>• Major purchases for the households are done by the male members of the household from the central market area in the nearest town or city</li> <li>• Usually buy household consumer products from a reputed retailers and distributors in the nearest town or city</li> <li>• Local NGOs, women’s savings group and SHGs are active channels for awareness creation and product distribution for several aid programs in the rural areas</li> <li>• These households are highly influenced by community opinion and hence many NGOs effectively conduct community yard meetings and door-to-door awareness campaigns in rural areas</li> </ul>	<p>PLACE</p>
<ul style="list-style-type: none"> <li>• These households highly trust awareness and promotion campaigns led by NGOs and government bodies. For example: community meetings, loudspeaker announcements, folk art etc.</li> <li>• They are also exposed to mainstream advertisement and promotion channels like hoardings, posters, TV and newspaper ads, door-to-door marketing and sales usually done by NGO field forces</li> <li>• Most of the households wait for weekly market day (haat) and seasonal or festival markets (mela) to make any major purchases for their home</li> <li>• Souvenirs like calendar, caps from several private brands and NGOs can be seen in these households</li> <li>• TV serials and movies are a window to their aspirational lifestyle that they strive for</li> <li>• They prefer to buy familiar and popular brands which are perceived to be trustworthy with reliable after sales service</li> <li>• They are interested to be associated with new technologies and products that will help them stay a step ahead of others as opinion leaders for the community, thus increasing their social standing.</li> </ul>	<p>PROMOTION</p>

## VII. The *Modern Kitchen* Marketing & Behavior Change Strategy

The **Modern Kitchen Strategy** focuses on balancing targeted engagement with each target segment in an integrated narrative that enables the Implementer to systematically engage each segment. The strategy is characterized by the following elements<sup>23</sup>:

Modern Kitchen Marketing and Behavior Change Strategy	
<b>Goal</b>	We want consumers to see ICS as “ <b>Modern Chula</b> ”, a key element of a ‘modern kitchen’ that bundles ICS with other appliances to deliver both the convenience of alternative appliances with the traditional flavors associated with wood-fueled home cooking
<b>Objectives</b>	<p><b>Behavior objective:</b> Influence consumers to actively seek a <i>Modern Chula</i> as part of their kitchen, and to become the earliest advocates of the wider “modern kitchen” concept</p> <p><b>Knowledge objective:</b> Ensure consumers know that <i>Modern Chulas</i> are efficient, clean, easy to use, and accessible</p> <p><b>Belief objectives:</b> Persuade consumers that a <i>Modern Chula</i> is an essential additive to a “modern kitchen” rather than a substitute or backsliding from alternatives</p>
<b>Core Features</b>	<ul style="list-style-type: none"> <li>Utilize <b>Adhunik</b> (“modern”) as the core branding element</li> <li>Embed all messaging within larger proposition of the “Modern Kitchen”</li> </ul>
Product	
	<ul style="list-style-type: none"> <li>Differentiate two distinct ICS product categories (<i>Value &amp; Premium</i>) to leverage segment-specific value propositions.</li> <li>Bundling the <i>Modern Chula</i> with other kitchen appliances and products will improve targeting to the segments and tie ICS to demand for more mature products already established in the market.</li> </ul>
Price	
	<ul style="list-style-type: none"> <li>Focus initial activities on segments with lower price sensitivity (middle class).</li> <li>Micro-loans only available at price points above cost of ICS, so bundle ICS with other aspirational appliances to enable micro-financing.</li> </ul>
Place	
	<ul style="list-style-type: none"> <li>Incentivize distributors to incorporate ICS activities within existing product lines and retail channels.</li> </ul>
Promotion	
	<ul style="list-style-type: none"> <li>Co-market or package jointly with brands already known to customer to minimize psychological barriers to adoption amongst consumers due to lack of knowledge associated with new ICS products.</li> <li>Leverage landlord perceptions of ICS as a form of “fire insurance”.</li> </ul>

<sup>23</sup> For more detail on the elements of the Modern Kitchen Strategy, see Appendix F.

Within this overall strategy, positioning statements and objectives are disaggregated to ensure maximal targeting toward each individual target segment:

Modern Kitchen Marketing and Behavior Change Strategy		
Segment	Positioning Statement	Objectives
<p><b>Segment 1: The Modern Kitchen – Pro</b>  <i>“The Perfect Balance of Traditional Cooking Experience in the Modern Kitchen”</i></p>	<p><i>“We want urban and peri-urban middle class consumers to see a ‘Modern Premium Chula’ bundled with an electric rice cooker, or other household kitchen goods<sup>24</sup>, as an aspirational, novel way to own a ‘Modern Kitchen’ while ensuring that the traditional cooking experiences are still retained in their ‘Modern Kitchen’.</i></p>	<p><b>Behavior objective:</b> Influence the consumer to actively seek a ‘Modern Chula’ as part of their kitchen, and to become the first advocates of the ‘Modern kitchen’ concept.  <b>Knowledge objective:</b> Differentiate the ‘Modern Chula’ from current Bondhu and traditional Chulas.  <b>Belief objectives:</b> Persuade the consumer that a ‘Modern Chula’ is an essential additive to a ‘Modern Kitchen’, only to substitute traditional biomass cookstove and not to encourage backsliding from cleaner alternatives like natural gas, LPG or electric stoves.</p>
<p><b>Segment 2: The Modern Kitchen - Essential</b>  <i>“The Essential Addition to the Modern Kitchen”</i></p>	<p><i>“We want urban and peri-urban lower middle class consumers to see a ‘Modern Value Chula’ bundled with a rice cooker, or other household kitchen goods<sup>34</sup> with optional financing as an aspirational but affordable way to obtain a ‘Modern Kitchen’ that gives backward compatibility in terms of cooking experience while providing modern benefits like compactness, cleanliness and cooking convenience.”</i></p>	<p><b>Behavior objective:</b> Influence the consumer to learn about Segment 1 adoption of the ‘Modern Premium Chula’ as means to diversify kitchen appliances for a ‘Modern Kitchen’.  <b>Knowledge objective:</b> Ensure the consumer knows that the ‘Modern Chula’ is not only novel and valued by prosperous middle class consumers (Segment 1), but is also affordable through financing.  <b>Belief objective:</b> Persuade the consumer that a ‘Modern Chula’ is an essential additive to a ‘Modern Kitchen’, only to substitute traditional biomass cookstove and not to encourage backsliding from cleaner alternatives like natural gas, LPG or electric stoves.</p>
<p><b>Segment 3: The Modern Kitchen - Value</b>  <i>“Performance and Value for a Modern Kitchen”</i></p>	<p><i>“We want urban and peri-urban low income consumers to see a ‘Modern Value Chula’ bundled with matching pots and kitchen utensils<sup>25</sup> with optional financing or payment schemes as a more efficient and cost-effective modern product that keeps the kitchen and pots clean while continuing to provide traditional cooking experience”.</i></p>	<p><b>Behavior objective:</b> Influence the consumer to recognize that Segment 1 and Segment 2 consumers are adopting the ‘Modern Chula’ as a means to diversify kitchen appliances for a ‘Modern Kitchen’.  <b>Knowledge objective:</b> Ensure the consumer knows that the ‘Modern Chula’ has clear performance advantages over existing biomass stoves, but is also affordable through financing.  <b>Belief objective:</b> Persuade the consumer that a ‘Modern Chula’ outperforms existing biomass cookstove options while setting them on the path to owning a middle class ‘Modern Kitchen’.</p>
<p><b>Segment 4: The Modern Kitchen - Royal</b>  <i>“The Perfect Balance of Traditional Cooking Experience in the Modern Kitchen”</i></p>	<p><i>“We want rural middle class consumers to see a ‘Modern Premium Chula’ bundled with matching pots<sup>35</sup> and other kitchen goods<sup>34</sup> as a proven part of the ‘Modern Kitchen’ with improved convenience, comfort and safety while still retaining the traditional cooking experiences”.</i></p>	<p><b>Behavior objective:</b> Influence the consumer to learn about Segment 1 adoption of the ‘Modern Value Chula’ as means to diversify kitchen appliances for a ‘Modern Kitchen’.  <b>Knowledge objectives:</b> Ensure the consumer knows that the ‘Modern Chula’ is not only novel and valued by prosperous middle class consumers (Segment 1), but also has clear value addition to the rural middle class ‘Modern Kitchen’.  <b>Belief objectives:</b> Persuade the consumer that a ‘Modern Chula’ is an essential additive to a ‘Modern Kitchen’, only to substitute traditional biomass cookstove and not to encourage backsliding from cleaner alternatives like natural gas, LPG or electric stoves.</p>

<sup>24</sup> Products that are perceived by the consumers to have a **high degree of fit** (the extent to which the bundled products are similar in usage occasions and context) with ‘Modern Chula’, like; water filters, utensils food processer (mixer-grinder), exhaust fan and washbasin.

<sup>25</sup> New pots and kitchen utensils can be bundled with modern chulas as way to promote its unique proposition of low carbon deposit in comparison to traditional biomass stoves. Some of the ICS entrepreneurs (Siddique Sanitation) in Bangladesh are already using this bundling approach to attract customers by building trust about ICS on several associated benefits like, cleaner pots and kitchen due to low carbon deposits low smoke emissions.

Based on qualitative and observational research conducted with target consumers, the ‘Modern Kitchen’ marketing strategy is expected to be successful for the following reasons:

Factor	<i>Modern Kitchen Strategy</i>
<b>Simple</b>	<ul style="list-style-type: none"> <li>• The concept of the “modern kitchen” is straightforward</li> <li>• Integrating all four segments into a single outcome increases the efficiency of engagement for implementers, as well as private sector partners</li> </ul>
<b>Innovative</b>	<ul style="list-style-type: none"> <li>• Bundling ICS with other kitchen goods is a novel approach to ICS sales and can help differentiate modern ICS from bondhu chula or traditional clay stove options</li> </ul>
<b>Concrete</b>	<ul style="list-style-type: none"> <li>• “Modern kitchen” concept can be easily translated into ownership of discrete product bundles</li> </ul>
<b>Emotional</b>	<ul style="list-style-type: none"> <li>• “Modern” is a strongly positive and aspirational for Bangladeshi consumers across middle, lower middle and low-income segments</li> <li>• Ties marketing propositions across all four segments to core idea of balancing traditional food culture and contemporary technology and prosperity</li> </ul>

## VIII. Segment 1 Strategy: *Modern Kitchen PRO* – “The Perfect Balance of Traditional Cooking Experience in the Modern Kitchen”

### Urban and peri-urban middle class outside Dhaka (Biomass and upmarket stove users, including landlords)

**Positioning Statement:** “We want urban and peri-urban middle class consumers to see a ‘*Modern Premium Chula*’ bundled with an electric rice cooker, or other household kitchen goods, as an aspirational, novel way to own a ‘*Modern Kitchen*’ while ensuring that the traditional cooking experiences are still retained in their ‘*Modern Kitchen*’.

**Behavior objective:** Influence the consumer to actively seek a ‘*Modern Chula*’ as part of their kitchen, and to become the first advocates of the ‘*Modern kitchen*’ concept.

**Knowledge objective:** Ensure the consumer knows that the wood fuel based ‘*Modern Chula*’ is an innovative and novel alternative to the existing biomass cookstoves with clear value addition.

**Belief objectives:** Persuade the consumer that a ‘*Modern Chula*’ is an essential additive to a ‘*Modern Kitchen*’, only to substitute traditional biomass cookstove and not to encourage backsliding from cleaner alternatives like natural gas, LPG or electric stoves.

## PRODUCT

### Value Proposition:

- Offers cooking experience similar to traditional
- A “high tech” wood stove to cook curries rather than rice
- For cooking meals that require over 30 minutes of cooking time. (Not for making tea, quick snack or reheating food)
- Cleaner than traditional biomass
- Underpinned by conditional warranty

### Offering:

- Bundling of a *Modern Premium Chula* stove with rice cooker and other kitchen goods or appliances that leverages existing demand for the latter<sup>26</sup>.

**Actual Product:** *Modern Premium Chula*

**Augmented Product:** Matching Pots and other appropriately bundled kitchen goods; product warranty

**Brand name:** *Modern Premium Chula*

**Packaging:** *Modern Kitchen Pro* bundle

**Appearance:** Powder coated matte finish or chrome finish body for premium look

**Functionality:** Single or double burner with in-built chimney; both portable and non-portable models

## PRICE

### Segment characteristics:

- Low price sensitivity as disposable income available
- Seeks reduced financial risk through warranty

### Offering:

- Discount and warranty attached to bundle in order to reduce risk of adoption

**Retail price:** ~ BDT 4,000 to BDT 5,000

### Monetary incentive:

- *Discount voucher/coupon for ‘Modern Kitchen Pro’ bundle*
- *Product warranty reduces cost and risk of adoption*
- *Money saved through diversified fuel scheme (e.g. electricity or LPG only for cooking quick snacks, tea and reheating food)*

### Nonmonetary incentive:

- *Increase in status as forward-thinking early adopters of the Modern Kitchen concept*

<sup>26</sup> Introducing new products via bundles, with at least one existing brand-name product, has an important potential marketing advantage. A bundle containing at least one existing brand name product has, as a foundation for consumer judgments, the consumer preferences and attitudes toward this existing brand. Rather than introducing a new product alone, a bundle with an existing brand-name product may be more likely to gain consumer attention and provide a reassurance of quality and other image-based associations (Aaker, 1991) based on consumer familiarity and liking of the existing brand. This type of offering links explicitly the new product with the valuable qualities of the tie-in brand including, for example, brand name awareness, perceptions of quality, and other brand associations (Eppen, Hanson, and Martin, 1987; Aaker, 1991).

## PLACE

### Segment characteristics:

- Retail locations are plentiful but wood accessibility is highly variable

### Offering:

- Easily available in well-regarded, branded retail outlets the consumer already frequents

### Convenience Incentives:

- **Appealing location:** Established and well-regarded retailers/brand outlets
- **Be where target segment spends time:** Living in areas with easy access to schools and local market areas
- **Working with existing distribution channels:** Prefer to buy familiar and popular brands from trusted distributors or retailers

### Distribution Channel:

- **Distributor:** National-scale consumer goods firm with strong brand recognition and market share in kitchen-related products and appliances, including cookstove pots
- **Wholesaler:** Larger dealerships or depots within Distributor's existing retail network
- **Retailer:** Dealerships with well-maintained linkages and access to supporting services with the Distributor in high-trafficked market areas
- **After sales:** Spare parts easily accessible through retail networks. Trained technicians provide repair and maintenance services both during and after the warranty period.

## PROMOTION

### Segment characteristics:

- Access a new product that will make life more comfortable, convenient and increase their social status

### Offering:

- Tastemakers agree that a trusted brand name now delivers an aspirational balance of traditional home cooking and "cutting edge" contemporary urban living through the "modern kitchen"

### Messages:

- KNOW that the Modern Premium Chula is a novel new technology
- BELIEVE that the Modern Premium Chula is a crucial element of the best 'Modern Kitchen'
- BELIEVE that a Modern Premium Chula does not compete with but diversifies Kerosene, LPG, and electric stove usage
- BELIEVE that the Modern Premium Chula acknowledges that rice cookers are attractive for cooking rice but it can cook other key dishes with safety and comfort of a modern kitchen while retaining traditional cooking experience
- DO actively aim to have both a rice cooker and Modern Premium Chula in their modern kitchen

### Messengers/brand ambassadors:

- *Distributor:* brand association and above the line marketing of that firm will augment Wood Sellers and local word-of-mouth
- *Landlords:* Incentivized to become promoters and facilitators of tenant's purchase as a form of "fire insurance"
- *Segment 1:* Initial customers should be tracked and offered incentives to be featured in "real life" testimonials on the *Modern Kitchen* concept in practice

### Creative strategy/execution:

- *Nostalgia + Sophistication:* "The traditional cooking experience you've always loved to have in the convenient modern kitchen of your dreams!"
- *Value of diversifying appliances:* "Why choose between quality and convenience? The Modern Kitchen has it all!"
- *Encourage landlords looking for "fire insurance" to promote ICS amongst tenants*

### Promotion & media channels:

- *Formal Distributor advertising*
- *"Model Modern Kitchen" demonstrations in market centers where Retailers operate*
- *Landlord referrals*
- *Segment 1 early adopter testimonials highlighting ICS incorporation into "modern kitchen" in "real life"*

## IX. Segment 2 Strategy: *Modern Kitchen ESSENTIAL* – “The Essential Addition to the Modern Kitchen”

### Urban and peri-urban lower middle class (Biomass and upmarket stove users)

**The Lead (positioning statement):** “We want urban and peri-urban lower middle class consumers to see a ‘*Modern Value Chula*’ bundled with a rice cooker, or other household kitchen goods with optional financing as an aspirational but affordable way to obtain a ‘*Modern Kitchen*’ that gives backward compatibility in terms of cooking experience while providing modern benefits like compactness, cleanliness and cooking convenience.”

**Behavior objective:** Influence the consumer to learn about Segment 1 adoption of the ‘*Modern Premium Chula*’ as means to diversify kitchen appliances for a ‘*Modern Kitchen*’.

**Knowledge objective:** Ensure the consumer knows that the ‘*Modern Chula*’ is not only novel and valued by prosperous middle class consumers (Segment 1), but is also affordable through financing.

**Belief objective:** Persuade the consumer that a ‘*Modern Chula*’ is an essential addition to a ‘*Modern Kitchen*’, only to substitute traditional biomass cookstove and not to encourage backsliding from cleaner alternatives like natural gas, LPG or electric stoves.

### PRODUCT

**Value Proposition:**

- Eliminates the need for a standby stove
- Safer for the family
- A fuel-efficient cookstove for those who have limited access to wood fuel and cannot afford kerosene stove or for those who resist upgrading to kerosene stove as an alternative due to unpalatable food taste
- Efficient and accessible biomass stove compared to alternative offerings
- Would like to reduce dependency on kerosene, but not fully replace kerosene stove

**Offering:**

- Bundling of a *Modern Value Chula* stove with rice cooker and other kitchen goods or appliances that leverages existing demand for the latter<sup>37</sup>

**Actual Product:** *Modern Value Chula*

**Augmented Product:** Rice cooker and other high-demand kitchen goods or appliances

**Brand name:** *Modern Value Chula*

**Packaging:** *Modern Kitchen Essential* bundle

**Appearance:** Enamel paint for easy cleaning and to prevent rusting

**Functionality:** Single and/or double burner<sup>27</sup>; portable

**Accessories:** Optional chimney

### PRICE

**Segment characteristics:**

- High price sensitivity: Insufficient disposable income to spare on a cookstove to replace their free self-built biomass cookstove; yet ICS prices are too low to justify an MFI loan
- Product needs discounting or credit to be accessible

**Offering:**

- Discounts and credit attached to bundle in order to create monetary incentive to adopt *Modern Value Chula* through price reductions on rice cooker and other kitchen goods

**Retail price:** ~ BDT 2,500 to BDT 3,500

**Monetary incentives:**

- *Discount voucher/coupon for Modern Kitchen Essential bundle*
- *Healthy living loan provided to purchase the Modern Kitchen Essential bundle*
- *Money saved through diversified fuel scheme (e.g. kerosene for snacks, tea and reheating only)*

<sup>27</sup> Depends on the manufacturers ability and willingness to offer both single and double burner options with an attractive price tag

## PLACE

### Segment characteristics:

- Wood access is a critical determinant of ICS adoption and utilization
- Retail locations are plentiful but wood accessibility is highly variable

**Offering:** Urban/peri-urban well-known retail chains frequented by this consumer segment

### Convenience Incentives

- **Appealing location:** Established and well-regarded retailers/brand outlets
- **Be where target segment spends time:** Living in areas with easy access to schools and local market areas
- **Working with existing distribution channels:** Prefer to buy familiar and popular brands

### Distribution Channel

- **Distributor:** National-scale consumer goods firm with strong brand recognition and market share in kitchen-related products and appliances, including cookstove pots
- **Wholesaler:** Larger dealerships or depots within Distributor's existing retail network
- **Retailer:** Dealerships with well-maintained linkages and access to supporting services with the Distributor in high-trafficked market areas
- **Last mile:** n/a
- **After sales:** Spare parts easily accessible through retail networks. Trained technicians provide repair and maintenance services both during and after the warranty period.

## PROMOTION

### Segment characteristics:

Interested to explore new technologies and products that will help them stay a step ahead of others by making their life more comfortable, convenient and increase their social status/image

### Offering:

- Value product with messages around modern convenience, flexibility, traditional cooking experience and taste

### Messages:

- KNOW that a *Modern Value Chula* does not compete with but diversifies LPG or electric stove usage
- KNOW that the *Modern Value Chula* is a novel new technology
- KNOW that the *Modern Value Chula* is relatively portable
- KNOW that financing is available
- BELIEVE that the *Modern Value Chula* increases the RELIABILITY of cooking compared to kerosene and electricity-dependent substitutes
- BELIEVE that the *Modern Value Chula* acknowledges that rice cookers are attractive for cooking rice but it can cook other key dishes with safety and comfort of a modern kitchen while retaining traditional cooking experience
- BELIEVE that the *Modern Value Chula* with rice cooker is a crucially RELIABLE fixture of the "Modern Kitchen"
- DO actively seek to achieve the "Modern Kitchen" by owning *both* a rice cooker and a *Modern Value Chula*

### Messengers/brand ambassadors:

- *Distributor:* brand association and above the line marketing of that firm will augment Wood Sellers and local word-of-mouth
- *Landlords:* Incentivized to become promoters and facilitators of tenant's purchase as a form of "fire insurance"
- *Segment 1 as earliest adopters:* Segment 2 consumers will be exposed to the following core-marketing proposition: "The Modern Kitchen is an ASPIRATIONAL value addition to the prosperous, middle class household."
- *Wood Sellers:* Will play less direct role than with Segment 1, but will be initially sensitized and trained in promotion during activation of Segment 2

### Creative strategy/execution:

- *Nostalgia + Sophistication:* "The traditional cooking experience you've always loved to have in the convenient modern kitchen of your dreams!"
- "City living isn't the same without a 'Modern Kitchen' – the stove you've trusted with the latest improvements!" (year-round)
- *Monsoon marketing* – "Don't get caught in the rain!" (Emphasized prior/during rainy season)
- "Landlord endorsed, yours forever" (emphasized prior/during dry season)

**Promotion & media channels:**

- Formal Distributor advertising
- “Model Modern Kitchen” demonstrations in market centers where Retailers operate
- Landlord referrals
- Segment 1 early adopter testimonials highlighting ICS incorporation into “modern kitchen” in “real life”

## X. Segment 3 Strategy: Modern Kitchen VALUE- “Performance & Value for a Modern kitchen”

### Urban and peri-urban low income (Biomass users)

**The Lead (positioning statement):** “We want urban and peri-urban low income consumers to see a ‘**Modern Value Chula**’ bundled with matching pots and kitchen utensils with optional financing or payment schemes as a more efficient and cost-effective modern product that keeps the kitchen and pots clean while continuing to provide traditional cooking experience”.

**Behavior objective:** Influence the consumer to recognize that Segment 1 and Segment 2 consumers are adopting the ‘*Modern Chula*’ as a means to diversify kitchen appliances for a ‘Modern Kitchen’.

**Knowledge objective:** Ensure the consumer knows that the ‘*Modern Chula*’ has clear performance advantages over existing biomass stoves, but is also affordable through financing.

**Belief objective:** Persuade the consumer that a ‘*Modern Chula*’ outperforms existing biomass cookstove options while setting them on the path to owning a middle class ‘Modern Kitchen’.

## PRODUCT

**Value Proposition: Performance (Adds Benefits)**

- Eliminates the need for a standby stove
- Safer for the family
- A fuel-efficient cookstove for those who have limited access to wood fuel and cannot afford kerosene stove or for those who resist upgrading to kerosene stove as an alternative due to unpalatable food taste.
- Efficient and accessible biomass stove compared to alternative offerings

**Offering:**

- Bundling of a *Modern Value Chula* stove with pots and utensils that fit will ensure the stove works effectively and leverages existing demand for pots

**Actual Product:** *Modern Value Chula*

**Augmented Product:** Matching Pots and other appropriately bundled kitchen goods

**Brand name:** *Modern Value Chula*

**Packaging:** *Modern Kitchen Value* bundle

**Appearance:** Enamel paint for easy cleaning and to prevent rusting

**Functionality:** Single and/or burner<sup>28</sup>; portable

**Accessories:** Optional chimney attachment

## PRICE

**Segment characteristics:**

- High price sensitivity: Insufficient disposable income to spare on a cookstove to replace their free self-built biomass cookstove; yet ICS prices are too low to justify an MFI loan
- Product needs discounting or credit to be accessible

**Offering:**

- Discounted prices, credit access and convenient ordering through localized, informal Wood Clubs

<sup>28</sup> Depends on the manufacturers ability and willingness to offer both single and double burner options with an attractive price tag

**Retail price:** ~ BDT 1,500 to BDT 2,500

**Monetary incentives:**

- *Discount voucher/coupon for Modern Kitchen bundle*
- *Bulk purchase discount through Wood Club membership*
- *Limited time offer on Wood Club discounts*
- *Healthy living loan provided to purchase the Modern Kitchen bundle*

**Nonmonetary incentive:** Order collection by Wood Sellers through Wood Clubs

## PLACE

**Segment characteristics:**

- Retail locations are plentiful but wood accessibility is highly variable

**Offering:**

- Existing retail channels extended to consumer through new commercial linkages between distributor and informal wood sellers

**Convenience Incentives**

- **Close as possible:** Wood sellers are typically within walking distance or provide door-to-door delivery service
- **Working with existing distribution channels:** Wood sellers are well established with this segment

**Distribution Channel**

- **Distributor:** National-scale consumer goods firm with strong brand recognition and market share in kitchen-related products and appliances, including cookstove pots
- **Wholesaler:** Larger dealerships or depots within Distributor's existing retail network
- **Retailer:** Dealerships with well-maintained linkages and access to supporting services with the Distributor
- **Last mile:** Wood Sellers supported by Implementer to develop "Wood Clubs" in which consumers leverage small economies of scale in wood fuel purchasing and receive promotions on *Modern Value Chula*.
- **After sales:** Wood Sellers trained by distributor to assess consumer's home and support installation on commission basis. Spare parts easily accessible through retail networks. Wood sellers and/or trained technicians provide repair and maintenance services both during and after the warranty period.

## PROMOTION

**Segment characteristics:**

- Highly influenced by community opinion; tend to buy familiar and popular brands

**Offering:**

- Messaging focused on performance and accessibility from both community influencers and well-known brand

**Messages:**

- KNOW that financing is available
- BELIEVE that the Modern Value Chula is more efficient, cleaner and safer than traditional cookstoves
- BELIEVE that the Modern Value Chula with matching pots is a crucial element of the 'Modern Kitchen'
- DO upgrade from a traditional cookstove to the Modern Value Chula, or diversify from kerosene stove usage

**Messengers/brand ambassadors:**

- *Wood Sellers:* Commission-based sales agents for the distributor's retail operations
- *Distributor:* Brand association and above the line marketing of that firm will augment Wood Sellers and local word-of-mouth
- *Landlords:* Incentivized to become promoters and facilitators of tenant's purchase as a form of "fire insurance"
- *Segment 1 and Segment 2 early adopters:* Segment 3 consumers will be exposed to the following marketing propositions through these other segments:
  - Segment 1: "The *Modern Kitchen* is an ASPIRATIONAL value addition to the prosperous, middle class household"
  - Segment 2: "The *Modern Kitchen* is ATTAINABLE through an offering focused on cost-conscious consumers, augmented by accessible financing"

**Creative strategy/execution:**

- "City living isn't the same without a 'Modern Kitchen' – the stove you've trusted with the latest improvements!" (year-round)

- Monsoon marketing – “Don’t get caught in the rain!” (Emphasized prior to rainy season)
- “Landlord endorsed, yours forever” (year-round)

**Promotion & media channels:**

- Wood Clubs (emphasized during wet season)
- Landlord referrals (year-round)
- Formal Distributor advertising

## XI. Segment 4 Strategy: *Modern Kitchen ROYAL* – “The Perfect Balance of Traditional Cooking Experience in the Modern Kitchen”

### Rural middle class (Biomass and upmarket stove users)

**The Lead (positioning statement):** “We want rural middle class consumers to see a ‘*Modern Premium Chula*’ as bundled with matching pots and other kitchen goods as a proven part of the ‘*Modern Kitchen*’ with improved convenience, comfort and safety while still retaining the traditional cooking experiences”.

**Behavior objective:** Influence the consumer to learn about Segment 1 adoption of the ‘*Modern Value Chula*’ as means to diversify kitchen appliances for a ‘*Modern Kitchen*’.

**Knowledge objectives:** Ensure the consumer knows that the ‘*Modern Chula*’ is not only novel and valued by prosperous middle class consumers (Segment 1), but also has clear value addition to the rural middle class ‘*Modern Kitchen*’.

**Belief objectives:** Persuade the consumer that a ‘*Modern Chula*’ is an essential additive to a ‘*Modern Kitchen*’, only to substitute traditional biomass cookstove and not to encourage backsliding from cleaner alternatives like natural gas, LPG or electric stoves.

## PRODUCT

**Value Proposition:**

- Traditional cooking experience with improved safety and comfort
- A “high tech” wood stove to cook curries rather than rice
- For cooking meals that require over 30 minutes of cooking time. (Not for making tea, quick snack or reheating food)
- Underpinned by conditional warranty

**Offering:**

- Bundling of a *Modern Premium Chula* stove with matching pots and other kitchen goods or appliances will ensure the stove works effectively and leverages existing demand for pots, other kitchen goods and appliances

**Actual Product:** Modern Premium Chula

**Augmented Product:** Matching pots and other appropriately bundled kitchen goods; product warranty

**Brand name:** Modern Premium Chula

**Packaging:** Modern Kitchen Royal bundle

**Appearance:** Powder coated matte finish or chrome finish body for premium look

**Functionality:** Single or double burner with in-built chimney; both portable and non-portable models

## PRICE

**Segment characteristics:**

- Low price sensitivity as disposable income is available
- An important new addition to the “modern kitchen” that recognizes the value of diversifying appliances/fuel sources not only for financial/practical reasons, but also for retaining traditional cooking experiences
- Reduced financial risk through warranty

**Offering:** Discount and warranty attached to bundle in order to reduce risk of adoption

**Retail price:** ~ BDT 4,000 to BDT 5,000

**Monetary incentives:**

- *Discount voucher/coupon for Modern Kitchen Pro bundle*
- *Product warranty reduces risk and cost of adoption*
- *Money saved through diversified fuel scheme (e.g. Electric and LPG for quick snacks, tea and reheating only)*

**Nonmonetary incentive:**

- *Status increase as forward-thinking early adopters of the Modern Kitchen concept*

## PLACE

**Segment characteristics:**

- Retail network minimizes transaction costs for traveling to city
- Product is embedded into regular purchase points for the consumer

**Offering:**

- Easily available in well-regarded, branded retail outlets the consumer already frequents in the nearest town or city, or through ordering with local retailers in the village or nearest town

**Convenience Incentives:**

- Close as possible: Major household purchases typically require them to travel to nearest town or city
- Appealing location: Established and well-regarded retailers/brand outlets
- Working with existing distribution channels: Prefer to buy familiar and popular brands

**Distribution Channel**

- **Distributor:** Ideally, the Implementer should partner with a branded distributor that enters the partnership with an established distribution and sales network that spans urban, peri-urban, and rural zones simultaneously.
- **Retailer:** Branded retail chain outlets or established and well-regarded retail shops
- **Last mile:** While above the line marketing and targeted retailing in the high-traffic “hub” zones within towns and cities that generate frequent visits for Segment 4 consumers, initial activation of the Modern Kitchen Royal strategy will likely require additional physical “pushing” of the product until sufficient awareness is generated through word-of-mouth and targeted promotional channels (see “Promotion” section).

## PROMOTION

**Segment characteristics:**

- A “proven” product with formal connection through bundling with recognizable, trusted and aspirational brand name<sup>29</sup>

**Offering:**

- Well-regarded product “proven” to be an aspirational way to balance traditional cooking experience with contemporary living with a “modern kitchen” by urban tastemakers

**Messages:**

- KNOW that the Modern Chula is a novel new technology
- BELIEVE that the Modern Premium Chula is a crucial element of the best ‘Modern Kitchen’
- BELIEVE that a Modern Premium Chula does not compete with but diversifies LPG and electric stove usage
- BELIEVE that the Modern Premium Chula acknowledges that rice cookers are attractive for cooking rice but it can cook other key dishes with safety and comfort of a modern kitchen while retaining traditional cooking experience
- DO actively aim to have both a rice cooker and Modern Premium Chula in their modern kitchen

**Messengers/brand ambassadors:**

- *Distributor:* brand association and above the line marketing of that firm will augment Wood Sellers and local word-of-mouth
- *Segment 1 as earliest adopters:* initial customers should be tracked and offered incentives to be featured in “real life” testimonials on the *Modern Kitchen* concept in practice

**Creative strategy/execution:**

<sup>29</sup> Product bundling strategy is most likely to be successful when ‘Modern Chula’ is bundled as a tie-in rather than the anchor product with well-known brand rather than less-known brand along with deeper discounts.

- “No one needs to move to the city to have the ‘Modern Kitchen’ – country living, Modern Kitchen!”
- *Nostalgia + Sophistication*: “The traditional cooking experience you’ve always loved to have in the convenient modern kitchen of your dreams!”
- *Value of diversifying appliances*: “Why choose between quality and convenience? The Modern Kitchen has it all!”

**Promotion & media channels:**

- Distributor’s mobile marketing vehicles and hawkers
- “Model Modern Kitchen” demonstrations in market centers where Retailers operate
- Segment 1 early adopter testimonials highlighting ICS incorporation into “modern kitchen” in “real life”

## XII. Implementing the Modern Kitchen Strategy

**Sequencing is critical to the *Modern Kitchen Strategy*.** Initially, implementers should engage distributors to bundle the “Modern Kitchen Pro Bundle” consisting of a Premium stove with a rice cooker with relatively broad commercial appeal and accessibility by Segment 1 and 4. This will utilize an existing product in the market with clear traction and established producers/distributors. While the premium stove is gaining familiarity in the market, implementers can engage with producers/distributors and financial service providers to explore, pilot, and demonstrate small-scale proof of concept on bundling the Value stove with matching pots to appeal to Segment 3 (urban low income).

Following initial demonstration of success with Segment 1, implementers should work with existing distribution partners to expand product lines by introducing the Value stove and marketing it to Segment 2 consumers, bundled with the same or similar rice cooker utilized in the Segment 1 strategy, underpinned by a significant discount or financing option for this new “*Modern Kitchen Essential*” bundle. When uptake of the *Modern Kitchen Essential* bundle is adequately demonstrated (in line with outreach estimations grounded in the diffusion rate decided), implementers may choose to further penetrate Segment 1 or Segment 4. This also provides adequate time to conduct any R&D activities that may be needed on pots that adequately function with the Value stove being promoted. Throughout the process, the implementer will need to incentivize distributors to expand their line of kitchen bundles and offer discounts or financing options to make the *Modern Kitchen* bundle a success.

# APPENDICES

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## XIII. APPENDIX A: Cookstoves Comparative Analysis<sup>30,31</sup>

Cookstove Type	Design Characteristics	Current Accessibility (Urban and peri-urban)	Avg. Capital Cost	Avg. Monthly Operation Cost	Fuel Source
Traditional Clay Cookstoves	<ul style="list-style-type: none"> <li>- Fixed on ground OR</li> <li>- Portable</li> <li>- Single pot or double pot</li> </ul>	<ul style="list-style-type: none"> <li>- Constructed by women of the household</li> <li>- Onsite construction by local entrepreneur/expert</li> <li>- Manufactured and sold by local entrepreneurs</li> <li>- Ad hoc distribution</li> </ul>	~ 200 BDT	~ 750 BDT for wood fuel only	<ul style="list-style-type: none"> <li>- Wood fuel (Avg. 100 Kg/month)</li> <li>- Cow dung cakes</li> <li>- Free Biomass (twigs, dry leaf, agricultural waste)</li> </ul>
Improved Chimney Cookstove <i>Example: Bondhu Chula or Shakti Chula</i>	<ul style="list-style-type: none"> <li>- Fixed on ground</li> <li>- Smoke chimney</li> <li>- Available in single pot, double pot and three pot versions</li> </ul>	<ul style="list-style-type: none"> <li>- Manufactured and sold by local entrepreneurs (latrine producer) who are selected and trained under NGO programs run by GIZ and Grameen Shakti</li> <li>- Distributed through aid programs by local NGOs with or without subsidy</li> </ul>	<p><b>Average Market Price</b></p> <ul style="list-style-type: none"> <li>- Single pot: BDT 800 – 900</li> <li>- Double pot: BDT 1,200 - 1,500</li> <li>- Three pot: BDT 1,800 - 2,000</li> </ul> <p><b>Subsidy Structure:</b> 80% to 90% subsidy is offered to extreme poor households under certain NGO aid programs</p>	~ 600 BDT for wood Fuel only	<ul style="list-style-type: none"> <li>- Wood fuel (Avg. 80 Kg/month)</li> <li>- Free Biomass (twigs, dry leaf, agricultural waste)</li> </ul>
<i>Modern Value Cookstoves</i> <i>Example: Eco-Zoom Dura</i>	Portable single pot stove with ceramic combustion chamber for higher burning efficiency, and reduced emissions	Currently not available in Bangladesh	2,600 BDT	~ 565 BDT (estimated)	- Wood fuel of specific size (Avg. 75 kg/month)
<i>Modern Premium Chulas</i> <i>Example: Prakti Leo</i>	Portable double pot stove with chimney for higher burning efficiency and reduced indoor emissions	Currently not available in Bangladesh	5,000 BDT	~ 525 BDT (estimated)	- Wood fuel of specific size (Avg. 70 kg/month)
Kerosene Cookstoves	<ul style="list-style-type: none"> <li>- Easily accessible,</li> <li>- Affordable</li> <li>- Low maintenance cost</li> </ul>	Local dealer	~ 750 BDT	~ 1050 BDT (Full time use by small household)	- Kerosene (Avg. 15 Litre/month)
Electric Cookstoves and Rice Cookers	<ul style="list-style-type: none"> <li>- Branded products come with warranty</li> <li>- Simple and easy to use</li> </ul>	Local dealer	~ 1500 BDT for Electric Stove ~ 2500 BDT for Rice Cooker	~ 350 BDT (Full time use by small household)	- Electricity
Gas (LPG) Cookstoves	<ul style="list-style-type: none"> <li>- Easy to install and convenient to use</li> <li>- Easily available in urban areas</li> </ul>	Local dealer	~ 6000 BDT for one time subscription cost ~ 3000 BDT for LPG stove	~ 1600 BDT (Full time use by small household)	- LPG (Avg. 1 Cylinder/month)

30 National Institute of Research and Training-Bangladesh, 2011. Bangladesh Demographic and Health Survey.

31 WASHPlus, 2013. Understanding Consumer Preference and Willingness to Pay for Improved Cookstoves in Bangladesh

- Clean and safe cooking

## XIV. APPENDIX B: Market Size Estimation

### 1. Population Distribution In Bangladesh (2013)

Total Population of Bangladesh <sup>32</sup>	156,594,962
Percentage of Bangladesh population in rural areas <sup>33</sup>	71%
Percentage of Bangladesh population in urban areas <sup>34</sup>	15%
Percentage of Bangladesh population in peri-urban areas <sup>21</sup>	14%

### 2. Distribution of Households in Bangladesh<sup>35</sup>

Urban & Peri-Urban Households	6,169,807
Rural households	25,535,877
Total Households in Bangladesh	31,705,684

### 3. Population distribution by economic classification in Bangladesh

	Extreme Poor <sup>36</sup>	Low In- come	Middle Class <sup>37</sup>	Rich <sup>23</sup>	Lower Middle Class (Deduced as remain- der)
Urban & Peri-urban	7.7%	21.3% <sup>38</sup>	31.3%	2.7%	37%
Rural	21.1%	35.2% <sup>39</sup>	31.3%	2.7%	9.7%

### 4. Calculating Maximum Potential Market Size for New ICS

Customer Segments		Number of Households
1	21.3% of urban households are Low income	1,314,169
2	37% of urban households are Lower middle class	2,282,829
3	31.3% of urban households are Middle class	1,931,150
4	31.3% of rural households are Middle class	7,992,730
<b>Maximum Potential Market Size for New ICS</b>		<b>13,520,878</b>

<sup>32</sup> <http://data.worldbank.org/indicator/SP.POP.TOTL>

<sup>33</sup> <http://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>

<sup>34</sup> <http://data.worldbank.org/indicator/EN.URB.MCTY.TL.ZS/countries?display=default>

<sup>35</sup> BANGLADESH POPULATION AND HOUSING CENSUS – 2011, Available at: [http://www.sid.gov.bd/wp-content/uploads/2014/01/Socio\\_Economic.pdf](http://www.sid.gov.bd/wp-content/uploads/2014/01/Socio_Economic.pdf)

<sup>36</sup> Bangladesh Household Income and Expenditure Survey Key Findings and Results, 2010. (Page 7)

<sup>37</sup> Barakat, Abul, "Emerging Middle Class and Consumer Market in Bangladesh" (2012) Paper presented at a seminar "Strong potential of domestic consumer market and future challenges of strategic industries" in July 10, 2012

<sup>38</sup> <http://data.worldbank.org/indicator/SI.POV.URHC>

<sup>39</sup> <http://data.worldbank.org/indicator/SI.POV.RUHC>

### 5. Dependency on Cooking Fuel in Bangladesh<sup>26</sup>

	Urban Households (%)	Urban Households	Rural Households (%)	Rural Households
<b>Wood</b>	33.4	2,060,715	36.4	9,295,059
<b>Kerosene</b>	0.8	49,358	1.2	306,430
<b>Gas/LPG</b>	46.5	2,868,960	1.5	383,038
<b>Electricity</b>	0.9	55,528	0.2	51,071
<b>Straw/Leaf/cow dung</b>	18.4	1,135,244	60.7	15,500,277

## XV. APPENDIX C: Socioeconomic Classifications

Kalam et al. (2012), have classified the income groups in Bangladesh as follows<sup>40</sup>;

- Low Income: < BDT 6,000 per month (approximately US\$77) – **Below Poverty Line**
- **Lower-Middle Income: BDT 6,000 to BDT 10,000** per month (approx. US\$77-128)
- **Middle-Middle Income: BDT 10,000 to BDT 25,000** per month (approx. US\$128 – 320)
- Upper-Middle Income: BDT 25,000 to BDT 50,000 per month (approx. US\$ 320-640) – **Rich**
- High Income: > BDT 50,000 per month (> US\$640) - **Affluent**

During the research process it was determined that the segments that could afford to purchase ICS products (for MRP range of 2600 BDT – 5000 BDT) through commercial channels were most likely to be from the income groups earning between 6,000 BDT to 25,000 BDT per month. In this study, the above-mentioned 'Lower-Middle Income' group will be referred to as the 'Low income Households'. The 'Middle-Middle Income' group defined by Kalam et al., will be further classified in to two sub groups namely, 'Lower Middle Class' and 'Middle Class' households based on their monthly income range and earning patterns. The income based economic classification of the customer segments is illustrated in the table below;

Economic Classification	Monthly Income Range	Income Sources
<b>Low Income Households</b>	6000 to 10000 BDT	Single or multiple source of irregular income
<b>Lower Middle Class</b>	11,000 to 17,000 BDT	Multiple sources of incomes with at least one small regular source
<b>Middle class</b>	18,000 to 25,000 BDT	One main source of regular income and one or more minor irregular source of income

<sup>40</sup> Kalam, A.K.M.A., Jahan, R. 2012. "Measuring Rental Housing Affordability of Middle-Income Group in Dhaka City", Journal of Bangladesh Institute of Planners. Vol. 5, December 2012, pp. 79-91.

## XVI. APPENDIX D: Collated Insights

### Segment 1 Collated Insights

# PRODUCT

- **What does the consumer want?**
  - Ability to cook indoors with comfort and convenience
  - Reduce cooking time and effort
  - Cleaner and safer kitchen and indoors (Safe, clean and easy to use indoors)
  - Increased status and improved lifestyle
- **What features does the product need to meet these wants?**
  - Single or double pot stove with insulated chimney attachment
  - Models without chimney can be optional
  - Portable with insulated handles
  - Well insulated body and protected combustion chamber
  - Optimal size with sturdy and robust construction to handle large pots
  - Large Ash chamber needing less frequent cleaning
  - Powder coated or stainless steel chrome finish body for premium look
  - Special wood sizing machine can be sold as an additional accessory
- **How and where will the consumer use the product?**
  - Mostly indoors inside the built-in kitchen
  - Might use it on floor or on kitchen counter
  - Will cook using ICS at least once a day
  - Will predominantly use purchased wood fuel
- **What should be the product's physical attributes?**
  - Approximately 5Kg or more depending on single pot or double pot stove
  - Cubical or Cylindrical shape for optimal space utilization and sturdy
  - At least 10 to 12 inches of body diameter to be able to hold large vessels (single pot)
  - At least 12 inches in height for comfortable cooking while seated on floor (comparable to a kerosene stove)
  - Insulated combustion chamber – refractory metal, ceramic or glass wool
  - Powder coated matt finish or Chrome finish body for premium look
- **How should the product look / feel?**
  - **Look:** Elite, Modern (urban), hi-tech
  - **Feel:** Durable, familiar (traditional) & easy to use
- **How will you brand the product?**
  - Premium/elite, Modern/Hi-Tech, Simple
- **How will it stand out / be unique alongside competitive products?**
  - Product Guarantee/Warranty
  - Better tasting food than upmarket stoves (electric and LPG)
  - Bundled with high end rice cooker as a hi-tech wood stove to cook traditional curry

PRICE

- **What is the perceived value of the product to the consumer?**
  - Perceived value is much higher than kerosene stove but slightly lower than electric stove, rice cooker & LPG stove
- **What are the price points?**
  - Competitively priced against electric stove or rice cookers
- **How sensitive is the consumer to the price?**
  - Have enough disposable income to invest on a value for money product
- **How does the pricing strategy compare to competing products and substitutes?**
  - Should be available for purchase through staggered installment payment
  - Retailer should be able to provide credit on purchase
- **Does the price increase the perceived value or quality of the product?**
  - Might get discouraged if priced higher than electric stove or rice cooker. ICS is not convenient and needs more effort in comparison to electric stove or rice cooker of similar price range

PLACE

- **What are the points of purchase?**
  - Large branded consumer product and kitchen ware retailer
  - LPG retailers and selected fuel wood seller (selling sized wood specially for ICS)
- **What are proposed distribution channels for the product?**
  - Leading appliance retailer and household hardware outlets in market centers with more than 40% market share
  - Engage a last-mile-marketing firm for door-to-door sales in semi-urban areas
- **What should the supply chain look like?**
  - Hub and spoke model with the selected manufacturer/distributor to reach specific areas with high purchasing capacity. These city-based spokes will work with local retail shops, which currently sell upmarket stoves. The selected manufacturer/distributor should have a robust supply chain with at least city-level distribution and regional depots.
- **Is there a sales and customer service team in place?**
  - The retail outlet could have the service team or they can be provided with backend customer service support by the manufacturer
  - Manufacturer/distributor along with local retailer can partner with local NGO to train local technicians to provide door to door service
- **How do you incentivize sales?**
  - Wood clubs with wood sellers facilitated by a pro-poor NGO for weekly and discounted wood sales (Bait and Hook model)
  - Bundling the Premium ICS product from the distributor level with electric rice cooker
  - Referral schemes for both retail and door to door sales

PROMOTION

- **Will the product use a pull or push strategy?**
  - Pull strategy for a premium stove when bundled with either electric rice cooker
  - Push strategy when landlords are recruited to endorse and promote ICS to their tenants
- **What are the product promotion channels?**
  - Hoardings and banner advertisements
  - Local newspaper and TV channels
  - Demonstrations on TV cook shows
  - Product demonstrations at retailer showroom or in market area during melas
  - Recruit landlords to endorse ICS by giving preference to tenants who buy and use ICS
- **What is the advertising strategy?**
  - Building brand familiarity and trust by highlighting on the nostalgic feelings associated with cooking with wood, better tasting food when cooking with wood
  - Creating an association with higher social status by highlighting the modern day comfort, convenience and safety with the use of ICS while enabling them to cook traditional tasting food
  - Highlight low operational cost in comparison to traditional clay stove and kerosene stove
  - Focus on benefits to users in terms of future possibilities and aspirations around their life-style
  - Identify opinion leaders for each community (including landlords) and promote them as local brand ambassador
  - Last mile marketing to reach the individual households or the group of households in a neighborhood
  - Special seasonal marketing like 'Monsoon' marketing ("Don't get caught in the rain")
- **How will brand awareness be raised?**
  - Above the line marketing
  - Sponsoring community events
  - Endorsement from land lords and community opinion leaders
  - Value added marketing materials like; branded books, bags and stationary for children, branded caps, t-shirt, umbrella or coats, Mirror for women, religious calendars, etc.
  - Co-branding with utensil manufacturer (example: Detergent brands are co-branded with washing machines as preferred detergent)
- **What is the timing for promotions?**
  - Special seasonal promotion during religious festivals and events
- **How will products' promotion differ from that of competition?**
  - Niche marketing which highlights the status factor associated with owning a hi-tech wood cookstove with unmatched cooking comfort, convenience and safety without compromising on traditional taste
  - Creates a connect with nostalgia of traditional cooking style with modern technology bringing together comfort, convenience and safety along with traditional taste
  - Focused on creating brand and technology awareness
  - Creating a new product category in the market
- **How is promotion handled at point of sales?**
  - More focus on after sales service, usage behavior and maintenance
  - Word of mouth marketing by the retailer
  - Offer opportunity for free trial and/or demonstration

## Segment 2 Collated Insights

# PRODUCT

- **What does the consumer want?**
  - Want to be able to cook using wood fuel all year long (reduce dependency on kerosene)
  - One cookstove for everyday use, all year long (without needing a standby stove)
  - Flexibility to cook both outdoors and indoors (preferably indoors more often)
  - Safe, clean and easy to use indoors (occasionally)
  - Durable product that can be used in rough conditions (in comparison to kerosene stoves that last 3 to 4 months without needing repair)
  - Makes cooking comfortable and convenient – improves lifestyle and status
  - Affordable to own and use regularly (low capex and opex)
- **What features does the product need to meet these wants?**
  - Single or double pot stove
  - Chimney offered as an optional attachment
  - Higher fuel efficiency (compared to traditional stove)
  - Portable with insulated handles
  - Well insulated body and protected combustion chamber
  - Optimal size with sturdy and robust construction to handle large pots
  - Large footing for increased stability
  - Large Ash collection chamber
  - Enamel paint for easy cleaning and to prevent rusting
- **How and where will the consumer use the product?**
  - In external sheltered kitchen or in built-in kitchen inside the house
  - Cook at least 2 to 3 times daily
  - For cooking meals, making tea and snacks and reheating food
  - Will predominantly use wood fuel along with cheaper fuel like wood chips, saw dust when wood is not available
- **What should be the product's physical attributes?**
  - Approximately 3Kg to 5 Kg in weight (comparable to Eco-zoom Dura)
  - Cubical or Cylindrical shape for optimal space utilization and sturdy
  - At least 10 to 12 inches of body diameter to be able to hold large vessels (single pot)
  - At least 12 inches in height for comfortable cooking while seated on floor (comparable to a kerosene stove)
  - Insulated combustion chamber (refractory clay or ceramic)
  - Bright and dark colors (shades of red and blue or green are associated with upmarket stoves and are seen as modern)
  - Strong footing to handle large pot and to elevate the stove to prevent any damage due to wet floor
- **How should the product look / feel?**
  - **Look:** Modern (urban), Robust, Familiar
  - **Feel:** Durable, approachable, Simple & easy to use
- **How will you brand the product?**
  - Modern, Heavy duty and trustworthy
- **How will you position the product in the market?**
  - Value product - Saves fuel, Safe for family
  - A fuel-efficient cookstove for those who have limited access to wood fuel and cannot afford kerosene stove or for those who resist upgrading to kerosene stove as an alternative due to unpalatable food taste.
  - **How will it stand out / be unique alongside competitive products?**
  - Product Guarantee/Warranty
  - Lower operating cost than both traditional clay cookstove and upmarket kerosene stoves
  - Retains traditional cooking experiences while providing convenience, comfort and safety of a modern kitchen
  - Bundled with branded rice cooker and/or cooking pots
- specifically designed for ICS

PRICE

- **What is the perceived value of the product to the consumer?**
  - Perceived value is comparable to kerosene stove but slightly lesser than electric & LPG stove
- **What are the price points?**
  - Comparable to Kerosene stove or low end electric stove, in the range of BDT 750 to BDT 1,250
- **How sensitive is the consumer to the price?**
  - Don't have the luxury to spend their small disposable income to buy an ICS to replace their existing self built biomass cookstove or to diversify from their existing kerosene standby stove
  - More expenditure than income makes purchasing decision difficult and time consuming
  - Will benefit from low interest loan or staggered payment system
- **How does the pricing strategy compare to competing products and substitutes?**
  - Families stay in small clusters of rented house can benefit from group purchase discounts
  - ICS price is too small to seek a MFI loan. A bundled loan product can help them acquire MFI loans to buy an ICS
  - Pay loan installments or the loan interest from the money saved in purchasing wood fuel
  - Could benefit from carbon financing schemes
  - Engage an innovative microfinance organization to include a value cookstove in a "Healthy living loans" scheme (A level-2 loan, focusing on consumers willing to upgrade their stove)
- **Does the price increase the perceived value or quality of the product?**
  - The price variation should be within the competitive range of the most popular kerosene stove model or most affordable electric stove in the market (approx. 750 BDT to 1250 BDT)

PLACE

- **What are the points of purchase?**
  - Local kerosene stove and LPG stove dealer and repair shops
  - Small local retailers selling kitchen utensils, tools and other household hardware products
  - Hardware shop dealing with house construction and improvement materials like GI sheets.
  - Sheet metal product manufacturers and retailers (Sheet metal storage boxes and shelves)
  - Fuel wood seller (who will also sells special sized wood for ICS)
  - SMC retail outlet and local MFI and SHGs or savings groups
- **What are proposed distribution channels for the product?**
  - Small appliance retailer and household hardware outlets in market centers with at least 40% market share
  - Engage a pro-poor NGO, MFI & SHGs facilitating to start-up a wood-club with local wood sellers for discounted wood prices and distribution of ICS
  - Engage a last-mile-marketing firm for door-to-door sales
- **What should the supply chain look like?**
  - Hub and spoke model with the selected manufacturer/distributor to reach specific areas with dense populations (especially slums). These city-based spokes will work with local retail shops, which currently sell upmarket stoves. A selected manufacturer/distributor should have a robust supply chain with at least city-level distribution and regional depots.
- **Is there a sales and customer service team in place?**
  - Engage a pro-poor NGOs to train the local retailers and technicians for ICS maintenance
  - Provide backend customer service support to small retailers without technical capabilities
- **How do you incentivize sales?**
  - Wood clubs with wood sellers facilitated by a pro-poor NGO for weekly and discounted wood sales (Bait and Hook model)
  - Referral schemes and group discounts through an MFI and pro-poor NGO (with focus on child and maternal health) to its members or beneficiaries
  - Bundling the value product from the distributor level with electric rice cooker or matching cooking pot set

PROMOTION

- **Will the product use a pull or push strategy?**
  - Pull strategy for a value stove when bundled with either electric rice cooker or a set of cooking pots specially designed for ICS
  - Push strategy for a value stove when bundled with “Level 2 – Healthy Living Loan” scheme
  - Push strategy when landlords are recruited to endorse and promote ICS to their tenants
- **What are the product promotion channels?**
  - Hoardings and banner advertisements
  - Local newspaper and TV channels
  - Product demonstrations in market areas (haat/mela), in partnership with local NGOs and MFIs
  - Community yard meetings with product demonstrations facilitated by pro-poor NGOs
  - Recruit landlords to endorse ICS by giving preference to tenants who buy and use ICS
- **What is the advertising strategy?**
  - Building brand familiarity and trust by highlighting on the nostalgic feelings associated with cooking with wood, better tasting food when cooking with wood to the migrant families
  - Highlight low operational cost in comparison to traditional clay stove and kerosene stove
  - Focus on benefits to users in terms of future possibilities and aspirations around their life-style
  - Identify opinion leaders for each community (including landlords) and promote them as local brand ambassador
  - Last mile marketing to reach the individual households or the group of households in a neighborhood
  - Special seasonal marketing like ‘Monsoon’ marketing (“Don’t get caught in the rain”)
- **How will brand awareness be raised?**
  - Above the line marketing
  - Sponsoring community events
  - Through local opinion leaders and brand ambassadors
  - Value added marketing materials like; branded books, bags and stationary for children, branded caps, t-shirt, umbrella or coats, Mirror for women, religious calendars, etc.
  - Co-branding with utensil manufacturer (example: Detergent brands are co-branded with washing machines as preferred detergent)
- **What is the timing for promotions?**
  - Provide seasonal or festival promotional offers
  - Just before the onset of Monsoon (highlighting **portability** feature)
  - Just before summer season (highlighting **fire safety** features)
  - During dry season (highlighting the **fuel saving** capability – helps save wood fuel for wet season)
- **How will products’ promotion differ from that of competition?**
  - Highlight the low operating cost factor
  - Focused on creating brand and technology awareness
  - Creating a new product category in the market
  - Creates a connect with nostalgia of traditional cooking style with modern technology bringing together comfort, convenience and safety along with traditional taste
- **How is promotion handled at point of sales?**
  - More focus on after sales service, usage behavior and maintenance
  - Word of mouth marketing by the retailer
  - Offer opportunity for free trial and/or demonstration

## Segment 3 Collated Insights

# PRODUCT

- **What does the consumer want?**
  - Want to be able to cook using wood fuel all year long (save wood fuel)
  - One cookstove for everyday use, all year long (without needing a standby stove)
  - Flexibility to cook both outdoors and indoors
  - Safe, clean and easy to use indoors (occasionally)
  - Ability to occasionally cook large quantity of food (for more than 5 person)
  - Durable product that can be used in rough conditions (in comparison to kerosene stoves that last 3 to 4 months without needing repair)
- **What features does the product need to meet these wants?**
  - Single pot stove, without chimney
  - Higher fuel efficiency (compared to traditional stove)
  - Portable with insulated handles
  - Well insulated body and protected combustion chamber
  - Optimal size with sturdy and robust construction to handle large pots
  - Large footing for increased stability
  - Large Ash collection chamber
  - Enamel paint for easy cleaning and to prevent rusting
- **How and where will the consumer use the product?**
  - Outdoors during dry season and indoors during wet season
  - Cook at least 2 to 3 times daily
  - For cooking meals, making tea and snacks and reheating food
  - Will predominantly use wood fuel along with cheaper fuel like wood chip, saw dust, jute bag, etc., when wood fuel is not available
- **What should be the product's physical attributes?**
  - Approximately 3kg to 5kg in weight (comparable to Eco-zoom Dura)
  - Cubical or Cylindrical shape for optimal space utilization and sturdy
  - At least 10 to 12 inches of body diameter to be able to hold large vessels
  - At least 12 inches in height for comfortable cooking while seated on floor (comparable to a kerosene stove)
  - Insulated combustion chamber (refractory clay or ceramic)
  - Bright and dark colors (shades of red and blue or green are associated with upmarket stoves and are seen as modern)
  - Strong footing to handle large pot and to elevate the stove to prevent any damage due to wet floor
- **How should the product look/feel?**
  - **Look:** Modern (urban), Robust, Familiar
  - **Feel:** Durable, approachable, Simple & easy to use
- **How will you brand the product?**
  - Modern, Heavy duty and trustworthy
- **How will you position the product in the market?**
  - Value product - Saves fuel, Safe for family
  - A fuel-efficient cookstove for those who have limited access to wood fuel and cannot afford kerosene stove or for those who resist upgrading to kerosene stove as an alternative due to unpalatable food taste.
- **How will it stand out / be unique alongside competitive products?**
  - Product Guarantee/Warranty
  - Lower operating cost than both traditional clay cookstove and upmarket kerosene stoves
  - Retains traditional cooking experiences while providing convenience, comfort and safety of a modern kitchen
  - Bundled with cooking pots, specifically designed for ICS

PRICE

- **What is the perceived value of the product to the consumer?**
  - Perceived value is comparable to kerosene stove but slightly lower than electric & LPG stove
- **What are the price points?**
  - Comparable to kerosene stove, in the range of BDT 750/-
- **How sensitive is the consumer to the price?**
  - Don't have sufficient disposable income to spare on a cookstove to replace their free self built biomass cookstove
  - Irregular and small income makes it difficult for them to make huge expenditures in one go
  - Will benefit from low interest loan or staggered payment system
- **How does the pricing strategy compare to competing products and substitutes?**
  - Families stay in clusters and housing colonies. They can benefit from group purchase discounts
  - ICS price is too small to seek a MFI loan. A bundled loan product can help them acquire MFI loans to buy an ICS
  - Pay loan installments or the loan interest from the money saved in purchasing wood fuel
  - Engage an innovative microfinance organization to include a value cookstove in a "Healthy living loans" scheme (A level-1 loan, focusing on first time consumers)
- **Does the price increase the perceived value or quality of the product?**
  - The price variation should be within the competitive range of the most popular kerosene stove model in the market (approximately 750 BDT to 1000 BDT)

PLACE

- **What are the points of purchase?**
  - Local kerosene stove and LPG stove dealer and repair shops on the periphery of slums
  - Small local retailers selling kitchen utensils, tools and other household hardware products
- **What are proposed distribution channels for the product?**
  - City-based distributor dealing in small kitchen appliances promoted through NGOs, MFIs and SHGs and possible door-to-door sales to complement the retail sales
  - Engage a pro-poor NGO working in slums to start-up a wood-club with local wood sellers for discounted wood prices and distribution of ICS
  - Engage a last-mile-marketing firm for door-to-door sales
- **What should the supply chain look like?**
  - Hub and spoke model with the selected manufacturer/distributor to reach specific areas with dense populations (especially slums). These city-based spokes will work with local retail shops, which currently sell upmarket stoves. A selected manufacturer/distributor should have a robust supply chain with at least city-level distribution and regional depots.
- **Is there a sales and customer service team in place?**
  - Engage a pro-poor NGOs to train the local retailers and technicians for ICS maintenance
- **How do you incentivize sales?**
  - Wood clubs with wood sellers facilitated by a pro-poor NGO for weekly and discounted wood sales
  - Referral schemes through an MFI and pro-poor NGO
  - Bundling the value product from the distributor level with basic cooking pot set for ICS

# PROMOTION

- **Will the product use a pull or push strategy?**
  - Pull strategy for a value stove when bundled with a set of cooking pots designed for ICS
  - Push strategy for a value stove when bundled with “Level 1 – Healthy Living Loan” scheme
- **What are the product promotion channels?**
  - Hoardings and banner advertisements
  - Local newspaper and TV channels
  - Product demonstrations in market areas and community centers by pro-poor NGOs
  - Community yard meetings with product demonstrations with pro-poor NGOs
- **What is the advertising strategy?**
  - Building brand familiarity and trust by focusing on people who have just moved to the city helping them to be well prepared with a new cookstove, can still use a familiar cooking method in an unfamiliar place.
  - Highlight low operational cost in comparison to traditional clay stove and kerosene stove
  - Focus on benefits to users in terms of future possibilities and aspirations around their life-style
  - Identify opinion leaders for each community and promote them as local brand ambassador
  - Last mile marketing to reach the individual households or the group of households in a neighborhood
  - Special seasonal marketing like ‘Monsoon’ marketing (“Don’t get caught in the rain”)
- **How will brand awareness be raised?**
  - Above the line marketing
  - Sponsoring community events
  - Through local opinion leaders and brand ambassadors
  - Value added marketing materials like; branded books, bags and stationary for children, branded caps, t-shirt, umbrella or coats, Mirror for women, religious calendars, etc.
  - Co-branding with utensil manufacturer (example: Detergent brands are co-branded with washing machines as preferred detergent)
- **What is the timing for promotions?**
  - Just before the onset of wet season (highlighting **portability** feature)
  - Just before summer season (highlighting **fire safety** features)
  - During dry season (highlighting the **fuel saving** capability – helps save wood fuel for wet season)
- **How will products’ promotion differ from that of competition?**
  - Highlight the low operating cost factor
  - Focused on creating brand and technology awareness
  - Creating a new product category in the market
  - Creating aspiration for this new product category
- **How is promotion handled at point of sales?**
  - More focus on after sales service, usage behavior and maintenance
  - Word of mouth marketing by the retailer
  - Offer opportunity for free trial and/or demonstration

## Segment 4 Collated Insights

# PRODUCT

- **What does the consumer want?**
  - Want to be able to cook using wood fuel all year long (reduce dependency on other biomass)
  - Flexibility to cook both outdoors and indoors (preferably indoors more often)
  - Safe, clean and easy to use indoors (occasionally)
  - Durable product that can be used in rough rural conditions
  - Ability to cook large quantity of food
  - Makes cooking comfortable and convenient
  - Increased status and improved lifestyle
- **What features does the product need to meet these wants?**
  - Single or double pot stove with insulated chimney attachment
  - Models without chimney can be optional
  - Portable with insulated handles
  - Well insulated body and protected combustion chamber
  - Optimal size with sturdy and robust construction to handle large pots
  - Large Ash chamber needing less frequent cleaning
  - Powder coated or stainless steel chrome finish body for premium look
  - Special wood sizing machine can be sold as an additional accessory
- **How and where will the consumer use the product?**
  - Mostly indoors inside the built-in kitchen or inside a sheltered standalone kitchen
  - Might use it on floor or on kitchen counter
  - Will cook using ICS at least two times a day
  - Will predominantly use wood fuel (self prepared)
- **What should be the product's physical attributes?**
  - Approximately 5Kg or more depending on single pot or double pot stove
  - Cubical or Cylindrical shape for optimal space utilization and sturdy
  - At least 10 to 12 inches of body diameter to be able to hold large vessels (single pot)
  - At least 12 inches in height for comfortable cooking while seated on floor (comparable to a kerosene stove)
  - Insulated combustion chamber – refractory metal, ceramic or glass wool
  - Powder coated matt finish or Chrome finish body for premium look
- **How should the product look / feel?**
  - **Look:** Elite, Modern (urban), hi-tech
  - **Feel:** Durable, familiar (traditional) & easy to use
- **How will you brand the product?**
  - Premium/elite, Modern/Hi-Tech, Simple
- **How will it stand out / be unique alongside competitive products?**
  - Product Guarantee/Warranty
  - Modern & hi-tech looking wood stove for better tasting food than upmarket stoves (electric and LPG)

PRICE

- **What is the perceived value of the product to the consumer?**
  - Perceived value is much higher than kerosene stove but slightly lower than electric stove, rice cooker & LPG stove
- **What are the price points?**
  - Competitively priced against electric stove, rice cookers or LPG stoves
- **How sensitive is the consumer to the price?**
  - Have enough disposable income to invest on a value for money products
- **How does the pricing strategy compare to competing products and substitutes?**
  - Should be available for purchase through staggered installment payment
  - Retailer should be able to provide credit on purchase
- **Does the price increase the perceived value or quality of the product?**
  - Might get discouraged if priced higher than electric stove or rice cooker. ICS is not convenient and needs more effort in comparison to electric stove or LPG stove of similar price range

PLACE

- **What are the points of purchase?**
  - Branded consumer product or kitchen utensil retailer in near by town markets
  - Agriculture product retailers
  - Hardware stores dealing with construction materials like GI sheet, steel etc.
  - LPG retailers in near by town markets
  - NGOs and MFIs
- **What are proposed distribution channels for the product?**
  - Leading retail outlets for consumer product or kitchen utensils in nearest market centers with more than 40% market share
  - Engage a last-mile-marketing firm for door-to-door sales in rural areas
  - Partner with local NGO and MFI to use their field force for door to door sales
- **What should the supply chain look like?**
  - Last mile marketing and distribution is needed to reach these middle class and upper middle class customers in remote rural areas
- **Is there a sales and customer service team in place?**
  - Engage a pro-poor NGOs to train the local retailers and technicians for ICS maintenance
  - Manufacturer/distributor along with local retailer can partner with local NGO to train local technicians to provide door to door service
- **How do you incentivize sales?**
  - Product bundling with agricultural and /or home improvement products through retail sales
  - Referral schemes for both retail and door to door sales
  - Sales commission for NGOs and MFIs acting as sales partners

PROMOTION

- **Will the product use a pull or push strategy?**
  - Pull strategy for the premium stove is bundled with high end kitchen appliances or agriculture products
  - Push strategy when partnered with NGOs and MFIs to engage in last mile marketing and sales
- **What are the product promotion channels?**
  - Hoardings and banner advertisements
  - Local newspaper and TV channels
  - Loud speaker announcements, folk songs etc
  - Product demonstrations in weekly village market areas (haat/mela), in partnership with local NGOs and MFIs
  - Community yard meetings with product demonstrations facilitated by local NGOs/MFIs
  - Recruit community leaders and religious leaders to endorse and promote
- **What is the advertising strategy?**
  - Building brand familiarity and trust by offering free trial and demonstrations
  - Creating an association with higher social status by highlighting the modern day comfort, convenience and safety with the use of ICS while enabling them to cook traditional tasting food
  - Focus on benefits to users in terms of future possibilities and aspirations around their life-style
  - Identify opinion leaders for each community (including religious leaders) and promote them as local brand ambassador
  - Last mile marketing to reach the individual households or the group of households in a neighborhood
  - Special seasonal marketing like ‘Monsoon’ marketing (“Don’t get caught in the rain”)
- **How will brand awareness be raised?**
  - Above the line marketing
  - Sponsoring community events
  - Endorsement from land lords and community opinion leaders
  - Value added marketing materials like; branded books, bags and stationary for children, branded caps, t-shirt, umbrella or coats, Mirror for women, religious calendars, etc.
- **What is the timing for promotions?**
  - Special seasonal promotion during religious festivals and events
  - Just before the onset of monsoon (highlighting portability feature)
  - Just before summer season (highlighting fire safety features)
  - During dry season (highlighting the fuel saving capability – helps save wood fuel for wet season)
- **How will products’ promotion differ from that of competition?**
  - Niche marketing which highlights the status factor associated with owning a hi-tech wood cookstove with unmatched cooking comfort, convenience and safety without compromising on traditional taste
  - Focused on creating brand and technology awareness
  - Creating a new product category in the market
- **How is promotion handled at point of sales?**
  - More focus on after sales service, usage behavior and maintenance
  - Word of mouth marketing by the retailer
  - Offer opportunity for free trial and/or demonstration

## XVII. APPENDIX E: Detailed Description of Modern Kitchen Strategy

Modern Kitchen Marketing and Behavior Change Strategy	
<b>Goal</b>	“We want consumers across four target segments to see ICS as “Modern Chula”, a key element of a ‘modern kitchen’ that bundles ICS with other appliances to deliver both the convenience of alternative appliances with the traditional flavors associated with wood-fueled home cooking”.
<b>Objectives</b>	<p><b>Behavior objective:</b> Influence consumers to actively seek a <i>Modern Chula</i> as part of their kitchen, and to become the earliest advocates of the wider “modern kitchen” concept</p> <p><b>Knowledge objective:</b> Ensure consumers know that <i>Modern Chulas</i> are innovative, novel, efficient, and accessible</p> <p><b>Belief objectives:</b> Persuade consumers that a <i>Modern Chula</i> is an essential additive to a “modern kitchen” rather than a substitute or backsliding from alternatives</p>
<b>Core Features</b>	<ul style="list-style-type: none"> <li>Utilize <i>Adhunik</i> (“modern”) as the core branding element</li> <li>Embed all messaging within larger proposition of the “Modern Kitchen”</li> <li>Explicitly sequences activation by segment: 1-2-3-4</li> </ul>
Product	Price
<p><b>Differentiate two distinct ICS product categories (Value &amp; Premium) to increase targeting of product activation according to segment-specific value propositions.</b></p> <p>These product categories hold unique marketing opportunities and place two unique “Modern Chula” categories just before upmarket stoves (“Modern Premium Chula”) and just after traditional cookstoves (“Modern Value Chula”). These categories have been derived from value perceptions and price points in relation to current competing stoves.</p> <p><b>Recommended Strategy:</b> The “Modern Value Chula” category will specifically target segments 3 and 4, while the “Modern Premium Chula” category targets segments 1 and 4.</p>	<p><b>Focus initial activation on segments with low price sensitivity (middle class) toward ICS for faster adoption</b></p> <p>Regardless of the specific model through which financing options are provided to consumers unable to easily afford even a <i>Modern Value Chula</i>, establishing the relationships, capacity and infrastructure needed to provide such financial services will take time. Prioritizing those priority segments already able to purchase an ICS eliminates the need for complex value propositions around cost, increasing the likelihood of sustainable adoption.</p> <p><b>Recommended Strategy:</b> Integrated strategy that sequences activation across all four target segments</p>
<p><b>Bundling the Modern Chula with other kitchen appliances and products will improve targeting to individual segments and tie ICS to demand for more mature products in the market</b></p> <p>Initially marketing the Modern Chula within a bundle of other kitchen appliances and goods with more established recognition and demand will likely generate stronger associations in the consumer’s mind between ownership of a Modern Chula and other aspirational household assets such as rice cookers and refrigerators. Additional benefits of bundling include:</p> <ul style="list-style-type: none"> <li><b>Bundling can be combined with targeted marketing to create associations between seminal life events and the Modern Chula (e.g. weddings)</b></li> <li><b>Economies of scope and scale:</b> <i>Bundling enables “piggybacking” onto existing value chains for greater efficiency and lower risk</i></li> <li><b>Reduction of risk and uncertainty:</b> <i>Bundling reduces the risks of category creation for Distributors and Retailers</i></li> <li><b>Minimizes “feature creep”:</b> bundling ICS within a broader product offering reduces the</li> </ul>	<p><b>Profitable, sustainable financing for ICS will require loan values larger than the cost of the product itself. This is possible when ICS is bundled with higher value complementary product (larger loan value)</b></p> <p>Incentivizing financial services providers to extend financing to those segments unable to purchase ICS independently will likely require an increase in loan value (i.e. bundling) to be profitable. Furthermore, while study respondents do sometimes purchase consumer products “off book” from the intended purpose of the loan, they typically refrain from taking an MFI loan for less than 10,000 BDT. Group lending offers an alternative channel, but requires not only investments in the lending infrastructure, but significant investments in marketing to convince consumers to accrue debt for a relatively low-demand product.</p> <p><b>Recommended Strategy:</b> Bundle Modern Chula with “proven” consumer products</p>

emphasis on technical aspects of the product in favor of broader behavioral incentives (i.e. the concept of a “modern kitchen”)

- **Differentiation from Bondhu Chula:** strong association with a bundle of goods will likely encourage perceptions of the product as a new category, providing a “fresh start” to commercial marketing of ICS

**Recommended Strategy:** Bundle the “Modern Value Chula” with specially matching pots for Segments 3 and 4 and bundle the “Modern Premium Chula” with a rice cooker for segments 3 and 4.

**Place**

**Promotion**

**Focus on engagement and partnership with an existing distributor that can leverage economies of scale and scope**

An established distributor is more likely to deliver greater impacts across several key commercialization determinants, including:

- Economies of scale and scope
- Consumer pricing
- Quality control
- “Above the line” marketing capacity
- Increased likelihood of competition through crowding-in
- Reduction of risk and uncertainty to Distributor

**Recommended Strategy:** Prioritize partnerships with existing businesses with measurable market share, brand awareness, and marketing power

**Link to credible, well-regarded brand to offset potential psychological barriers to adoption amongst consumers due to lack of experience, trust and satisfaction associated with a new ICS product**

With the *Modern Kitchen* bundle promoted by an established company offering the matching pots and any other appropriate bundled kitchen goods, the brand association and above the line marketing of that firm will augment local word of mouth promotion and door-to-door awareness creation provided by wood sellers

**Recommended Strategy:** Prioritize partnerships with existing businesses with measurable market share, brand awareness, and marketing power

**Incentivize distributors to incorporate ICS activation within existing product lines and retail channels to limit market distortions generated by consumer perceptions of direct NGO involvement**

Existing advertising banners, posters and other marketing materials used for promoting ICS are not engaging and are taxing for the customer group<sup>41</sup>. In contrast, advertising banners and posters for other consumer products and services sold through commercial channels are visual, simple, and aspirational and focus on relatively clear value propositions and solutions to life’s problems. Furthermore, consumers have significant exposure to sophisticated branding in Bangladesh, resulting in significant levels of brand loyalty.

**Recommended Strategy:** Prioritize partnerships with existing businesses with measurable market share, brand awareness, and marketing power

**Leverage landlord perceptions of ICS as a form of “fire insurance”**

Field research indicates that landlords are generally unwilling to purchase an ICS for tenants because of perceptions that most of the available offerings are relatively portable, increasing the risk of theft by the tenant. However, several landlords interviewed expressed interest in promoting ICS due to perceptions that the category is less likely to start fires. For Segments 1 and 4, who are often landlords themselves, landlords therefore become important messengers for ICS marketing.

**Recommended Strategy:** Target Segment 1 consumers who are also landlords rapidly to generate landlord perceptions of value that can be spread.

**Price: Selected Elements**

*Discount voucher/coupon for Modern Value Chula inside Modern Kitchen bundle (Segments 3+ 4)*

Wood sellers utilized as sales agents (see Promotion) will not only raise awareness for the product’s value, but also be commissioned by the distributor to provide discount vouchers for the *Modern Kitchen* bundle to incentivize purchase. Wood sellers will also offer a small additional discount on the cookstove when the customer buys fuel wood in bulk (i.e. more than 500 KG). The customer will then go home with the wood, a new cookstove and a hope that the new cookstove will reduce wood fuel consumption by at least 30% to 40%.

<sup>41</sup> Weaknesses across existing advertising include text-heavy marketing materials, overemphasis on technical features, instructive but dry fact-based messaging, greater emphasis on the project than the product, and multiple logos that distract and dilute product branding.

*Bulk Purchase Discount*

By offering a discount based on the number of people who purchase at the same time through Wood Clubs, the Distributor will be able to capture larger demand.

*Limited Time Offer*

Placing a time limit on the discount provided through the wood club will create urgency for Segment 1 consumers who are more risk averse, turning potential latent demand into immediate demand.

**Place: Selected Elements**

*Wood Clubs*

The Implementer should engage local wood sellers and support the development of “Wood Clubs” in which Segment 1 consumers join as members for the regular purchase of wood fuel. The Implementer should then incentivize the Distributor to link its marketing personnel (formal or informal) with each Wood Club and pitch the *Modern Kitchen* bundle to the Segment 1 members.

**Promotion: Selected Elements**

**Creative/Strategy**

*“City living isn’t the same without a ‘Modern Kitchen’ – the stove you’ve trusted with the latest improvements!” (year-round)*

As urbanization continues at a rapid pace throughout Bangladesh, a significant proportion of Segment 3 consumers are relatively new to urban and peri-urban areas. This “fresh start” presents the opportunity to market a cookstove that is broadly familiar to what the consumer previously used in their rural origins, but with performance improvements that can be associated with modernity and the promise of relative prosperity that drives mass urbanization.

*Monsoon marketing – “Don’t get caught in the rain!” (emphasized prior to rainy season)*

As the *Modern Value Chula* is relatively portable, marketing should highlight how important this feature is for convenience, comfort and performance throughout the year. Consumers should be aware that with the *Modern Value Chula*, they will be less likely to be forced to cook in the rain or in flooded spaces.

*“Landlord endorsed, yours forever” (year-round)*

The consumer should be exposed to testimonials from actual landlords that express a preference for ICS over other cook stoves for fire safety reasons. But this message should be balanced with the idea that the consumer will be able to fully own their *Modern Value Chula* if they access the *Modern Kitchen* bundle.

*“No one needs to move to the city to have the ‘Modern Kitchen’ – country living, Modern Kitchen!”*

As Segment 4 consumers are interested in proven, branded products that “guarantee” a good value, but also have middle class aspirations, marketing should aim to balance the implied modernity and prosperity of the city with total accessibility of the product by rural consumers. The underlying implication is that the Segment 4 consumer can enjoy the best aspects of both urban and rural living without relocating to a town or city.

**Promotional & media channels**

*Landlord referrals*

Landlords interested in promoting the *Modern Value Chula* and bundle to Segment 2 tenants should be offered either a commission for every referral they provide amongst their tenants, or receive special discounts on other products offered by the Distributor.

*Formal Distributor advertising*

As Segment 1 consumers typically own several forms of mass media appliances including televisions and radios, and are also highly aspirational in comparison to the other segments, particular focus should be placed on incentivizing the Distributor to produce and run formal advertisements on the “modern kitchen” concept and the *Modern Kitchen* bundles. These advertisements should be explicitly targeted to Segment 1 middle class consumers that are unlikely to be concerned about the price of the *Modern Kitchen Digital* bundle, while receiving and internalizing the core value proposition that the *Modern Chula* is an indispensable component of a “modern kitchen.”

*“Model Modern Kitchen” demonstrations in market centers where Retailers operate*

Working with the Distributor, the Implementer should design a transportable “modern kitchen” set that shows consumers what a “modern kitchen” should look like, including the *Modern Premium Chula* and all other products included within the *Modern Kitchen Digital* bundle. Other aspirational appliances such as refrigerators should also be included in this set to “hide” the *Modern Chula* and other bundled products inside the broader aspirational concept of the “modern kitchen.” Signs or marketing personnel can highlight the core value of each item in the set, including the *Modern Premium Chula*, with special attention paid to the advantages of owning both a rice cooker and *Modern Chula* as previously noted (e.g. reliability, perceptions of taste). The brand of the *Modern Kitchen Pro* bundle should be emphasized to maximize the degree to which the *Modern Chula* is associated with pre-existing brand loyalty toward the Distributor’s existing products.

*Distributor’s mobile marketing vehicles and hawkers*

Relatively large businesses in Bangladesh with existing distribution networks capable of efficiently reaching Segment 4 consumers typically employ two means to generate awareness and interest when activating new products: a) mobile marketing vehicles, and b) informal hawkers. The former are vans or trucks that travel throughout rural areas and show a variety of films and advertisements while also showcasing new products. Informal hawkers are paid on a commission basis to travel into villages and demonstrate new products to potential consumers. If the Implementer aims to reach

Segment 4 consumers, it should aim to partner with a Distributor that already utilizes both of these rural promotional channels.

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