VALUE VAULTERS: A NEW SEGMENT TO CATER

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ABSTRACT

Marketing is the vital sense organs if we talk of company personified as a human being. This is the area where the actual action takes place. That’s why it is ever evolving and ever developing. Here every day new concepts and terminology is coined. Out of those several concepts, one new concept is of value vaulters. These are the customers who are already there in the market but they have the tendency to change, to switch over. These are such customers who want to upgrade themselves to the next level. These customers are value seekers and at the same time want to pamper themselves with the aspirational products.

Here I have made an effort to throw some light on this newly coined term although a very few citations are found regarding this concept. An attempt is made to touch the crucial points of this concept so that a more vivid picture can be framed.

KEYWORDS: Desire, aspirational, value seeker, add-on products, promotions, premium.

INTRODUCTION

Present time, is the time of rise in economies of India and china. These two Asian countries are emerging as the most promising economies of the world. Even after the great deluge of the twenty-first century these two economies were very marginally affected and surged back in no time. If we talk in terms of India, there is all round growth. A lot more opportunities are created. There is increase in the availability of jobs and rise in salaries. All this developments have created a new affluent middle class. This class is having financial strength along with the aspiration to upgrade its lifestyle.

Marketers are always in the look out for greener pastures. Here this new affluent class is acting as the target. Although this segment of consumers are high on aspirations but still they are value seekers. This is the segment that is willing to spend more but only on value generating goods. This new segment is now a days called by a specific term “value vaulters”.

MEANING

If we go by the marketing terminology this term is very new as it is not having reference in the books. Marketing is ever evolving and very dynamic in nature. Every day new theories are propounded and effort is made to understand the nature of the consumers.
In this endeavour to understand the customers more precisely, companies have come up with this new term of ‘value vaulters’.

To understand the meaning of this term I am going to divide it in two separate words i.e. Value and Vaulter. First, let us discuss the meaning of Value. Value is the worth, the benefits which one derives from anything (either a product or service). In marketing terminology, value is the guiding force behind all purchases. It is the main criterion on which purchase decision making is done. The dictionary meaning of the word ‘Vaulter’ is the person who jump. To go from one side to another with a brisk jump.

When we join these two words we get our term “value vaulter”. Derive from these it means those who change or jump (from one product or service to another) for value. Such customers are in search of attaining maximum value and for that they do not hesitate in switching over the product which they are using or jumping to next level in terms of price in order to attain the true worth.

Value vaulters are those customers who are trying new products and services which are having a premium tag attached to them because of variety, incentives and aggressive promotional offers which makes the product all the more luring and attractive. These customers act as the greener pastures for the companies who can take them to the premium segment and in turn can increase the revenue.

CHARACTERISTICS OF VALUE VAULTERS

- This is the new generation of affluent upper middle class who wants to attain luxury.

- They are high on aspirations and can easily be lured.

- For them comfort and luxury is important but at the same time they are interested in a particular product till the time its cost justifies the value it provides.

- This type of customers is very dynamic and is tough to convert them into loyal customers.

- Here they are more motivated by the incentives which are provided to them either in cash or kind.

SEGMENTATION REDEFINED

There are many basis of segmentation. Among them one is income. Broadly, the market is divided into three segments low income group, middle income group and high income group. Earlier, companies are targeting a specific segment and concentrating on it. But now, with the increase in the competition and desire for more revenues companies are going for inter segment strategies. They are using the same product and targeting the prospective customers of the other segment.
When we talk in term of Indian market space, the maximum share is of middle income group. Here also there is fine segmentation of upper middle class and middle class and lower middle class. With the increase in the affluence there is rise in the number of upper middle class. They have now become cash rich and ready to splurge. They are having the aspiration to improve their lifestyle and companies are having the products to make this happen. These lifestyle products are a bit expensive but they are giving the pleasure of satisfying the aspirations so the customers do not mind paying some extra money.

This mind set has blurred the line of segmentation between the high income group and the upper middle income group. They are consuming alike products which are adorned with the tag of premiumization.

**CONCEPT OF PREMIUMISATION**

As it is the human tendency to aspire for the luxuries, and when they have the resources to support it then the automatic reaction is to make the purchase. We can understand this through vertical chevron list.

<table>
<thead>
<tr>
<th>Aspiration</th>
<th>Desire to look different</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Be a part of niche</td>
</tr>
<tr>
<td>Desire</td>
<td>Wish to have the best</td>
</tr>
<tr>
<td>Purchase Decision</td>
<td>Circled out on one product</td>
</tr>
<tr>
<td>Action</td>
<td>Here the tangible thing happen as there is exchange of money for product</td>
</tr>
</tbody>
</table>

Premium products are having a bit expensive price tag. But customers want the best to pamper themselves.

Premiumisation is now in vogue. After a few years of down trading in FMCG market, companies have realized that the lower segment and mid segment have saturated and they need some more promising segments. This has forced them to look at the 13.5 billion $ upper segment. Companies have realized that in order to generate more revenues they have to make consumer buy value added products in place of the basic products which they were using till now. Aspirational buying pattern may convert this segment into the stars for the company if we put it in BCG matrix terminology.
If we talk in terms of last two years i.e. 2009 to 2011 there is an increase in the launches in this premium segment. Major FMCG giants are focusing on this segment and they are coming up with new products which are bundled with promotional schemes that enhanced the value of products to manifolds. Some of the launches are mentioned below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Cadbury</td>
<td>Dairy Milk Silk</td>
</tr>
<tr>
<td>2009</td>
<td>Cadbury</td>
<td>Reintroduced Bornville</td>
</tr>
<tr>
<td>2010</td>
<td>L’Oreal</td>
<td>Kiehl</td>
</tr>
<tr>
<td>2010</td>
<td>L’Oreal</td>
<td>Launch a host of new range of hair and skin care products</td>
</tr>
<tr>
<td>2011</td>
<td>GSK</td>
<td>Sensodyne</td>
</tr>
<tr>
<td>2011</td>
<td>Colgate</td>
<td>Pro-Relfief Sensitive</td>
</tr>
<tr>
<td>2011</td>
<td>Future Group</td>
<td>Food Hall</td>
</tr>
<tr>
<td>2011</td>
<td>Tata</td>
<td>Gourmet West</td>
</tr>
</tbody>
</table>

The above mentioned list is indicative of the trend towards premiumisation.

**VALUE VAULTERS GOING FOR PREMIUM PRODUCTS**

As a result of these value vaulter consumers who are always in look out for the best deal which can give them the maximum benefits, companies are launching new products to remain ahead of competition. The premium segment is witnessing the major action as new brands are surfacing in breakfast cereals, liquid utensil cleaners, liquid hand wash, skin care and hair care to name a few. Products that improve the appearance of the consumers and are good for health are in demand. According to Nielsen, during the year ending October 2010, 137 brands were launched in breakfast cereals compared to 113 October 2009. In the skin cream segment, the number was 562 compared to 420, while in case of liquid utensil cleaners, it was 59 as against 43.

Britannia is coming up with ‘Healthy Start’ brand. It is packed ready to eat breakfast products like buttermilk oats and sweet multi-grain porridge. L’Oreal launched its premium range of cosmetics under the brand Kiehl. Marico’s also launched premium variant of rice, Saffola Arise, which helps consumers manage weight, and United Biscuits’ McVitie’s biscuits are also a part of premium kitty.

**KEY DRIVERS FOR VALUE VAULTERS**

Value vaulter are basically smart shoppers who want to have the maximum of the benefits form the value added products offered at the premium price. In order to lure the customers of this...
segment companies along with launching new products are harping on aggressive marketing and
distribution strategy.

Basically, there are three types of promotions used by the companies.

- **Volume promotion**
  
  Here companies are given some additional quantity at the price of the regular pack.

- **Kind promotion**
  
  Here companies are giving a free, add-on product on the purchase of one or a specified
  number of the same product.

- **Value promotion**
  
  Here some price reduction is offered at the purchase of a specified quantity.

**IMPLICATIONS FOR THE MARKETERS**

Although, value vaulters are a very promising segment for the marketers but there are certain
point of cautions in it. First of all we cannot say with full confidence that a particular customer is
making a purchase decision just for trial or he is shifting permanently to the new brand. Second,
in order to penetrate the market, small packs of products are available which may dilute the
image of the product and more brand conscious might switch over to next level. Third, in an
inflationary market the purchase decision can not be predicted.

**CONCLUSION**

This new concept itself reflects the vitality of this segment. The companies who eye such
dynamic segment needs to be on the toes to keep the customers satisfied and make them believe
that they are not mere offering the generic product but a bunch of benefits and add on value.

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