



TERMS OF REFERENCE:

KERALA CONSUMER SEGMENTATION STUDY

BACKGROUND

Exposure to smoke from traditional cookstoves and open fires – the primary means of cooking for nearly three billion people in the developing world – causes four million premature deaths annually, with women and children particularly affected. Toxic cookstove smoke contributes to a range of chronic illnesses and acute health impacts such as pneumonia, bronchitis, cataracts, lung cancer, cardiovascular disease, low birth weight and burns. Reliance on biomass for cooking forces women and children to spend many arduous hours each week collecting fuel. Especially near refugee camps and in conflict and rural areas, this work leaves them vulnerable to gender-based violence. The use of biomass for cooking also increases pressures on natural resources and contributes to deforestation and climate change at the regional and global level.

Those at the base of the pyramid pay a heavy price for the environmental and health consequences of a life in poverty. By dramatically reducing fuel use and exposure to harmful cooking smoke, clean, efficient cookstoves and fuels deliver a wide range of health, environmental, livelihood and gender benefits, while serving as profitable investment that can rapidly offset the upfront costs.

More affordable advanced cookstoves and cleaner fuels now exist and, if deployed at scale, could save millions of lives, improve countless others, empower women, create opportunities for the poor, and reduce negative environmental impacts. Using less fuel reduces the time spent collecting it, allowing more time to engage in income-generating activities, pursuing educational opportunities and other important endeavors.

While significant progress has been made in laying the groundwork for a thriving global market for cleaner and more efficient cookstoves and fuels, many barriers remain, in particular on the demand side around awareness, availability and affordability of cleaner solutions. There is significant evidence that awareness among affected populations of both the negative impacts of using inefficient stoves and the availability of clean cooking solutions is extremely low. Furthermore, many of these households are located in rural and remote areas, making them out of reach for many distribution channels. Affordability and willingness to pay for an often unknown product that might not meet all of a user's needs compound these challenges, leading to relatively low levels of demand and sustained adoption of cleaner solutions.

In order to address these barriers and reach scaled adoption in the improved and clean cookstove sector, knowledge regarding consumer needs and preferences including cooking

habits, purchasing trends, fuel costs, cultural barriers, and adoption practices, is crucial to ensuring that products meet users' needs and that efforts to stimulate demand are effective. Research is needed that will provide actionable insights around key demand related drivers, including effective messaging and marketing techniques, stove and fuel preferences, and desired features and price points, that can be integrated into stove and project design, distribution and consumer financing models, and marketing and awareness raising campaigns.

To that end, the Alliance is commissioning a series of market research studies in each of its focus countries¹ to better understand the various consumer segments and user preferences, as well as distribution schemes and consumer finance models in order to better plan its efforts around awareness-raising and demand creation. The Alliance will use this research in designing its own activities, including targeted awareness raising campaigns, and will also provide information as an open source resource to its partners.

ACTIVITY DESCRIPTION

This particular study will focus on Kerala state in India. The research findings will be used to develop a state pilot program for promotion of clean cooking solutions. The Alliance in association with the Department of Power, Government of Kerala and Energy Management Center, Kerala will develop and implement the pilot program.

Given the viability of wider adoption of clean fuels in Kerala, this study will place particular focus on current and potential use of clean fuels (in particular liquefied petroleum gas (LPG) and electricity), including how to transition those who currently have access to clean fuel, but only use it on a limited basis, to exclusive use of clean fuels for cooking.

The study will begin by identifying “early adopter” segments in Kerala with the greatest potential to transition to sustained use of clean fuels for cooking. The current cooking habits of these segments will then be examined closely, including “stacking” habits (use of multiple stoves and fuels) and the intensity of use of various fuels, as well as clean stove and fuel affordability and access. The study will seek to identify the key factors that drive use of multiple stoves and fuels (specifically a mix of clean fuels like LPG and solid fuels) and the barriers that currently impede these segments from transition to more exclusive use of clean fuels for cooking.

In addition to a better understanding of the barriers to adoption of clean fuels, the study will also gather insights around strategies for overcoming these barriers and driving greater demand and sustained adoption of clean fuels and cookstoves. To that end, analysis and findings should examine each aspect of the traditional “4Ps (product, price, place and promotion) marketing mix, incorporating the influence of cultural and contextual factors throughout. These findings will be used to develop detailed profiles of each segment and recommendations for strategies to stimulate demand for more exclusive use of clean fuels for each segment.

The selected firm will undertake the following activities:

1) Analysis of consumer segments in Kerala and identification of early adopters.

¹ Bangladesh, China, Guatemala, Ghana, India, Kenya, Nigeria, and Uganda

The segmentation will closely examine all of the existing broad consumer segments (delineated by variables such as income, age, fuel use and expenditure, region, urban/rural, and other categories) in Kerala, and identify those with the greatest potential to reach scaled adoption of exclusive use of clean fuels for cooking. The consumer segmentation is designed to provide a high-level view of the market and strengthen the understanding of the clean fuel adopter consumer base in Kerala, including the market size of each segment. The team will then, through analysis of existing data and additional primary research as necessary, identify 3-4 early adopter segments who will open the market and help build demand among bottom of the pyramid consumers in Kerala for clean fuels.

2) Development of detailed profiles of each early adopter segment and identification of demand enhancing strategies for addressing each.

Once target segments have been identified the firm will undertake primary research to understand each consumer segment's relationship with cookstoves and fuels as well as their motivation to and reservations about purchasing and adopting clean fuels. The firm should examine each "P" of the traditional 4Ps mix (product, price promotion, and place), taking into account cultural influences and other contextual factors such as location, climate, etc.:

Product: This will include close examination of the practice of multiple stove and fuel use, including the intensity of use of the various fuels and stoves used within a household and the drivers of multiple use, such as affordability, seasonality, etc. The team should also identify the key technology features favored by these segments, including those needed for making local foods, and the fuel use and preferences of the consumer segment. Additionally, best practices seen in other products which have successfully been purchased and adopted by the consumer segments should be examined, including lessons learned in driving interest to new products and improving existing products to better suit consumer needs.

Price: The team should examine costs associated with current stoves and fuels used, including changes in price and availability (including for collected fuel), and provide a comparison of the costs associated with the use of each stove and fuel combination examined in the study. Interest and willingness to pay for clean fuels and stoves should also be examined. The team should also study different payment models used for cooking and other goods, including the potential of, interest in, and acceptance of payment plans and other forms of consumer finance.

Place: This will include addressing how to best reach the identified consumer segments, including which distribution channels are currently used to reach these consumer groups, potential distribution channels that could be utilized for cleaner cookstoves and fuels and which business models are currently being applied successfully to reach each target segment for cookstoves and other related products. While not the primary focus of this work, if there are infrastructure challenges for

increasing access to clean fuels, these should be identified as part of the recommendations.

Promotion: The firm should identify marketing and awareness raising messages, techniques and channels most effective for promoting more intensive use of clean stoves and fuels to each segment. This should include examination of current levels of awareness and perceptions of clean cookstoves and fuels among the target segments. The firm should also study techniques that have proven efficacy with these segments for other products, and provide recommendations around messaging that could be effective for clean cookstoves and fuels. Recommendations should be supported by message testing, including for consumer-relevant performance and quality information and labels, with consumer groups to better understand what will drive interest and demand.

The team should also examine the influences of cultural traditions and their implications for purchase and adoption of clean stoves and fuels. This should include changes in food taste or food preparation, perception by the family or community and household decision making dynamics. The research team should also study the means by which these consumer segments have successfully changed behavioral patterns in the past.

Below are specific topics to be explored in the research. Please note that this list is not exhaustive and we would be interested in hearing from applicants what additional information they think would be valuable to collect and/or analyze in order to meet the identified objectives.

- Cookstoves and fuels currently being used and/or purchased by the segment (note: multiple cookstove or fuel use within a single household should be examined closely, including intensity of use of various stoves and fuels);
- Reasons for using and/or purchasing current cookstove and fuel combination, including likes/dislikes and aspirations to upgrade from current combination;
- Reasons for not using and/or purchasing other types of cookstoves and fuels;
- Cooking habits and needs (cooking styles, role in daily routine, etc.);
- Awareness levels of clean stoves and fuels (including awareness of impacts of traditional cooking methods, cleaner technology options, and benefits of cleaner technologies);
- Cost of the currently used cookstoves and fuels (both upfront and ongoing);
- Willingness to pay for clean cookstoves and fuels;
- Interest in consumer financing for clean stoves and fuels, price point at which financing is appropriate and desired terms;
- Current consumer financing models utilized or other means of purchasing household products;
- Purchase channels used for current stoves/fuels (or fuel collection practices)
- Currently utilized distribution channels reaching the segment, for cookstoves and for other products, including the size and weight of products;
- Marketing messages, techniques, channels currently being used to target this segment, including which have been documented as most effective;

- Messaging and techniques that could be effective in promoting more intensive use of clean cookstoves and fuels to this segment (including testing of various content, wording, etc.)
- Potential to understand consumer relevant information on stove quality and performance, including durability, payback time, efficiency and cleanliness of stoves (e.g. 2 stars for cleanliness, 3 stars for efficiency)
- Segments' interaction with community (social groups, health workers, etc.)
- Exposure to media (radio, TV, etc.)
- Information about aspirational goods, including where motivation originated and actions taken to save for or purchase them;
- Other consumer buying habits and information, such as how purchasing decisions are made within a household and what factors are taken into account, where and when goods are purchased, and how they are financed;
- Non-tangible drivers of product purchase, such as social or cultural factors that could motivate a consumer to purchase and/or adopt a product;
- Active cookstove and fuel stakeholders trying to reach this segment, including their scale, their main challenges, and their main factors of success;

Throughout the study, the selected firm will cooperate closely with a working group of local stakeholders active in the Kerala clean cookstoves and fuels sector, and will be asked to participate in a kick off and project close out meeting with stakeholders to present plans and validate results.

METHODOLOGIES

The consultant should start with desk research of all existing data, including studies conducted by the Alliance and others. The Alliance will provide various resources to the team for this purpose. Applicants are encouraged to review key resources in advance, including an India Market Assessment released in February 2013, available on the Alliance's [website](#).

The firm should also plan to conduct primary research with consumers and stakeholders, which could include, but is not limited to: expert interviews, household surveys, focus groups, ethnographies and product demonstrations. All firms submitting proposals should specify the methodologies they plan to use to gather the required information. Specific focus regions within Kerala will be selected based on secondary research, as well as working group input.

TIMELINE

The time period to complete this assessment begins by March 16, 2105 and ends no later than July 31, 2015. The organization must have representatives attend and participate in an initial planning and kick off meeting in Kerala in late March, as well as a closing meeting to present findings to stakeholders in July 2015.

DELIVERABLES

The following deliverables are expected at the end of the research period, with the exception of the project and work plan which should be delivered within ten days of the start of the study. The research team will be expected to have regular calls with the project manager throughout the project work period.

- Project and work plan, including methodologies;
- Interim report outlining segmentation hypothesis and early adopter segments to be targeted in primary research;
- Full consumer segmentation report with detailed data analysis and detailed profile of each of the target segments, including recommendations organized around the 4Ps (product, price, place, promotion) for most effectively targeting each consumer segment;
- Executive Summary of the consumer segmentation;
- Kick off and final meeting with local stakeholder working group to present plans and validate results;
- Webinar summarizing the findings of the study for the Alliance's broader partner base.

APPLICATION INSTRUCTIONS:

Please submit a proposal and work plan, not exceeding 15 pages, describing the following:

- Proposed timeline and approach for completing the work, including a description of overall process. The timeline should include all key deliverable dates and a plan for meeting those deadlines.
- Detailed methodologies for all aspects of the study
- Unique qualifications of the organization and its staff, such as: understanding of and experience in cookstove and fuel sector in India and/or Kerala, experience conducting market research, experience working with Indian consumers and conducting consumer research. If the organization plans to hire any sub- contractors a letter of support from each sub-contracting organization must be provided.
- Broad overall budget, including budget for potential sub-contractors (note that indirect cost estimates may not exceed 13%)
- Outline of past experience conducting this kind of market research or analysis, including samples of previous work if applicable
- CV of researchers; It is also preferred that applicant organizations have sub-contractors or other team members with knowledge of native Keralan languages and customs.

Appendices may be provided for supplementary materials as relevant, but review will be based mainly on the information provided in the project plan.

The work plan should be submitted to Julie Ipe at proposals@cleancookstoves.org **no later than Feb 25, 2015**. Finalists will be notified by March 4, 2015 and announcement of the selected candidate will be sent to all applicants no later than **March 13, 2015**.

About the Alliance

The Global Alliance for Clean Cookstoves (Alliance), hosted by the UN Foundation, is at the forefront of efforts to promote the adoption of clean cooking solutions and spur universal adoption of clean cookstoves and fuels. Launched in September 2010 by former U.S. Secretary of State Hillary Rodham Clinton at the Clinton Global Initiative, the Alliance has an ambitious 10-year goal to foster the adoption of clean cookstoves and fuels in 100 million households by 2020. The Alliance and its partners are working to establish a thriving global market for clean cooking solutions by addressing the market barriers that impede the production, deployment, and use of clean and efficient cookstoves and fuels in developing countries. Visit our [website](#) to learn more.