Existing and Potential Markets for a Charcoal Briquette Company in Uganda

Summary of an Analysis of a Marketing Survey

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PROJECT SUMMARY AND RECOMMENDATIONS

Between January 2nd and January 25th, 2014, two students from the Fletcher School of Law and Diplomacy and one student from the MIT Sloan School of Management conducted a marketing survey of 127 people in 13 public markets in Uganda for a for-profit charcoal briquette manufacturer in Uganda ("the Company").

A few years ago, the Company started a commercial brand of carbonized briquettes ("name-brand briquettes"). These briquettes are made mainly from recycled charcoal fines and carbonized urban organic waste. They are sold to individuals as well as commercial and industrial clients through various distribution channels, including dedicated stands and shops, supermarkets, gas stations, and home/commercial delivery.

The Company's briquettes are sold as an alternative to wood charcoal, which is widely used in Uganda for everyday cooking. The manufacturing process and use of traditional wood charcoal causes widespread deforestation and air pollution in Uganda. The Company's claim is that charcoal briquettes, on the other hand, generate much less damage to the environment, as they are made from recycled charcoal fines.

The Company's name-brand briquettes offer significant advantages over traditional charcoal. They burn longer, do not create soot, and are less expensive than traditional wood charcoal. The name-brand briquettes, however, do take longer to light and produce heat.

The objectives of this marketing survey were three-fold:

1. Measure consumers' awareness of "charcoal briquette" products, both in general and specifically of the Company's name-brand briquettes (thereby measuring the effectiveness of the Company's past marketing efforts);

2. Assess the product experience of charcoal briquette users or the product perception of non-charcoal briquette users; and

3. Identify the sample population's preferences for various types of marketing mediums.

The major findings of the study included the following points:

1. The level of name-brand product recognition ranged from 0% to 64% and varied highly among different markets.

2. Respondents first heard of charcoal briquettes primarily through two mediums: word of mouth (61%) and television (34%).

3. Respondents indicated that they were more likely to try and then continue using generic briquettes (79% repeat usage rate) than the Company name-brand briquettes (31% repeat usage rate). However, further questioning indicated that the higher multiple usage rate for non-Company brand briquettes was driven by the poorest respondents, who often made their own briquettes at home. The respondents indicated that their homemade briquettes were of poor quality, but cost less than wood charcoal.
4. In further examining why respondents did not continue to use the name-brand briquette, the majority of respondents (78%) indicated that lack of availability in their "difficulty finding the product" as their primary reason for discontinuing use.

5. For respondents who had previously tried the name-brand briquettes, the majority (69%) stated that proximity of a point of sale would be the most influential factor in convincing them to buy the name-brand briquette again.

6. In fact, the majority of respondents who had tried the name-brand briquettes described them as "better" than traditional charcoal. Interestingly, respondents at the market with the closest proximity to the Company’s headquarters rated the name-brand briquettes least favorably.

7. Respondents who had no prior experience with the name-brand briquettes found the product’s low price point and environmental benefits appealing.

Based on these survey results, we made the following recommendations:

1. Open selling points in markets where product recognition and stated demand is the highest.

2. Advertise more heavily the possibility for customers to request deliveries of certain orders.

3. Maintain the current high quality of the product, given the high level of customer satisfaction.

4. Focus marketing efforts on growing product visibility for new users, given that the repeat purchase rate for the product seems relatively high.

5. Focus marketing communication efforts on conveying the following three themes of product advantages:
   a. Cheaper price point relative to traditional charcoal
   b. Longer burn time relative to traditional charcoal
   c. Environmental benefits

6. Consider the radio as one the mediums used for such marketing efforts.

7. Offer both first-time and regular training sessions to retailers, reminding them of the importance of educating new clients.