The Challenge of Creating And Sustaining Consumer Durables' Brands In The BOP Segment

BOP Marketing

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Expanded Abstract: The Challenge of Creating And Sustaining Consumer Durables' Brands In The BOP Segment

This research was conducted to identify and discuss challenges in creating and sustaining consumer-durables' (CD) brands for BOP segments. The study encompassed global and local brands, and included existing branding practices for their product offerings. Digressing slightly from the conventional approach, this study focused on female rather than male buyers in the BOP urban segment. The purpose behind this was to highlight the hidden dependence on female primary-skilled workers as a source of domestic income. This dependence and the role it plays in household purchases is often overlooked; often assumed to be immaterial, and often taken to be directed at more immediate social needs such as household health and nutrition. Furthermore, it was observed that while branding practices already in place incorporate females in their promotion, very little has been done to understand the role of "female as buyer", or her place in the DMU at all. This research uncovers some of the socio-economic inhibitions which compel the BOP woman to undermine her own position in the DMU. The relationship between age and quality of decisions was one factor that emerged. The social stigma associated with a female 'head of household' is another element, as is the tendency to defer such purchase decisions to male members of the family. Although ownership of assets and economic emancipation has been proven to increase the self-confidence and social placement of women in the household, the motivation to earn their own incomes is inversely proportional to household (and husband's income).

Low literacy hurts brand recognition. A lack of information access, a lack of intermediary assistance, and few opportunities to study the market are some additional factors that make it

difficult to brand to women in the BOP Segment. Intermediary hostility towards female buyers is another contributing factor about which much can be done by the manufacturers.

With this study, manufacturers will gain insight into some of the disguised processes and unexpressed motivations in preferring one consumer durable brand over another in the BOP segment.

The research methodology combines an extensive Literature Review and an analysis of comparable success stories in other developing economies, (particularly South Asia), with in-depth interviews and a brief survey. While a variety of material has contributed to the secondary research, the locus of primary research has been confined to lower- and lower-middle income females (SEC D to SEC E2) in Karachi, between the ages of 20 and 60 years. Further, in-depth interviews of three manufacturers have also been included to identify critical marketing factors from the supply side. The selected manufacturers were: A strong local manufacturer with export operations; a multinational with a leading local presence, and a small local manufacturer specializing in low-cost, energy efficient products aimed at middle-income and low-income segments. A dealer (retail) survey was also conducted in which outlets were randomly selected from "Appliance Market Hubs" in Karachi. In addition to branding, the field work helped establish aspects of supply-side factors—like the centrality of a retail outlet, its proximity to the buyer's home, variety of goods marketed, payment options, and previous knowledge of the retailer which influence brand attitudes.

As the findings reveal, price is not the dominant consideration in creating a brand association between the BOP consumer and the product. In fact, it is the channel intermediary who limits his product offering based on assumptions towards his customers. The survey revealed that dealers believed "complete" brand awareness existed amongst female buyers, but they were limited by the price range.

Factors such as country of origin, warranty, weigh on the brand preference and loyalty decision. With limited access to product specifications, methods of establishing brand credibility differ—in the sense that they are more flexible, less systemic and have influencers from other SEC groups. The time-period in reaching a purchase decision and opting for a particular brand also differs from higher SEC groups. Unlike higher SEC groups, buyers in this segment typically make generational purchases for dowry, where the input of the bride (user/consumer) is merely confined to aesthetic preferences. Replacement purchases are rarer, and are usually conducted in the informal market.

Home-borne brands find it easier to brand themselves to BOP customers, possibly because of their longstanding local presence, aggressive and indigenous ATL activities. Their conservative expansion strategies, allow them to fully embed themselves in product niches before introducing category variants, and this may also help. This finding also brings into question, techniques of maintaining brand loyalty after one BOP socio-economic group graduates into a higher income class. As research reveals, because of the nature of generational purchases, brand loyalty is fairly consistent, and changes only with direct exposure to a negative experience of the brand, or a positive experience exposure to another brand.

Global or 'imported' goods, on the other hand, run the risk of counterfeits, imitation and IPR infringements. And with them, one must ask if the investment in ATL promotion yields a worthwhile return. ATL activities are less effective than Word-of-Mouth and Personal Selling in establishing brand knowledge and credibility because many of these ignore basic aspects of the BOP segment—such as low literacy.

This study attempts to make an earnest contribution to the way brands—particularly those in household durables---are developed and sustained for the BOP segment. Do such brands have a future? What can be done to reduce perceptions of such products as substitute or inferior goods, particularly keeping the female buyer in mind? What realistic, short-term efforts can be made to further empower this segment? How do decisions on such brands differ by age, gender and location? Just "how truly" global can such brands go? These are some of the areas--one hopes--that will be aided by the findings of this research.

Primary research has been confined to Karachi. Hence, the geographic segment is one limitation of this research, as is its exclusion of seasonal emigrants to urban areas, and those who can only speak regional Pakistani languages. It is assumed that employment in informal, primary-skill jobs yields tangible and intangible benefits that assist with the buying decision; and that these benefits cannot be assumed for the respondents' unemployed counterparts. Consumer durables, in this study have been taken to be existing household electronic appliances (white goods). Attitudes towards infant/emergent technologies, community-based BOP durables (such as water systems) and relatively 'personal' products like laptops and cell-phones have been ignored. Anecdotal references have been highlighted where verification was not possible.

Key words: BOP, female buyer, durables, non-price factors, brand credibility