7 LESSONS FROM A PARTNERSHIP ON NUTRITION BETWEEN MARS EDGE AND BILL & MELINDA GATES FOUNDATION

Designing an innovative go-to-market strategy for nutrition dense savory snacks

JANUARY 2022
“The Bill & Melinda Gates Foundation’s support was the critical catalyst as we looked to expand beyond low-income rural markets to serve low-income urban areas.” said Joel Harris, Director, Targeted Nutrition, Mars Edge. This statement captures the essence of the partnership between Mars Edge – a segment of Mars, Incorporated dedicated to improving human health and nutrition – and the Gates Foundation between 2018 and 2020. This document presents the learnings from this 3 year collaboration.

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ThinkPlace is a global strategic design and innovation consultancy driven by its mission to have a positive impact on society. Having tied our purpose directly to the UN Sustainable Development Goals, we aim to provoke, to disrupt, to unthink the way global humanitarian and development challenges have been approached in the past. We specialise in deeply understanding the drivers of human behaviour and co-designing interventions (products, services, strategies, programs) that reach a desired behavioural outcome. We do so by integrating human-centred design, behavioural science, and complex systems design to transform communities, workplaces, and government structures around the world. Comprised of 9 studios across 5 continents, ThinkPlace has conducted hundreds of projects in more than 25 countries and over 10 languages. Through our work, we have supported our clients to rethink some of the world’s most complex challenges. Together, we have designed for improved family planning access in remote areas of Nigeria, driving the uptake of positive nutrition behaviours in Nepal, restructuring social protection systems to better serve citizens in New Zealand, and building enduring innovation platforms for emerging businesses in Kenya & Australia. Our work has been recognised by numerous prestigious design awards, including the Design Management Institute, Core 77 and Dezeen. For more information on who we are and what we do, visit www.thinkplaceglobal.com.

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Graphic Design: Re-emerging World

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About the Gates Foundation Private Sector Partnerships (PSP) Program

Poor nutrition or malnutrition is the underlying cause of nearly half of all under-five child deaths, and over a fifth of children worldwide are stunted, with long-term consequences for their cognitive, economic, and health status. Stunting is a function of a child’s nutritional status during the first 1000 days of life, which begins in utero, with risks of stunting increasing if women are undernourished before their pregnancy. Therefore, addressing child undernutrition requires addressing the nutritional needs of women of reproductive age (WRA) as well as those of infants and young children. Recognizing the important role of the private sector in food systems and the potential for food and beverage companies to contribute to better nutrition among low-and middle-income (LMI) populations, the Gates Foundation launched the Private Sector Partnerships (PSP) initiative under its global Nutrition Strategy in 2017. The PSP initiative has funded a portfolio of demonstration projects as part of a learning agenda on how to overcome barriers that have impeded private companies from making packaged nutritious fortified foods accessible and affordable to LMI consumers in developing countries.

Between 2017 and 2021, PSP provided support across the challenges companies faced in developing commercial strategies for such fortified food products for WRA, including adolescent girls as a lever to reduce childhood stunting in future years and young children, as shown on the graph below.

Figure 1 - Theory of Change

The goal of the PSP initiative was to align with and complement government programs focused on large-scale fortification of staples, by focusing on targeted fortification of packaged foods widely consumed by LMI populations. The PSP initially also complemented traditional nutrition education and behavior change campaigns by leveraging the unique ability of food and beverage companies to shape preferences and behaviors on a large scale through innovative marketing and sales channels.

Set up of the Mars-Gates Foundation collaboration

Between November 2018 and November 2019, Gates Foundation and Mars Edge discussed collaboration opportunities to accelerate the urban go-to-market strategy of Mars Edge’s nutritious savory snack GoMo™, specifically designed to help address nutritional deficiencies of 6-18 year olds in India, with a focus on reaching low-income consumers. The Growth for Growth (G4G) network of service providers set up by the Foundation’s
PSP program co-designed this strategy to reach lower-income urban areas. In December 2019, the PSP approved a grant to assess and adapt the model during a market test. As part of the grant, the collaboration between G4G and Mars then continued until December 2020.

**BOX 1: The Growth for Growth network**

The G4G Technical Assistance (TA) Network is composed of seven “hubs” that bring complementary and integrated interdisciplinary specialized expertise to company partners, aiming to enhance existing company capabilities and help unlock innovation across the value chain. Three of these TA hubs worked on the Mars Edge partnership:

- **Business Model Innovation** hub, led by Hystra, with local partner Re-Emerging World: Provide capabilities to companies to generate novel business models that tackle challenges of reaching C&D consumers with nutritious foods

- **Consumer Intelligence and Design** hub, led by ThinkPlace: Leverage Human-Centered Design to identify consumer needs and help design and conduct field testing of sales strategies in rapid iterations

- **Marketing Intelligence** hub, led by WPP/Ogilvy: Use marketing, ICT and behavioral sciences to influence consumer behaviors and demand generation

Other hubs of the G4G TA Network, include hubs providing deep expertise in Market Research (Innova Market Insights), Product Development (RISE), Nutrition (led by the Wageningen University and Research center), and Monitoring, Learning and Evaluation (led by Mathematica).

**Scope of this document**

This case study aims to share the lessons learned throughout this journey, in terms of public-private collaboration and innovation process. It also shares some of the key insights gained on creating a viable sales strategy for nutritious snacks for 6-18 year-old in low-income urban areas. This document is part of a broader effort to develop a collective body of knowledge to serve as a public good and help enhance the overall private sector knowledge in this area, which include separate research pieces on “Women sales force: an impactful channel for health-related products?”, “Leveraging direct sales forces for impact at the last 100 meters”, “Consumption Frequency”, and other webinar and content series of the G4G Network.
7 LESSONS LEARNT ALONG THE INNOVATION JOURNEY

1. Using workshops and research to both select an opportunity and start building the collaboration

2. Mixing analytical desk research and in-field reality checks to confirm the opportunity

3. Combining local field insights and global best practices to design the commercialization strategy

4. Conducting rapid prototyping to test consumer response and first economic elements of proposed approach

5. Building the business case around the right unit economics - and testing its attractiveness in real time

6. (Economic) risk sharing: Co-investment in cash and expertise between the company and donor

7. Governance: Setting up a gated process with milestones validated in joint Foundation-company steering committee meetings to ensure continuous alignment

Sales team outside kirana store near a budget private school, Dharavi
I. USING WORKSHOPS AND RESEARCH TO BOTH SELECT AN OPPORTUNITY AND START BUILDING THE COLLABORATION

When Gates Foundation and Mars Edge originally started discussion on a potential joint business model for nutritious foods, Mars Edge had a great existing product already identified for this collaboration: GoMo™ a savory snack specifically designed to help address the nutritional deficiencies of 6-18 year-olds while meeting local taste and snack habits in India. The company had already developed the nutritional profile of the product, and set up a production line at its plant in Pune. In collaboration with Tata Trusts, Mars Edge had launched a commercial offering of the product in rural areas of two Indian states, working with local social enterprises, in late 2018 to reach teens and mothers.

In order to select collaboration opportunities that would further expand GoMo’s impact, Gates Foundation and Mars Edge proceeded in two steps.

1) Create excitement and buy-in via a workshop to align on collaboration intent and shortlist opportunities

This workshop, led by Gates Foundation and G4G, identified 3 opportunities through discussions with the Mars Edge team:

- Deepening the understanding of the rural sales model already launched by Mars Edge
- Exploring urban channels to maximize impact
- Exploring the potential of e-commerce.

2) Conduct light touch research to validate opportunity potential, cost full proposals, make final selection and start building a joint team

After the initial scoping, Mars Edge dedicated a senior manager to work with the G4G team, leading to the birth of a “Joint Design Team” (JDT) that would work on this project for two years. Early investigations showed that the rural launch was still too early stage for an in-depth assessment, that logistics costs in still nascent e-commerce were too high to sustainably serve low-income consumers with small quantities of snacks, and that urban areas (with the same focus on teens and mothers) on the other hand could have huge potential for a nutritious snack that could improve the nutrition status of low-income consumers. This initial phase enabled the Gates Foundation and Mars Edge to build confidence that they would work together productively, and they decided to move forward with the urban opportunity. In the next two years, they explored the potential of different traditional and untraditional routes-to-market that could both create consumer trust and motivate repeat usage, with innovative marketing strategies to maximize impact.

Key lesson learnt: Good business ideas for collaboration coming from ideation workshops or processes need light touch research to validate their potential before delving into more costly development. Conducting the light touch research as a joint team between the company and the donor helps ensure early buy-in on both sides.

Key business model decision: Choosing to work on urban markets as the highest business opportunity for this project compared to rural (already in progress with Tata Trust) or e-commerce (higher logistics costs)

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3 Mars Edge worked with nutrition experts to help design the GoMo™ specification. The GoMo™ product was made predominately of yellow pea – a legume that is rich in protein and lysine, an important amino acid that is the limiting amino acid in the Indian diet. The GoMo™ product also delivered a range of the Recommended Dietary Allowance for 6-18 year-olds across 11 micronutrients, including vitamins C and B12. The GoMo™ product had a Health Star Rating of 3.
2. MIXING ANALYTICAL DESK RESEARCH AND IN-FIELD REALITY CHECKS TO CONFIRM THE OPPORTUNITY

Large Indian cities offer a well-established distribution infrastructure along with the ubiquitous presence of kirana stores (small retail outlets) in low-income areas. But this was unlikely to be the right channel for this new product with an unknown brand. The challenge was not only about making this product accessible, but also about creating demand in the very crowded space of snacks in India in a way that would ensure the consumption frequency necessary to deliver nutritional impact. In other words, the sales approach had to focus first on attaining consumption frequency (i.e., starting with a base of loyal consumers), and then on increasing penetration - at odds with traditional product launches that typically go for increasing penetration first.

The JDT developed a two-step process to scope appropriate distribution channels.

1) Desk research and rigorous methodology to select distribution channels most prone to generate impact

The analytical desk research started with an exhaustive list of traditional (mom and pop retail outlets, supermarkets, hypermarkets) and non-traditional distribution channels (such as canteens, tutors, sports centers, post offices among others), inspired by global best practices from other companies. The JDT then used 3 criteria for first screening, aligned with the objectives mentioned above:

- **Coverage**: What proportion of target consumers can the channel reach?
- **Frequency**: How frequently do target consumers use these channels (enabling easy access and regular consumption)?
- **Influence**: Does the channel have the capacity to influence target consumers, inspiring trust, motivating first trial and driving behavior change?

Cost efficiency considerations were left for a second step of business model design.

The top-ranking channels to reach 6-18 year-olds and trigger frequent consumption were:

- Channels frequently visited by children 12 and older:
  - Outside of school shopping, for students in transit after school or during breaks
  - The tutor ecosystem, as tutors are both widely and frequently seen (around 30% of students of
all ages attend tuition at least once a week) and are aspirational, trusted figures

• A direct sales force able to reach and influence mothers.

Figure 3- Snapshot of channel assessment

<table>
<thead>
<tr>
<th>Findings regarding target segment (SEC C-D 6-18 yrs old urban kids)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coverage</strong></td>
</tr>
<tr>
<td>OUTSIDE OF SCHOOL SHOPPING</td>
</tr>
<tr>
<td>PRIVATE TUTOR ECOSYSTEM</td>
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<tr>
<td>DOOR-TO-DOOR SALES FORCE</td>
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<tr>
<td>SPORT, RELIGION, ENTERTAINMENT</td>
</tr>
<tr>
<td>HEALTH-BASED CHANNELS</td>
</tr>
<tr>
<td>OTHER CHANNELS – post offices, ecommerce, beauty</td>
</tr>
</tbody>
</table>

2) Iterative in-field rapid reality checks

A team on the ground helped support the desk research with rapid reality checks, visiting the potential locations for sales and doing light touch assessment to test key hypotheses around high ranking channels. This work allowed the team to validate early tutors’ interest in supporting this project (and also to realize they would be unlikely to sell the product and would rather just play an education role). It also confirmed that there were typically existing shops or vendors for teens to buy snacks outside of schools and tutors’ offices and the lower-income urban teens had pocket money to afford snacks priced between INR 5 to 15. Finally it showed an existing understanding of both children and their parents, that students needed to eat enough to have the energy to learn.

The close collaboration and bi-weekly check-ins of the analytics team and on the ground team ensured a quick narrowing down of options grounded in reality.

Key lessons learnt:
• Develop upfront an explicit set of criteria for channel evaluation for shared understanding and alignment on key decisions
• Ensure both analytical and field methodologies feed each other iteratively via frequent calls and check ins

Key business model decisions:
• Assess best option for outside of school shopping
• Leverage tutors as part of an awareness and education campaign to reinforce nutrition as a part of healthy learning
• Refine the concept of what a possible direct sales force could look like for this project
3. COMBINING LOCAL FIELD INSIGHTS AND GLOBAL BEST PRACTICES TO DESIGN THE COMMERCIALIZATION STRATEGY

Once the commercialization channels were selected, the JDT came together in a workshop to generate ideas of tactics to increase uptake, from generating first trial, to ensuring constant product availability, to motivating regular consumption.

The team combined different sources of knowledge:

- Findings from the desk research on outreach of different channels
- Global best practices in marketing nutritious products in other low-income markets, to increase regular consumption (e.g. loyalty programs, subscription schemes, messenger and product cues)
- Case studies of different distribution models, including direct sales (e.g. door-to-door, street vending and peer sales)\(^3\)
- New learnings from the fieldwork, including urban consumer insights on snacking behaviors.

Based on these insights, the team refined the initial concept into that of a mostly female sales force (the “GoMothers”) selling via mobile carts that could ‘intercept’ teens as they purchased snacks, combined with loyalty cards and visible cues to encourage consumption frequency, leveraging tutors for early influence.

Key lessons learnt:

- Good idea generation is based on a clear shared mission and complementary skills. The team understood that while every person brought a different perspective and set of experience and methodologies, we were there to solve a problem no single person or organisation had an answer to yet. This gave explicit permission for individuals’ debate and healthy conflict across different skills and mental models
- Bringing together local learnings as well as global best practices, as inputs to a design thinking methodology, enabled the team to craft more creative options than pure analytical methodologies, with a higher likelihood of success than pure creative processes

Key business model decisions:

- Test the validity of the non-traditional route to market (on the way to school or with private tutors) and its different possible modalities to intercept teens and gatekeepers (with food carts, promotional vans and/or a direct female sales force, the GoMothers)
- Test the economic viability of GoMothers selling outside of schools and/or door-to-door
- Test different consumption frequency tactics (finding ways to make the delayed results of nutrition visible and tangible rapidly, bundling products to encourage repeat consumption, loyalty cards)

\(^3\) See for example Marketing nutrition for the BoP | Hystra
4. CONDUCTING RAPID PROTOTYPING TO TEST CONSUMER RESPONSE AND FIRST ECONOMIC ELEMENTS OF PROPOSED APPROACH

The JDT worked on a Fieldwork Testing Plan for the marketing and sales concepts that came out of the workshop. Each concept was broken down into goals, corresponding research questions, and indicators to measure (both quantitative and qualitative). The JDT then engaged local implementation partners to support the fieldwork across three urban settlements. The essential criteria for partner selection was access to local networks, relationships with gatekeepers in the communities and understanding of the learning goals.

Together with the local partners, the JDT developed detailed plans and screeners for GoMothers’ recruitment, making sure the proposed roles would be compatible with women’s other daily commitments.

Over the next two weeks, over 750 people gave direct feedback or interacted with the tested priority concepts. The teams mobilized five mobile carts over four days near large budget private schools, training 10 promoters and selling over 1200 packs of GoMo™. Twenty women from various self-help groups engaged in workshops on GoMo™, with nine of them going on to sell over 500 packs in their local communities.

Through this small-scale implementation of rapid prototypes, the JDT was able to elicit feedback within a matter of weeks on key aspects of the business model. (See box below for more details)

These insights gathered early in the process proved critical to better understand consumer motivations, inform the business plan, and enable rapid pivots before significant spend was engaged in a larger market test.
BOX 2: Key pivots made during the rapid iteration phase

Product
The Mars Edge team entered the affordable nutrition market knowing that a central challenge would be reconciling affordability and quality nutrition. Through the rural sales launch and the field work for the urban pilot, consumers underscored this reality, providing feedback regarding GoMo’s smaller size relative to other 10 INR packs (due to GoMo’s nutritional density). The challenges with the ‘price/volume’ ratio led to lower initial trials, as consumers chose to purchase packs with a larger size impression but less nutrition. As a result, the Mars Edge team decided to offer a 5 INR product in its rural markets and for this pilot to facilitate first trial.

Routes to market
When the JDT initially went into the community, the plan was to recruit and train a team of street vendors to sell directly to parents and teens outside of schools. Trying to get the necessary authorizations showed that both cart vending (in spite of the high number of informal carts) and selling in close vicinity to schools were forbidden, except for existing shops. The JDT thus worked instead with local kirana store owners to use their various awnings and set up small mobile kiosks. This still gave the product high visibility. The sales model thus pivoted to GoMothers working together with local shops around schools to do early product promotion.

Sales force recruitment criteria
The JDT had envisioned that GoMothers would navigate their community’s ecosystem to create awareness about healthy snacking habits, actively promote the nutritional benefits of GoMo™ and sell products directly in front of schools and to their networks. The local agency proposed to work via Self-Help Groups and quickly identified potential candidates for the GoMother’s role, i.e. mothers with social mobility who were interested in supplementing their household incomes. These women confirmed that they could spend a few hours selling in their communities without disrupting their current household responsibilities and routine. During the week of trial sales, older women who participated not only sold more packs in their time at the mobile kiosks but also performed better as advisors of health and nutrition, highly trusted by their peers, which helped refine the proposed recruitment profile.

GoMothers’ viability
Outside of schools, sales proved insufficient to sustain full time street vendors. This economic opportunity needed to be desirable and comparable to current daily wages (approx 100 - 150 INR/day at steady state). In the ideal environments with high footfall (1000-2000 students), a single stall only had the ability to reach a maximum of 180 potential customers per day, with 75 percent of sales occurring in the two

A mobile kiosk with samples during a school rush-hour lunch break
one-hour windows when teens and/ or their parents purchased snacks between class and after school. With margins needing to be split between street vendors and the kirana stores, this corresponded to at best 90 INR of daily commission. This, however, could be a valuable part-time opportunity for GoMothers, synergistic with their direct sales, as by definition it would only require their presence during the two peak hours. In parallel to school sales, the best sales woman achieved direct sales to their networks of 185 packs over ten days, translating into potential commissions of 370 INR or close to 40 INR /day to complement income earned in front of schools. This hybrid model (sales in front of schools and direct sales) seemed capable of achieving comparable compensation to what the GoMothers could earn elsewhere. This also prompted the team to think about other possible pivots for the market test to create additional sales volumes (e.g. GoMothers selling directly to smaller stores; or widening the basket with other products).

Sales force structure and manager profile

In terms of management structure, the plan was to look for “micro-entrepreneurs” who would be able to purchase the product against an invoice, have the ability to find, recruit and support GoMothers, as well as play a warehousing role for the product. All interesting profiles that the team identified were existing entrepreneurs with one or several businesses to run. This pushed the team to adjust the model from 1 micro-entrepreneur managing 30 GoMothers, full-time, to a 1 to 15 ratio, as a part-time role managed concurrently to the other micro-businesses in their portfolio.

Tutor support

The team interacted with private tutors’ networks to validate the best way to leverage their reach and expertise to raise awareness on the importance of good nutrition and healthy snacking habits. Discussions landed on providing short nutrition education modules to tutors that they would run with students, allowing them to reinforce their expertise and status as educators while providing valuable materials to their students.

Marketing strategies

The team tested two types of volume offer, with the dual objective to overcome first trial barriers and support ongoing purchase. One scheme proposed one free pack for each 6 packs purchased. It failed to address the price barrier and did not have good results. The other scheme proposed a wristband with the first purchase and a cricket ball for the 6th purchase. The wristbands gave customers extra value with their first purchase and the ball provided a second reason to keep purchasing. This second offer created visible signals of value amongst customer peer groups. This stall generated over 3 times more sales in comparison to the 6+1 scheme. Overall, these schemes and other game-style promotion tactics at the kiosks achieved around 30% repeat sales in the week of activities.

A promotion van visited each of the mobile carts during the field testing, with samples and marketing tactics.
Pilot location

The first rapid iteration test took place in Mumbai, identified as a large market with lower-income segments with some purchasing power (notably in and around the Dharavi slum), and around large schools offering good volume opportunities for individual GoMothers. However, the logistics of serving a distant city with initially low volumes, combined with stringent restrictions on street selling, convinced the Mars Edge team to review their pilot plan and pivot to Pune, the large city closest to the Mars plant. The team ran a shorter field work campaign to test the feasibility and attractiveness of the business model. This included meeting local micro-entrepreneur networks, reviewing the local regulatory landscape, co-designing the training programs with local tutors and reviewing various strategies to activate Self-Help Groups in low-income settlements.

Key lessons learnt:

• Be very clear on assumptions, what each concept is meant to achieve in terms of learnings and indicators of success, so that the field team has a strong understanding of the strategic goal and learning objective, not just the concept itself.
• Even for small concept testing in communities, gaining permissions from local authorities and municipal bodies needs to be accounted for during planning. Local regulations can change quickly and the implementation partner is key to facilitating permissions.
• Don’t silo the teams by phase. Having a mix of expertise working together (gathering of economics data and consumer insights concomitantly) enables the team to build up the business model and market test design in a consistent way.
• As much as possible, leave space to extend the duration and scale of the testing to refine and improve the model as new assumptions get confirmed or rejected. It will be much cheaper and easier on a small scale than once the real market test launches.
• Don’t get wedded to the prototype itself (i.e. multiple changes are needed to adjust to the local market and early findings), but make sure you adapt the prototype to test your key assumptions: for example, the plan to use mobile carts pivoted to kiosks by partnering with kirana store owners. The assumptions the team wanted to test were around the timing of possible sales in front of schools, the daily sales volumes this could represent, and the marketing tactics that would work best - not the infrastructure of selling with carts in itself.
• Ensure rapid prototyping implementation teams are set up to work independently across the prototype testing and have decision making power to change aspects on the go and maximize learnings. For example, the stalls team designed tactics on the go such as ‘returning used wrappers’ and messaging such as teen testimonials around diversity of foods and ‘takat’ or energy during the test period. The JDt also changed promoters at the “control” stall (that did not benefit from any of the marketing tactics that were tested), to gain a better understanding of the profile of promoters that managed to sell “by themselves”.

Key business model pivots:

• The model pivoted to anchor presence in local stores in front of schools with some activation activities done by GoMothers
• The JDt redefined the target profile of GoMothers to be part-time, and designed its recruitment
7 Lessons from a partnership on nutrition between Mars Edge and Bill & Melinda Gates Foundation

- The Mumbai test highlighted the logistics complexity of getting initially small quantities of products delivered far from the Mars plant, and led the team to choose Pune instead for the launch.

• The architecture of the sales force changed to have GoMothers’ managers, referred to as micro-entrepreneurs, manage each a smaller network of GoMothers

• Tested GoMo promotion ideas through gamification
5. BUILDING THE BUSINESS CASE AROUND THE RIGHT UNIT ECONOMICS - AND TESTING ITS ATTRACTIVENESS IN REAL TIME

The rapid field iterations around the initial business concepts equipped the JDT to prepare a business case based on tested hypotheses, including projections both in terms of expected sales and reach, that both Mars Edge and Gates Foundation agreed to.

A key element of this business case was the unit economics of the model, residing at the GoMother level, as their commitment would be key to make the model work. The JDT worked on several iterations of incentive structures for GoMothers to compensate both of their expected roles (door-to-door sales women and promoters in front of schools and shops). To ensure they would earn sufficient income, the JDT worked through possible loyalty or subscription schemes that could maximize weekly volumes. Mars Edge also reviewed its margin structure to make sure it could provide sufficient incentives per pack. During the unavoidable sales ramp-up, the JDT decided to provide activity-based incentives to create productive sales routines and counter the risk of high churn. The local Mars team tested these ideas directly with one of the micro-entrepreneurs that the field work had identified as well as with a few possible GoMothers, allowing the team to land on a model that GoMothers and micro-entrepreneurs were both likely to find attractive.

Key lesson learnt: Model the unit economics of key possible pivots early on to invest selectively on those with highest likelihood to be economically viable

Key business model pivots:
- Working on subscription and loyalty schemes to help secure volumes
- Proposing activity based (rather than volume based) incentives to the sales force during the initial ramp-up phase

GoMo loyalty card tested during the rapid prototyping phase
6. **(ECONOMIC) RISK SHARING: CO-INVESTMENT IN CASH AND EXPERTISE BETWEEN THE COMPANY AND DONOR**

It was clear from the initial scoping of the collaboration that the urban markets could provide the scale and sustainable nutrition impact that both partners wanted to achieve. The question was to agree on what support donor funding could provide that would truly help de-risk Mars Edge’s design of a market test in urban India while maximizing chances of success, without diverting resources from Mars Edge’s existing rural initiative.

The proposed de-risking included two dimensions: co-investing in the right skillset, and sharing the financial risk.

1) **Co-investing in the skills and knowledge to design an urban entry strategy**

Mars Edge had already developed the product, set up the manufacturing line, created the product branding and a marketing approach, as well as marketing materials for the rural market. The design of the urban business model called for additional skills and knowledge in lower-income last-mile direct sales force models, proximity marketing tactics, rapid prototyping of concepts, and quick iterations to arrive at a working solution. The social impact objective of the project also called for an ability to measure impact and learnings. Gates Foundation PSP program co-invested in these skills through its Hub Network. Consumer Insights, Business Model, Marketing and Monitoring, Learning and Evaluation experts from G4G joined the project team and provided technical assistance at all project stages. Mars Edge co-invested in some of the research needed, and hired a dedicated local project manager for this work.

2) **Co-investing in the funding needed for the urban market test of the business model**

The JDt helped design a robust business case that served as a basis to establish the funding necessary for carrying out a market test to prove the business model’s sustainability. Gates Foundation stepped in to provide 50% of the necessary financing to cover the higher-risk, not “business as usual” aspects of the model – the direct sales force, and the targeted marketing tactics to increase consumption frequency. Mars Edge’s own investment in the market test covered the project team expenses and digital marketing campaigns.

**Key lesson learnt:** As a donor willing to work with a private company, de-risking of an innovation project is not only about providing financial incentives to increase the company’s willingness to act - it is also about a shared willingness to co-develop the skills and knowledge uniquely necessary for the project.
7. GOVERNANCE: SETTING UP A GATED PROCESS WITH JOINT STEERING COMMITTEE MEETINGS TO ENSURE CONTINUOUS ALIGNMENT

Any innovation process is by definition uncertain. Defining upfront a clear, gated decision-making process can help stage investment and thus limit the level of risk taken at any point of the project.

1) Following a rigorous process with explicit gates for Go/No Go decision

The JDT followed a five-phase process - from Opportunity Selection, to Concept Development, Iterative Field Testing, Design of Business Model and Developing an Investment Case for the Foundation. This process had three explicit Go/No Go stage gates – one for approval of the opportunity selected for concept development, one for moving from concept to design of business model and the final one to validate the investment case.

At each gate, the JDT presented their insights, analysis, and recommended options for moving into the next phase of work. In these Steering Committee meetings, the JDT team was at times tasked to do additional analysis and insights gathering to get the necessary approval for stepping into the next phase of work. The Steering Committee thus allowed the process to continue for a few months at a time, staging investments and commitments as more evidence of potential became available.

2) Decision making validated in Steering Committee meetings

One of the central pillars of the governance structure was the Steering Committee comprising of a senior business leader of Mars Edge, a Program Sponsor (Deputy Director) from Gates Foundation, and a senior Business Model expert from G4G. This structure ensured the objectives of all the organizations were met and remained aligned as the project evolved.

Key lesson learnt: Following a Stage Gate process allowed for course correction whenever required with calibrated scaling up of commitment of resources for the project.
CONCLUSION

The central challenge in delivering affordable nutrition to consumers near the base of the income pyramid is matching affordability with high quality nutrition. This challenge can be addressed if a business achieves a sufficient level of scale to deliver nutritional impact with positive unit economics. Positive unit economics sit in tension with providing high quality nutrition at low price points – a reality all partners understood in taking on this challenge, and the reason they joined forces to solve it together.

Given the nature of the challenge, the JDT eagerly anticipated launching the pilot and ramping up volumes, but the Covid crisis hit and put the project on indefinite hold. Nine months later, as the situation in India had not sufficiently improved and the rural market test, also impacted by Covid, delivered lower results than hoped, the Mars Edge team decided to halt the project – with the commitment to share their learnings from this experiment. This is how this document came to life, to ensure others could benefit from this two-year learning journey. We hope it will provide some inspiration and insights for other companies interested in designing sustainable business models that can improve nutrition status among low-income, otherwise underserved consumers.
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