A report by

HYSTRA
hybrid strategies consulting

LEVERAGING DIRECT SALES FORCES FOR IMPACT AT THE LAST 100 METERS

Lessons learned from practitioners

JANUARY 2022

GROWTH FOR GROWTH

About the Private Sector Partnership (PSP) initiative and the Growth for Growth (G4G) Network

Recognizing the important role of the private sector in food systems, the Bill & Melinda Gates Foundation (BMGF) launched the Private Sector Partnership (PSP) initiative under its global Nutrition Strategy in 2017. Its vision was to achieve sustainable nutritional impact at scale. It sought to achieve this through innovations and new business models to overcome barriers which impede private companies from making nutritious fortified foods affordable and accessible to low-income and vulnerable[1] consumers in developing countries.

The PSP team established a network of technical assistance (TA) hubs, known as the PSP TA Hub Network; also called "Growth for Growth" (G4G). This network worked with partner companies to enable innovation across the value chain and advance learning on product design and sustainable business models for lower-income consumer markets. The network represented a new approach to business consulting and TA. Composed of seven "hubs", it offered wide-ranging, interdisciplinary specialized expertise to company partnerships; expertise that enhances existing company capabilities and helps unlock innovation across the value chain.

Four core hubs provide capabilities in consumer intelligence, marketing intelligence, and business model innovation to co-design new and innovative business models and private sector approaches, based on learnings from global best practices and adapted to low-income consumer segments. These four hubs also provide capabilities in measurement, learning, and evaluation to support real-time business model refinement and the strategy's broader learning and dissemination goals. These four core hubs are supported by three additional hubs that provide deep expertise in market research, product development, and nutrition.

This report is part of the broader set of PSP tools aimed at providing companies with practical commercialization tools for new nutritious or more broadly health-related products, including "Women sales force: an impactful channel for health-related products?", "Consumption Frequency", and other webinar and content series of the Growth for Growth network.

This report is based on research funded by the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Bill & Melinda Gates Foundation.

About Hystra

Hystra is a global consulting firm specialised in inclusive businesses, whose vision is to transform businesses to scale up social and environmental innovations. In order to "be the change we want to see in the world", Hystra itself is a hybrid consulting firm – a for-profit tool for social change. Since its creation in 2009, Hystra has supported close to 20 multinationals in setting up or improving inclusive business models, helped dozens of pioneering social entreprises refine their business models or fundraising strategies, supported the set up of social impact funds and multi-stakeholder coalitions, and worked with donors like the Bill & Melinda Gates Foundation on their collaboration with the private sector toward sustainable impact at scale. In 12 years, Hystra has worked in over 20 countries serving over 100 clients, including large corporations, social entreprises, international aid agencies, foundations, and governments, to support business models that change the lives of low income communities across the globe.

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1 Low-income: less than $3.20 per day purchasing power parity (PPP) in lower-income countries and less than $5.50 in upper-middle income countries, the official WorldBank poverty line (World Bank, 2018). The World Bank also defines a threshold for "vulnerable population" i.e, those who are not in poverty but have a high probability of falling into poverty given a significant income shock. These are defined as those who earn between $5.50 and $13-a-day (2011 PPP). (World Bank, 2021)

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TERMS AND ACRONYMS

A&P	Advertising and Promotion
ATL	Above the Line
BMGF	Bill & Melinda Gates Foundation
BTL	Below the Line
CEO	Chief Executive Officer
FMCG	Fast-Moving Consumer Goods
G4G	Growth for Growth
GDFL	Grameen Danone Foods Limited
P&L	Profit and Loss
PSP	Private Sector Partnership for Nutrition initiative
SEC ABCDE	Socioeconomic class, ranked from A to E with category A being high level of wealth, and E being low level of wealth
TA	Technical Assistance

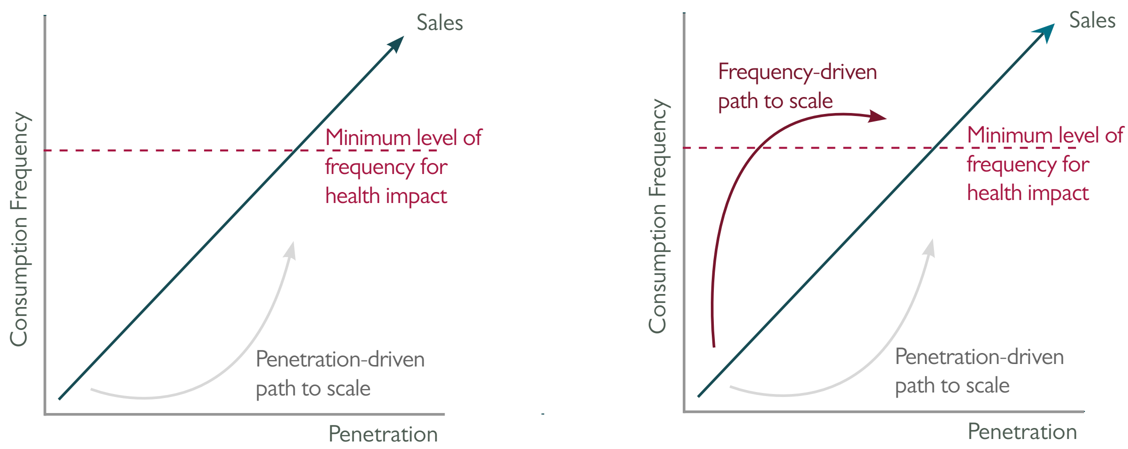
INTRODUCTION

Why do the "last 100 meters" matter for nutrition impact?

Companies selling fast-moving consumer goods (FMCG) have traditionally focused their marketing and distribution efforts on increasing penetration of their products, by generating awareness and creating opportunities for consumers to trial their products. However, few have focused on increasing how frequently consumers purchase their products. As a result, even very high-profile brands with high product penetration (including among low-income consumers) typically achieve low "consumption frequency", with the majority of their consumers making only a few purchases per year.[2] To take an iconic example in the (not particularly nutritious) food business, the median buyer of Coca Cola in the UK consumes one to two cans a year. This pattern of consumption (mostly occasional customers, very few frequent customers) is similar in other categories such as over-the-counter pain relievers and breakfast cereals; for instance, 35% of Frosted Flakes buyers only buy one box of cereal per year.[3]

While focusing on penetration can be a sound business strategy for traditional FMCGs companies, it cannot suffice for brands selling products meant to have a health impact achieved through repeat use – as is the case for nutritious foods. And yet, out of dozens of companies Hystra has worked with, through the PSP program and beyond, to commercialize nutritious products, less than a handful had ever measured the consumption frequency of their products. Even fewer had successfully established a pattern of consumption by consciously following up on repeat purchases.

Figure 1 - Penetration-driven path to scale vs frequency-driven path to scale



In order to enable frequent purchases and consumption, the product must be constantly available. In its four years of research and pilots, the PSP program has found that reaching the "last mile" does not always suffice. To be purchased frequently enough to have the intended positive impact, products must actually reach the "last 100 meters" - namely the immediate environment of low-income consumers (around their home or workplace) where their food choices and purchases occur.

2 Sharp, B. (2010), "How brands grow: what marketers don't know", South Melbourne, Vic: Oxford University Press. Note that the average consumption frequency for Coke in the UK was 12 purchases annually, thanks to a few high frequency buyers.
3 Dawes, J. and Trinh, G (2017), "Category and Brand Purchase Rates (Still) Follow the NBD Distribution"

Further, ensuring consumption frequency not only requires availability of the product in the given location, but also the consumers' recurring willingness to purchase it. This requires dedicated, consumption frequency-focused marketing strategies.[4] But, beyond these marketing strategies, could distribution channels also play a role in creating recurring purchase patterns? What does it take for vendors and sales agents operating at the last 100 meters to proactively encourage product trial, promote behavior change, and firmly anchor products in people's daily routines?

This report aims to address the above questions. PSP's coined "last 100 meter distribution models" is meant to represent distribution models focused on achieving consumption frequency with their target consumers, through proximity and more. It includes both traditional and untraditional channels that nutritious food companies – and others focused on potentially impactful FMCGs – need to leverage or develop, in order to achieve their impact objectives alongside their business goals.

Why this report?

The PSP program has worked with several partner companies to design and implement unique last 100 meters distribution models, aimed at generating the required consumption frequency by a targeted population (often women of reproductive age) of nutritious foods that address their nutrient deficiencies. These projects took place in different geographies with different partner companies, target consumers, products, and tailored marketing and distribution strategies at the last 100 meters - including direct sales forces.[5]

The goal of this paper is to consolidate lessons from these individual experiences alongside additional expertise from the PSP TA Hub Network, to understand the role that direct sales forces can play in creating consumption frequency – while also being cost-effective and operationally sustainable. Ultimately, the aim of this research is to inform future efforts, saving time and money for companies looking to distribute affordable fortified nutritious products (and possibly more broadly health-related products), in an impactful, sustainable, and scalable way.

Research scope

This research looks specifically at direct sales force models at the last 100 meters (e.g, street vending and door-to-door sales agents), and considers marketing only from the perspective of its integration into sales channels. Like the PSP program, this paper focusses on models in urban and peri-urban areas where consumption of packaged goods is more significant than in rural locations, and where the last 100 meters are particularly relevant. Unlike rural consumers who have to travel regularly to access at least some products and services, urban consumers are accustomed to choosing and purchasing products close to where they live, work, or study. Urban areas also typically have a higher population density, enabling multiple channels to co-exist profitably, and thus offering an opportunity to compare each channel's relative effectiveness and efficiency in driving frequent consumption.

This report explores the types of distribution channels found at the last 100 meters, and proposes a set of criteria to help companies decide if a direct sales force is best-suited for their impact and business objectives, both at launch and over the long term – particularly in terms of achieving sufficient consumption frequency. It suggests a different way to account for direct sales force costs and financial and non-financial benefits. It ends with best practices gathered from the PSP program and other practitioners, on how to manage a direct sales force at the last 100 meters.

This report does not claim to be exhaustive. It is an attempt at drawing together and codifying some of the latest learnings from new distribution models, which are today scattered across several organizations. This is the beginning, not the end of a conversation, and more research is required to cover other key areas relating to nutrition impact – such as adapted distribution models in rural areas – and business results – such as how to design an efficient traditional trade route, and choose between working through a wholesaler or building one's own trade sales force.

4 The Consumption Frequency Toolkit developed by PSP is meant to support marketers of nutritious foods in developing such strategies.

5 Throughout this report, the term "direct sales force" refers to any type of semi-fixed or mobile sales force in which sales agents have direct interactions with consumers.

METHODOLOGY

This report was prepared in four phases:

- Gathering and summing up learnings from PSP projects (see Box 1)
- Conducting desk-based research on previous publications[6], and interviewing other organizations selling nutritious foods (see Box 2) to gather additional data points, and complement and validate these learnings
- Analyzing the data shared by the different projects and companies
- Preparing the final report.

BOX 1: PSP funded projects analyzed for this research

The following market tests were supported by PSP via grants, to inform PSP learning agenda:

Company	Product Name	Country	Pilot Scope	Case study Page
FanMilk (Nigeria)	FanPrime	Nigeria	Designing and launching a fortified frozen yoghurt targeting women of reproductive age	Page 28
Grands Moulin du FASO (Meriem[7])	Pain Nagniou	Burkina Faso	Designing and launching an orange-fleshed, sweet potato-based French baguette looking to improve the diet of Burkinabé women (especially of reproductive age) by offering a nutritious alternative to gluten-filled sandwiches and sweetbreads high in saturated fat	Page 29
SODEPAL and Fortis (Meriem)	Super Léo	Burkina Faso	Designing and launching a fortified, instant flour for infants (aged six to 23 months), made with local ingredients (corn, soybean, peanut) and sold in aspirational packaging at an affordable price	Page 19
Mars	GoMo	India	Preparing the launch of a nutritious snack for children via a direct women sales force in India[8]	
	Bulk Vending		Researching the potential of machine vending and other bulk vending models to lower the costs of access to nutritious foods for low-income populations	Page 24

6 Hystra (2014), "Marketing Nutrition for the BoP" Global Distributors Collective (2019), "Last mile distribution: state of the sector report", Rugby, UK: Practical Action Publishing.

7 The Meriem project brings together a pool of experts seeking to reconcile social objectives and economic profitability to contribute to the prevention of malnutrition in the Sahel region. Seven partners from NGOs, research and consultants from the private sector are working to this end, in collaboration with local stakeholders (e.g, ministries, companies, research institutes, NGOs and community groups). The project is co-funded by BMGF and AFD, the French Development Agency. More information can be found at: www.meriem-nutrition.org

8 NB: the project was stopped at the end of 2020 due to the COVID crisis. See online the full case study: "7 lessons from Mars-BMGF Partnership on Nutrition"

BOX 2: Other projects analysed for this research

- Projects in the nutrition field
  - Africa Improved Foods (AIF) is a public-private partnership involving DSM, Government of Rwanda, IFC, CDC Group and FMO with the objective to fight malnutrition via local production of highly nutritious food in East Africa.
  - Bel Sharing Cities aims to expand its traditional distribution channels through alternative channels such as street vendors, corresponding to local purchasing habits. Today, it distributes Bel's enhanced nutritional products via 7,000 existing street vendors, while helping them access better working conditions (see p31 for more details).
  - Grameen Danone Foods Ltd. (GDFL) is a joint venture between Danone and Grameen aimed at addressing infants' malnutrition across Bangladesh, by selling fortified yogurts for 5 to 12 year old children in vulnerable areas. It now counts 200 women sales agents in rural Bangladesh (down from over 500 at its peak), who serve on average five villages each; and also sells its products in more than 20,000 retail stores that now make 80% of the sales volumes (see p23 for more details).
  - Danone Kiteiras is a direct-to-consumer distribution program in which women from the poorest communities of Brazil (the "Kiteiras") sell Danone dairy products on catalogue in their communities. Today, there are 1,500 active Kiteiras, among which 90% are women. Danone also sells through retail in Kiteiras' areas of operations.
  - Dharma Life has built a multiproduct distribution network in rural India, relying on 17,000 part time Village Level Entrepreneurs (VLEs) paid on commission to promote and sell beneficial products (e.g, fortified food, solar lanterns and improved cookstoves).
  - Nutri'zaza is a social business fighting child malnutrition in Madagascar. The company developed its own fortified flour for children, distributed through a unique "restaurants for baby" (and mothers) concept[9]; women door-to-door sales agents (mostly as a ready-to-eat breakfast); and via shops, in its dry form. 117 door-to-door agents are currently working in Madagascar, each serving 200 to 300 children (see p26 for more details).

- Projects outside of the nutrition field, studied for direct sales force best practices (these projects are not showcased in Figure 5)
  - Bidhaa Sasa is a distributor of solar products, agricultural tools and improved cooking appliances in Kenya, who counts 80,000 clients to date. Products are distributed through over 2,000 "group leaders" who demonstrate products and organize group sales of five or more people who come together to access Bidhaa Sasa products and in-house credit.
  - Frontier Markets is a social commerce platform with a mission to create an "easy life" for Indian rural customers, by providing them with products and services such as clean energy products, home appliances or agriculture tools. The company employs 10,000 women entrepreneurs, each covering 50 to 100 households and has sold three million products to date.
  - HERi is a social business distributing and financing off-grid solar products through a network of 100 energy kiosks in Madagascar. The company has over 30,000 clients, served by more than 300 sales agents.
  - Natura is the leading Brazilian manufacturer and marketer of cosmetics, fragrances and toiletries. It is widely known for its door-to-door direct sales force; with two million agents in Latin America, 90% of whom are women, selling products on catalogue and providing customers with advice.

9 Nutri'zaza's "hotelin-jazakely" are restaurants for babies located in disadvantaged neighborhoods. Composed of one or two rooms, they are managed by a Nutri'zaza employee who prepares the porridge. Women can bring their children to make them eat but can also weight them, receive advice or meet other mothers.

Figure 2 - Locations of the ten companies studied in this report that sell nutritious foods

A child enjoying a portion of Super Léo

Credits: Super Léo

EXECUTIVE SUMMARY

Companies looking to serve low-income populations need to reach the 100 meters radius around consumers' home or place of work. This area is filled with informal distribution channels such as informal retailers, street vendors, and door-to-door sales agents, from whom consumers make daily purchases.

It is important that companies are steadfast in achieving this level of penetration, as nutritious products require a minimum and consistent level of consumption frequency to result in positive health impacts. In turn, this consumption frequency requires constant product availability to enable consumers to re-purchase the product.

For companies aiming to reach the "last 100 meters" with nutritious foods, and to support adequate consumption frequency, relying on retail is likely to be insufficient - at least initially. As summarized in Figure 3, this report focuses on understanding the specific roles that a direct sales force can play; both in the short and long terms.

Figure 3 - Possible roles of a direct sales force

At launch – (short-term) market activation	At steady state – long-term delivery
• Filling logistics value chain gaps • Replacing (some of the) marketing launch spend • Gaining rapid consumer feedback • Creating consumption frequency by building up a routine around the product.	• Providing convenience • Reaching new consumer segments • Increasing consumption frequency by increasing consumers' opportunities to purchase products.

At launch, a direct sales force can play several roles, including;

1) Filling value chain gaps with dedicated equipment (e.g, coolers in places without appropriate cold chains) to deliver the product in its best condition;

2) Showcasing the new brand to consumers (effectively replacing some of the marketing spend), which can be critical if retail is initially reluctant to distribute the proposed product;

3) Gathering early consumer insights on the product, and/or aspects of the marketing approaches;

4) Leveraging their direct interactions with potential consumers to establish a consumption routine from the start, thus helping to achieve possible consumption frequency objectives.

A direct sales force may not stay relevant indefinitely. If the retail infrastructure evolves, or once a brand is established, it might be worth disbanding the direct sales force or re-allocating it to new product launches.

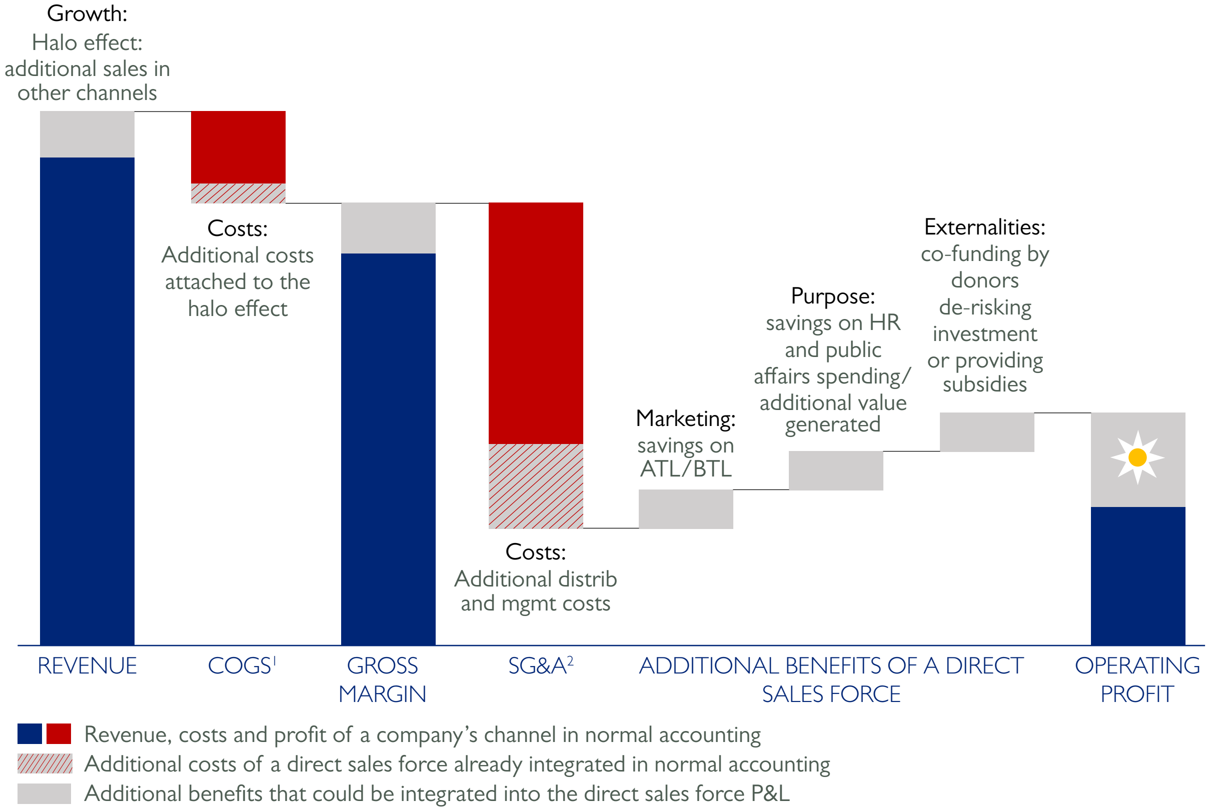
At steady state, a direct sales force can be maintained or added alongside informal retail, if it brings a complementary long-term value that offsets its costs. Home delivery of heavy items or ready-to-eat meals, for instance, is a service that consumers are willing to pay for beyond what they would pay for the unprepared product in retail. A direct sales force is also well-placed to reach particular consumer segments, which is important for nutritious products that are often formulated for specific needs, e.g, those of children or women of reproductive age. For such a targeted outreach, direct sales forces can add value at launch and over the long-term even to well-established retail networks. Further, combining retail and a direct sales force in strategic locations can better cover multiple eating and purchasing occasions along the consumer journey, and increase consumption frequency – and thus sales – with limited cannibalization.

The composition of a direct sales force may need to evolve over time; replacing skilled activation sales agents with long-term delivery sales agents, who cost less as they are simply tasked with ensuring product availability.

Building a direct sales force is a costly and complex investment that can be mitigated and can even generate a return:

- Piggybacking on suitable, existing networks can save time and money. Not all networks will do, however. First, their existing product offering needs to be a good fit for the new product. Second, for the product launch, agents must have credibility in their communities and be able to dedicate time to activation activities. For products already known in the market, the key criteria will be to choose an easy-to-scale network with the potential to aggregate sales points into large units, to achieve cost-efficiency.
- In acknowledgment of direct sales forces' multiple roles, their accounting requires a comprehensive understanding of the costs and benefits that they bring - going beyond a traditional profit and loss (P&L) statement. A possible framework for this is presented in Figure 4.

Figure 4 - Direct sales force holistic accounting: A new way to look at the P&L



1 Cost of Goods Sold;
2 Selling, General & Administrative expenses

As Figure 4 shows, the cost of a direct sales force is typically higher than the cost of traditional retail (shown in grey on the SG&A bar on the graph). This is due to the additional management and distribution costs that a direct sales force requires. However, a direct sales force can also create additional revenues and enable other savings for the company. For instance, it can generate additional sales volumes; both directly and through a "halo effect" (on the left of the graph) by triggering additional sales in other channels. It can also replace some of the marketing spend, and indirectly enable savings or create additional value for human resources and public affairs departments. This is due to the sense of purpose and positive image that working with local sales agents can bring – both within and outside of the company. Finally, a direct sales force distribution model can attract investment or subsidies from donors interested in their impact and scale potential, which can offset some of the costs mentioned. For example, the BMGF PSP program co-invested with companies in creating such channels, in order to reach women of reproductive age with adequate fortified products.

Choosing the right distribution strategy for consumption frequency is only a first step towards business results and health impact. The key to success for distribution strategies lies in perfect execution. Figure 5 shows the best practices shared by practitioners interviewed for this report.

Figure 5 - Key levers and best practices to build a high-performance direct sales force

Objective	4 key levers	6 sub-levers	Best practices
Build a high-performing DSF	Recruit high-potential sales agents	Run an efficient and quality recruitment process to identify good candidates	• Analyse the profile of best performing agents to set selection criteria for recruitment • Encourage peer-to-peer recruitment
		Give everyone a fair (but short) chance	• Provide an initial activity-based stipend to create the right routines and avoid early discouragement • From the outset, implement a zero tolerance policy on fraud, and a low-tolerance policy on under-performance
	Develop agents' performance through training, coaching and feedback		• Offer hands-on management through frequent interactions with agents, leveraging technology for cost-efficiency • Prioritise peer learning in training sessions
	Retain best performers	Provide meaningful financial and non-financial incentives	• Instead of rewarding top-performing sales agents with promotion to managerial level, provide generous remuneration • Adapt (non-financial) incentives to agents' needs e.g, health insurance • Create a sense of belonging
		Help agents to sell over time	• Frequently innovate your promotion materials to maintain both agents' and customers' interest • Provide branded goodies that help agents sell • Encourage competition between sales agents
	Direct sales agents' efforts towards the company's key success factors		• Evolve incentives with the company's objectives • Reward not only sales, but also key factors that build long-term success

This report, and its specific focus on direct sales forces, is a first step towards gaining a comprehensive understanding of distribution strategies at the last 100 meters. An important next step will be to gain deeper knowledge of informal retailers, who remain the most common channel at the last 100 meters. Nevertheless, we hope that the learnings included in this report enable practitioners looking to sell impactful products at the last 100 meters to help consumers live healthier lives.

A Nutri'zaza sales agent distributing products to an informal shop

Credits: Nutri'zaza

1. LANDSCAPE OF CHANNELS AND PRODUCTS AT THE LAST 100 METERS

1.1 DISTRIBUTION CHANNELS AT THE LAST 100 METERS

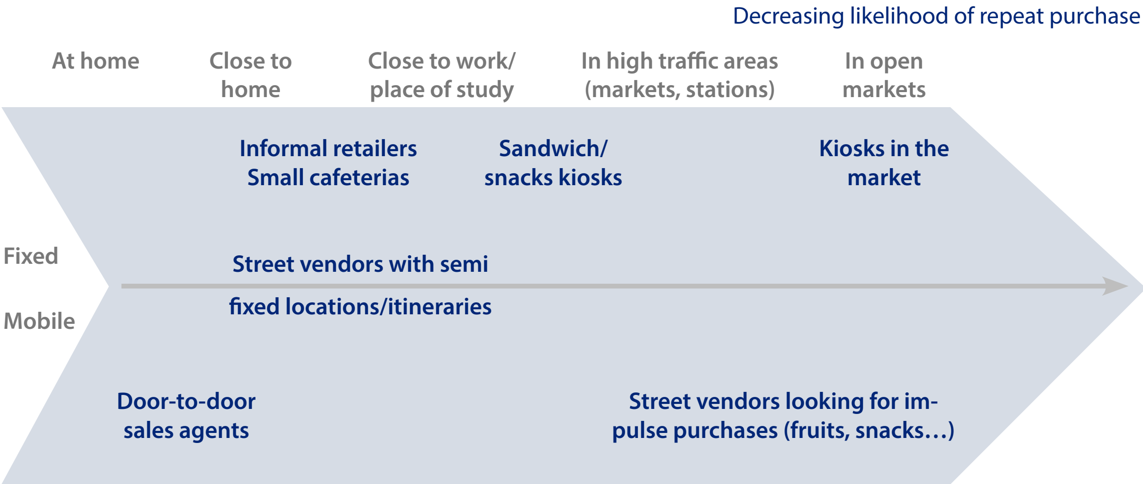
Distribution channels at the last 100 meters have developed in response to low-income consumers' tendency to manage their budget on a daily basis, and thus make daily purchases. The billions of individual sachets sold every year in developing markets of soap or laundry detergent are one example of this daily purchasing pattern.[10] Contrary to socioeconomic class (SEC) A and B[11] consumers, who can drive at will to modern trade stores and make weekly purchase, SEC C and D consumers' purchasing means are more limited – from financing to transportation and storage. As a result, most shop for groceries and make daily purchases (sometimes on credit, sometimes with cash) within a few 100 meters of their homes, schools or workplace; often on their way from one to the other.

There is a great variety of informal distribution channels at the last 100 meters (as presented in Figure 6), as opposed to more formal channels like e.g, supermarkets. Terms often overlap, but this report adopts the following definitions:

- Door-to-door sales agents: a direct sales force visiting potential consumers on their doorsteps in a defined geographical area
- Street vendors with semi-fixed locations/itineraries: a direct sales force usually using pushcarts which may be mobile, but are almost always installed in the same location (e.g, fruits and vegetables vendors) or following the same daily or weekly itinerary
- Street vendors seeking impulse purchases: a mobile direct sales force visiting high traffic areas to sell ready-to-eat products to passersby
- Direct sales force: any type of semi-fixed or mobile sales force in which sales agents have direct interactions with consumers (including all three types above)
- Sandwich/snack kiosks: informal kiosks that are usually static, offering sandwiches and snacks
- Market kiosks: established, fixed food kiosks in open markets
- Cafeterias: independent small restaurants with wide-ranging opening hours, cooking a limited offer of meals and selling snacks
- Informal retailers: small, independent, often family-owned shops, typically referred to as "mom-and-pop shops". They are particularly visited by SEC C-D consumers, who are not served by modern trade, for vital goods and services. P&G calls these small shops "high frequency stores", given how often the same consumers visit them.[12]

10 Unilever (2017), "Unilever develops new technology to tackle the global issue of plastic sachet waste"
11 Socio-economic class (SEC) is a classification typically representing the level of income within a country. It divides the population into five categories, with category A being high level of income, and E being low level of income. Categories are not all equal and vary depending on countries. As an example, Nigeria's population is split as follows: A (6%), B (5%), C (9%), D (20%), E (60%), with category E including people earning less than $2 per day and category A more than $20 per day (source: IPSOS, 2019). SEC E was not included in this research as this category is often almost completely excluded from the formal economy.
12 Byron, E. (July 2007), "P&G's Global Target: Shelves of Tiny Stores"

Figure 6 - Landscape of distribution channels at the last 100 meters



These channels vary in terms of

- Level of formality
- Type of purchase (one-off versus repeat), based on their location
- Consumer profile, which is highly dependent on location, e.g, outdoor sitting spots are mostly visited by men, while tabletops in open markets tend to be visited by women.

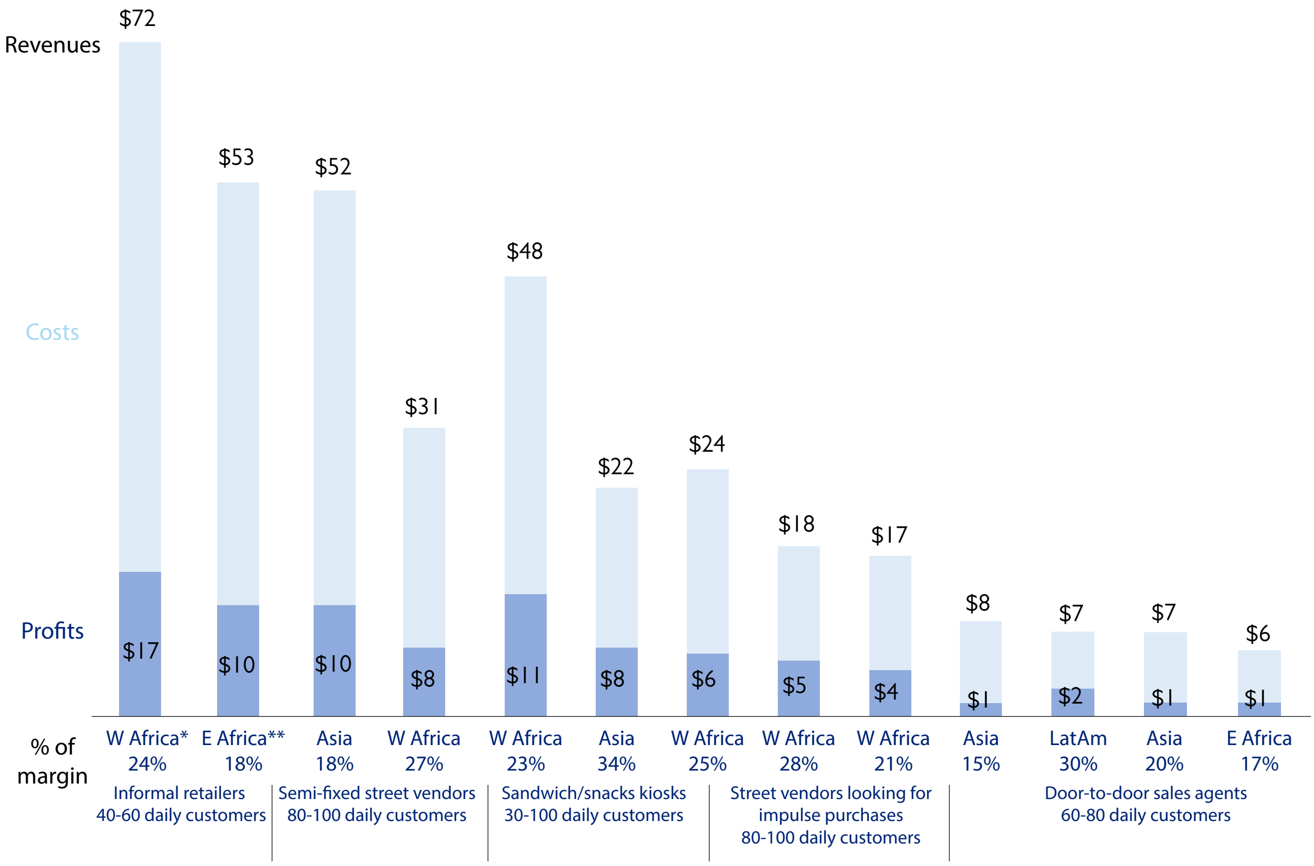
Illustrative pictures of open markets and outdoor sitting spot. Credits: Hystra

All channels do not, however, suit all products and purposes. Some serve specific consumer segments and will not be well-suited for products targeting other groups. Others aim for impulse purchases and will struggle to generate frequent consumption or to push new products.

Most channels receive a limited number of customers per day. For example, BMGF PSP research found that small, road-side kiosks selling soup and porridge in Kenya, or milk hawkers selling in slums, typically saw only 30-50 customers per day. Milk vending machines in Kenya or pain bro (sandwich kiosks) in French-speaking West Africa could get slightly over 100 customers a day. These relatively low numbers of customers can be explained by the very close proximity of these different channels, with a kiosk or informal retailer on every other street: a study by the Financial Inclusion on Business Runways (FIBR)[13] project found that Nairobi dukas (small shops) offering the same products and prices were located every 10 meters.

The different channels' daily revenues can wary widely, between $6 and $72 per day (as seen in Figure 7); with profits ranging from $1 to $17. Informal retailers, semi-fixed street vendors and sandwich or snack kiosks typically make more money than street vendors looking for impulse purchase, or door-to-door sales agents. This is mostly due to the average individual customer purchase being of higher value for the former, who have fixed locations that allow them to stock a higher variety of products, and in the case of sandwich/snack kiosks, also provide value-added products (e.g, tailored sandwiches).

Figure 7 - Informal distribution channels' daily revenues, costs, profits, and number of customers



*West Africa; **East Africa

Source: interviews conducted for this report, PSP projects, FIBR/BFA Global

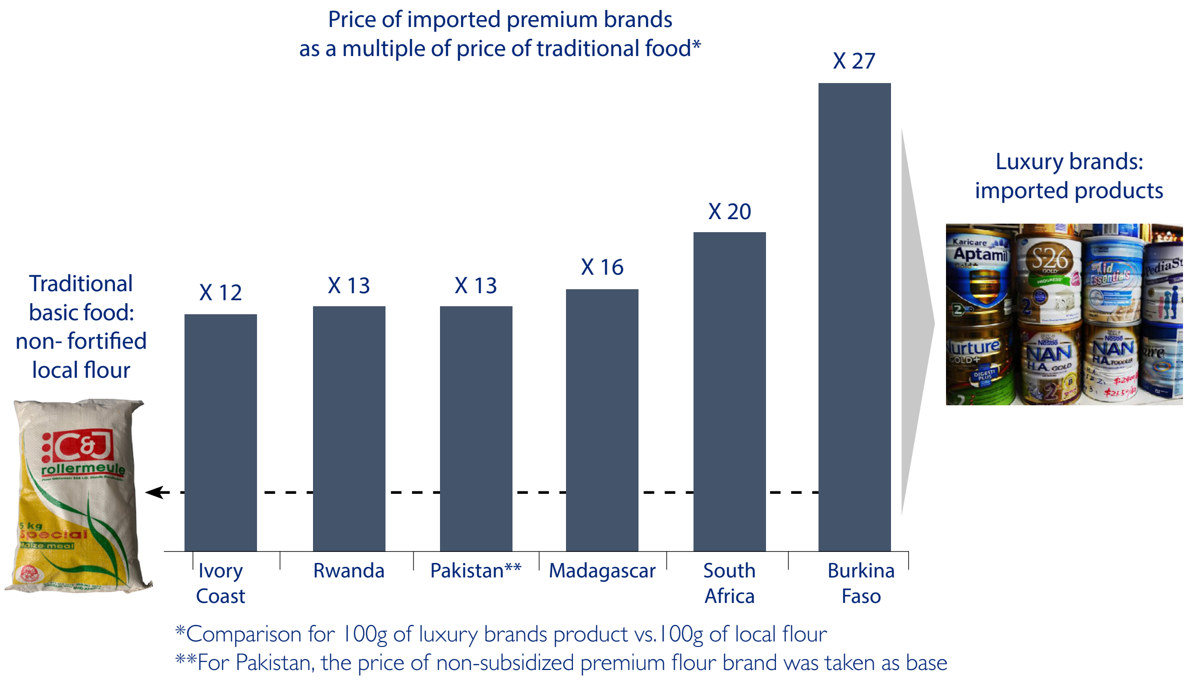
13 Linares, J. (2018), "A Day in the Life of a Shopkeeper"

1.2 BRANDED PRODUCTS FOUND AT THE LAST 100 METERS

Fortified nutritional products from large national, regional or global industrial players are rarely available at the last 100 meters in low-income urban areas, regardless of brand awareness. By and large "big" brands are distributed only via modern trade and pharmacies, where higher-income segments typically shop. Nonetheless, there are a few exceptions – for instance, BMGF PSP 2018 research found that Cérélac (Nestle infant flour) was available in 100% of Ouagadougou's pharmacies and medium and large grocery stores, and in 60-70% of small, informal retailers.[14]

The most obvious reason for this is price. Most premium, aspirational brands are over 10 times more expensive than a traditional, basic, non-branded or local-branded food. This means they are often completely out of reach for the average customer of a distribution channel at the last 100 meters, serving low-income consumer segments.

Figure 8 - Imported premium brands of fortified infant flour vs traditional basic flour



Source: Hystra (2014) and subsequent analysis

Conversely, small informal retailers mostly sell more affordable products from local or regional brands. These cheaper prices are typically the result of no-frills, sometimes lower quality offerings - e.g, with thinner packaging or repacking done from bulk into smaller plastic bags by the reseller. Often, these brands also approach marketing very differently to international/premium brands. They use a "push" strategy – offering larger margins to the distribution chain and, in particular, retailers – rather than a "pull"strategy – spending on Advertising and Promotion (A&P) to create consumer demand. Local or regional brands sometimes imitate more established brands through what is often called a "me-too" strategy, with products adopting a very similar "look and feel" to marker leaders. The PSP program adopted this strategy when designing affordable quality products, thereby replicating the success factors of imported brands by: (1) developing a product with similar consumer appeal to more expensive market-leading alternatives, including an aspirational packaging and individual portion packs; and

14 Initiatives Conseil International (2018), "Project Meriem: Solutions commerciales contre la malnutrition, Burkina Faso, Mali, Niger: Enquête sur la distribution des farines infantiles"

(2) investing in direct distribution and point-of-sales activation with consumers, to ensure product awareness and availability.

Overall, the last 100 meters remains a place that quality, affordable, nutritious products targeting C-D consumers are mostly yet to penetrate.

Figure 9 - Me-too strategy in another sector: Aba in Vietnam, building on the back of Omo's established brand

BOX 3: Meriem Super Léo - Making nutritious infant flours available to the greater to fight infant malnutrition in Burkina Faso

One in four children under the age of five is affected by stunting[15] in Burkina Faso. Fortified flour has therefore been identified as one of the best-suited foods to complement breastfeeding for children aged six to twenty three months. Making these products widely available across the Burkinabé population can have a significant and long-term, positive impact on children's health.

The Meriem[16] project, co-funded by BMGF and AFD, brings together a pool of experts and Sahelian businesses seeking to reconcile social objectives and economic profitability. Together, they are striving to demonstrate how marketing nutritious solutions can more effectively contribute to preventing all forms of malnutrition in urban areas.

Meriem analysis of the existing offers showed that none of the infant flours available on the market were well-positioned to meet this objective. Most local flours were not fortified, nor convenient as most required cooking, and very few were instant. On the other hand, imported flours were fortified and instant, but were too expensive for the vast majority of consumers to consume regularly. Apart from the market leader Cérélac, whose flour was available in approximatively 60% of Ouagadougou shops thanks to its small portion size and regular promotional activities, the overall availability of infant flour remained quite low (<10% of surveyed shops stocked it in 2020). More specifically, imported infant flours were available in 5 to 10% of shops surveyed, compared to just 1% of shops stocking their local, non-fortified counterparts; and the presence of these products was mostly concentrated in supermarkets and pharmacies.

In partnership with local producer Sodépal, and food distributer Fortis, Meriem designed Super Leo to fill this market gap: a fortified, instant infant flour made with local ingredients (corn, soybean and peanut) and sold in an aspirational packaging at F1200 for 400g -40% cheaper than imported products.

Super Léo is distributed through traditional retail channels that are already well-established and frequently visited, to quickly maximize product availability. In addition to Fortis' network of food and pharmaceutical wholesalers who drive sales volumes, the product is also sold by seven business-to-business (B2B) vendors to ensure product visibility across Ouagadougou. Vendors receive daily routing on their phone to direct them to the shops that already sell infant flour and are therefore deemed most likely to be interested in purchasing Super Léo. Optimized routes help vendors maximize their conversion rate while reducing dead times due to transport issues or delays.

In its first two months after launching in early 2021, Fortis had sold 10,000 products which had become available in approximately 500 shops in Ouagadougou. At the time of writing this report, a media campaign was soon to be launched to increase product awareness and encourage more shop owners to stock the product, and a new 70g option was being created.

With a Net Promoter Score[17] of 36[18], initial consumer feedback has been very positive. This confirms the opportunity for an aspirational and affordable fortified flour to improve the nutritional status of Burkinabé children.

Source: Jeanne Charbit Dunoyer, Meriem Project Manager in Burkina Faso at time of launch

17 Net Promoter Score is a market research metric asking respondents to rate the likelihood that they would recommend a product or service to a friend or colleague. As a comparison, a 2021 study by Customer Guru found that NPS ranged from minus 10 to 15 for 22 large food products manufacturers.

18 Based on a survey of 22 Super Léo clients.

A FanPrime agent during her daily round

Credits: Danone Nigeria

2. REACHING THE LAST 100 METERS WITH NUTRITIOUS PRODUCTS: THE ROLE OF A DIRECT SALES FORCE

Ensuring regular consumption of nutritious products requires a high penetration at the last 100 meters, to enable frequent purchase. But what is the most cost-effective way to achieve this high penetration?

The sections below delve into the roles different channels can play in launching (and ensuring frequent consumption for) nutritious products, with a specific focus on direct sales forces.

2.1 SHORT-TERM ACTIVATION: LAUNCHING AND CREATING DEMAND FOR NEW PRODUCTS, AND ESTABLISHING POSITIVE CONSUMPTION HABITS

Traditional distribution channels at the last 100 meters (informal street vendors and retail shops) are generally unable to create consumer demand for new products. Street vendors and informal shop owners rely on passive sales of products already in demand, and do not actively promote products or new consumption habits. Furthermore, they have limited shelf space (if any), which makes such vendors and informal shop owners risk-averse, i.e, wary to sell products that are unproven, or invest in specific equipment to sell them.

Against this backdrop, a specialized direct sales force can be an effective channel to launch new products. At this early stage, a direct sales force can play a key role in filling logistic gaps, marketing the product (possibly replacing some of the fixed costs of a traditional Advertising and Promotions (A&P) budget), gathering early consumer feedback, and creating an early routine for consumption frequency.

2.1.1 Filling logistic value chain gaps

Some products require new infrastructure to deliver superior value to their target consumers – be it a cold chain, or a "warm chain" to offer a hot, ready-to-eat and possibly tailored offering to consumers. This new infrastructure is all the more essential when informal retailers are frugally equipped, i.e, with almost no equipment beyond their shelves.

For brands that are already well established with a high market share, it can be worth installing shared infrastructure at existing sales points, e.g, branded fridges in informal retail – a strategy that large soft drinks manufacturers pursue across the world. For smaller players with less well-known brands, such investment is unlikely to provide any pay-back as shopkeepers will use their limited shelf space to sell other, more popular products requiring the same infrastructure.

The alternative for a lesser-known brand is therefore to create its own direct sales force with appropriate equipment Using a direct sales force at product launch will also help create awareness around the product and showcase its unique value. This was the strategy of Grameen Danone Foods Ltd. (GDFL) when it launched its yogurt in rural Bangladesh, as explained in Box 4. GDFL later re-assessed its distribution channels as the market matured and shops became increasingly equipped with fridges paid for by incumbent players, such as ice-cream companies.

BOX 4: Grameen Danone Foods Ltd. - Evolving a distribution strategy to balance impact and cost-efficiency

Grameen Danone Foods Ltd. (GDFL) is a joint venture between Danone and Grameen. It aims to address infants' malnutrition in Bangladesh, by selling fortified yogurts for five to twelve year-old children, and initially targeted rural areas.

When GDFL first launched in 2006, it encountered several challenges. Yogurts, especially low-sugar options, were not frequently consumed by Bangladeshis, which meant the team had to focus on creating a new eating habit amongst children. The product also had quite a specific target market (mothers purchasing for their children), and required refrigeration on leaving the factory – which most shops and homes lacked. GDFL therefore created a new distribution model. It recruited rickshaw delivery drivers to distribute stock to local mothers every one-to-two days, with drivers equipped with insulated bags and working as door-to-door sales agents in the areas surrounding the factory. Working four to five days a week, women sales agents also sold products alongside running "proximity marketing campaigns" to target fellow mothers in their village.

In 2012, GDFL re-assessed the cost-effectiveness of its distribution model. Cold chain issues were disappearing, as most shops were now equipped with fridges. Targeting only mothers had also become irrelevant: children themselves represented up to 60% of sales, buying the product with their own pocket money. Both trends, combined with the inherent management challenges of running a large, decentralized direct sales force, encouraged GDFL to switch to a more traditional, informal retail distribution channel.

In parallel, the company also added urban areas to its distribution strategy; getting the yoghurts straight into urban retail shops, after initial activation sales outside schools, and achieving lower overall distribution costs than the initial direct sales force model incurred. As of 2021, GDFL has achieved a 60% penetration of shops with fridges in its area of operations; mostly relying on impulse purchase, having made the yogurt attractive to children with fun, easy to "spot and grab" packaging. Each shop now sells on average two yogurts per day, with an average consumer consumption frequency of three to four yogurts per week – driven by a few regular purchasers and many one-off purchases.

GDFL now aims to increase penetration and consumption frequency of all its fortified products, by adding new fortified biscuits for children to its product offering. This will serve both business and impact goals by maximizing the chances that children consume at least one fortified product every day. GDFL also wants to broaden its offer, including with e.g, non-fortified yogurts for adults, to improve retailer and distributor revenues and increase the number of shops that carry its products.

Source: Interview with Anna Perinic, former General Manager of Grameen Danone

BOX 5: Combining bulk vending and direct sales force to ensure cost effectiveness and consumption frequency

Low-income consumers are sometimes unable to purchase quality foods simply because of the size and corresponding costs of nutritious food packs. For example, while they may be able to pay for a glass of milk, a whole bottle might be too expensive. Could an automated, bulk vending machine solve this problem by providing flexibility around quantity, while also ensuring constant quality – not just for milk but also for other fortified foods?

PSP commissioned the G4G team to conduct research on bulk vending models for the distribution of healthy food or drinks. Across the models identified, the sophistication of the vending machines varied – from water purifying units in India, to milk vending machines in Kenya, and bulk kinetic machines for dried products in Chile. Existing consumers demonstrated that they were willing to pay a significant price premium for fortified or quality food products, which bulk models still made 30 to 50% cheaper than branded industrial packaged goods, due to costs saved on packaging and transportation. There thus seemed to be a business case to develop for a bulk model selling nutritious food that could truly impact consumers' diet and health.

PSP then asked G4G to transfer these first learnings into a machine selling nutritious ready-to-eat foods, such as fortified porridges. However, the cost of a tailored machine with the capability to manage liquids and solids, blend, and heat, proved prohibitively expensive.

Yet the research uncovered another opportunity: central (bulk) kitchens for fortified, ready-to-eat street vending. This new model would be based around a central kitchen overseeing preparation of the food, which would then be sealed into containers and given to a network of street vendors to sell. First, the model would leverage the unique penetration of channels enabling "street eating", such as head hawkers, table tops and informal retailers; a behaviour that is deeply ingrained in low-income consumers' habits in many emerging markets. Second, it would tap into the demand for higher-quality products, demonstrated by the models above. Last, the combination of a centralized kitchen with street vending would provide two key benefits: (1) through managing the food preparation and portion size, it would enable the delivery of a safe, adequate nutritional intake for target customers; and (2) through street vendors creating routines and building trust-based relationships with their consumers, it would foster consumption frequency.

In addition to nutritional impact potential, this model could also help improve the efficiency and working conditions of street vendors. Indeed they would spend less time cooking and more time selling, thus increasing their revenues. They would also enter a formalized network of workers and could therefore be offered additional social benefits.

However, just like for the bulk vending machine models studied previously, the key challenge for this model would be finding mechanisms to scale. Some existing bulk vending models had achieved fast growth initially; but all had plateaued after establishing a few hundred local units, hampered by the growing costs of ensuring constant quality (e.g, the need for very close management, remote monitoring technologies, etc.) in an increasingly decentralized network.

Unfortunately, COVID-related challenges brought the project to a halt and the model is yet to be tested. G4G still believes in its potential, and the team is available to discuss these findings with any entrepreneur keen to learn more! Please reach out to Lucie Klarsfeld: lklarsfeld@hystra.com.

2.1.2 Replacing marketing spend

Utilizing a direct sales force can also partly or fully replace traditional product launch marketing campaigns, which typically consist of "above the line" (ATL) communication and "awareness-focused" below the line (BTL) activities (e.g, on-the-ground activation activities including parades, trucks with DJs along main roads and at weekly market sites advertising the products through concerts, flyers, or tastings of products etc.). These activities, when well-run, can generate a lot of awareness about new products, but they do not necessarily translate into sales – or, if they do, their action is by definition short-lived compared to a direct sales force, whose interventions continue over time.

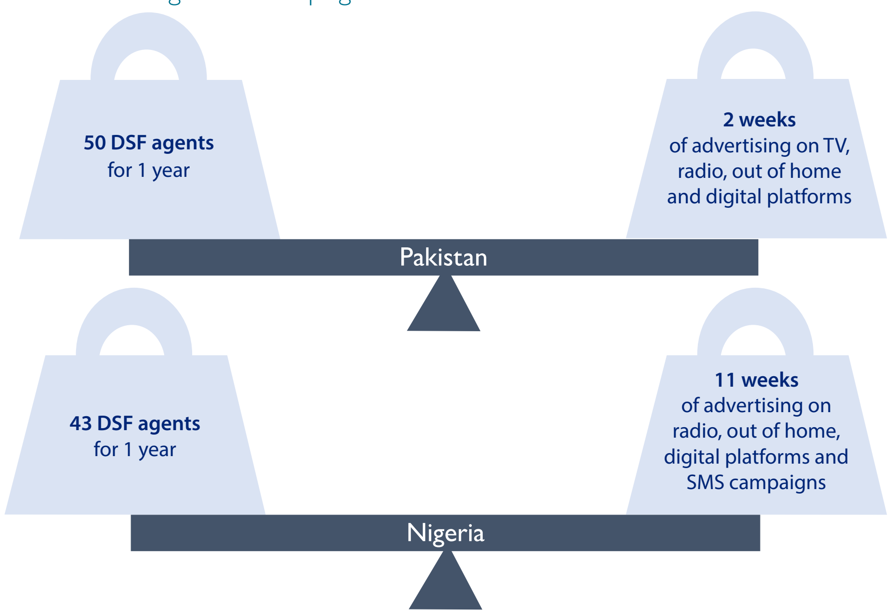
ATL and BTL activities typically fill different roles: ATL raises broad awareness about new products, while BTL provides opportunities for more direct interactions with the said products, thus "de-risking" first trial. As Elias Shashati, Commercial Consultant at Africa Improved Foods (AIF), a company selling fortified breakfasts in several East African countries, explains: "ATL works much better if you have an established brand and you're selling a new product. It would be more effective to run a 360 ATL campaign once the product is available in both retail and wholesale channels – not when you introduce a new brand". When the goal is to introduce a new concept or brand to consumers, which requires trust building, BTL tends to be more effective.[19] For the launch of AIF's fortified breakfast foods, the focus was on BTL through campaigns on social media and direct activation with customers – especially home demonstrations. In Kenya, for instance, 60% of homes visited during a door-to-door campaign to introduce the product purchased it.

There is only a small step between BTL and a direct sales force – as Anna Perinic, former General Manager of Grameen Danone, explains: "In urban areas, we often activate new areas with direct sales agents in front of schools. It has the same effect as BTL campaigns, with the additional benefit of generating actual sales".

The direct sales force involved specifically in activation is likely to become redundant once brands are established. For example, in urban areas, Grameen Danone uses direct sales forces to open new areas and/or to launch new products – then re-allocates the sales force to direct trade routes, or disbands them after a few months creating consumption habits.

The trade-off between a marketing launch campaign and setting up a direct sales force for the same budget (see examples in Figure 10) should be kept in mind by companies interested in creating a market for new products at the last 100 meters.

Figure 10 - What does a $100,000 budget get you? Number of yearly full-time equivalent direct sales force agents vs marketing launch campaigns



Sources: data collected by Hystra

Note: this does not include the cost of developing the marketing campaign, nor management costs

19 For more on this topic, see Hystra (2013), "Marketing Innovative Devices for the BoP", Chapter 4 "Below the line marketing works better"

2.1.3 Gaining rapid, direct feedback from consumers

Another benefit of leveraging a direct sales force at product launch is its ability to directly and almost exclusively reach target consumers and gather their specific feedback. In the case of pain Nagniou, for example, an orange-fleshed, sweet potato-based French baguette looking to improve the diet of Burkinabé women, feedback gathered by the direct sales force revealed that women typically experience the taste of pain Nagniou differently to men and children, who tend not to find it sweet enough. This insight would be difficult to extract and build upon without a direct sales force on the ground (see more in the case study in Box 8).

2.1.4 Creating an early routine to support consumption frequency

Finally, a specialized direct sales force can efficiently encourage not just the trial but also the adoption of new consumer routines. Grameen Danone direct sales force resulted in children consuming Shokti Doi several times per week, while they did not consume this type of product before. Nutri'zaza's door-to-door sales of Koba Aina, an infant porridge sold ready-to-eat, also demonstrates this potential impact (see Box 6 below).

BOX 6: Nutri'zaza - Embedding consumer demand and the "halo effect"

Nutri'zaza is a social business created in 2013, with the objective of fighting children's nutritional deficiencies in Madagascar. The company, originally a project of NGO Gret, sells both fortified flour via retail stores, and ready-to-eat infant porridge (Koba Aina) via door-to-door women sales agents, known as "animatrices".

The animatrices have deeply rooted Koba Aina in the routine of their neighborhoods. They have proven highly effective in driving market penetration – from 43% of target customers (i.e, households with young children) in 2013 – as well as consumption frequency, as they visit mothers daily at home, resulting in 35% of all customers buying Koba Aina daily. The product has become very popular among children, and mothers are ready to pay 2.5 times the price of unfortified rice flour for it.

Nutri'zaza also noticed that animatrices' daily presence had a spill-over effect on retail distribution: when an animatrice operates in an area, it drives demand in surrounding shops. During their daily walk, they often sing the name of the porridge, which brings the product top of mind for customers, including those who prefer to prepare it themselves. Shop keepers are then keen to sell the product when they themselves observe demand in the streets, supported by regular television and radio campaigns about the nutritional advantages of the product.

Source: interview with Mandresy Randriamiharisoa, General Manager of Nutri'zaza

2.2 LONG-TERM DELIVERY: ADDING VALUE AND INCREASING CONSUMPTION FREQUENCY

As detailed below in section 3, while a direct sales force can be a cost-efficient activation and marketing channel, retail is likely to remain the most cost-efficient sales channel in the long run. This means that a direct sales force can only be relevant over time if it adds further value by creating additional sales volumes to offset the cost of recruiting and managing sales agents in the first place; and acting as a secondary channel to complement retail sales.

2.2.1 Providing convenience: paid home delivery and ready-to eat options

It is a common misconception that low-income customers will always look for the cheapest option. The wide price gap between traditional, unbranded products and premium branded products means there is often space for other products with different value propositions. Customers usually want the tastiest, most nutritious and convenient product they can afford – not necessarily the cheapest one on the market. And they are ready to pay a premium for this additional perceived quality.[20]

Home delivery, for instance, is particularly valued when it comes to heavy or bulky items. Naandi Community Water Services, a social business distributing purified water through a village kiosk network in India, noticed that customers were ready to pay two to five times the price of water at the water center, to get their 20L jug delivered to their home.[21]

Another form of convenience that people value is ready-to-eat food delivered at mealtime - whether in the low-income areas of Antananarivo or Ouagadougou, or in New York and Paris. For example, Nutri'zaza started distributing its fortified porridge in a ready-to eat version through local "baby restaurants" called hotelin-jazakely, and through women sales agents who prepared and delivered it warm to mothers' doorsteps, daily. As seen in Box 6 above, this direct sales force was able to both motivate consumption frequency – the initial goal of the then donor-funded program – and create sufficient pull to raise the interest of retailers, who had initially refused to stock the product on their shelves. The program has grown, and retail now represents 50% of sales, while the direct sales force still accounts for 30% (the remaining 20% is distributed through institutional channels). Nutri'zaza chose to keep its direct sales force as its "social channel", to serve some of the poorest urban areas of Madagascar and help activate new markets; while also bringing some business benefits to the brand.

2.2.2 Reaching specific, new consumer segments

Tailored direct sales forces can generate incremental sales by improving the penetration of priority consumer segments, with limited cannibalization. Segmented sales can be difficult to achieve in "generic" channels, such as retail. This is why, when Danone FanMilk launched FanPrime, a fortified frozen yoghurt targeting women of reproductive age, in Nigeria, it decided to work with three different channels. It built on FanMilk's historical sales force of street vendors located in hotspots to maximize penetration, in order to still take advantage of impulse purchase; and developed two additional sales channels to target and reach women specifically (see Box 7 below). Different sales locations helped ensure that new channels had limited cannibalization over previous ones, and actually boosted overall sales by keeping the product on consumers' minds. Bel, a dairy products manufacturer, also epitomized this approach when it started distributing products through street vendors in order to reach low-income consumers that did not visit supermarkets, its initial distribution channel. The objective was both to make the product accessible at the last 100 meters and to democratize its image as a premium product (see Box 9 for more information).

20 For more detail on this, see Hystra (2014). "Marketing Nutrition for the BoP", Chapter 2 "BoP consumers are ready to pay more for nutritious products that they value"
21 For more detail on this, see Hystra (2014), "Marketing Nutrition for the BoP"

BOX 7: FanPrime (Danone) - Developing a new, direct sales force alongside historical channels, to achieve maximum product penetration

FanPrime is a fortified frozen yoghurt targeting women of reproductive age and distributed by FanMilk, a subsidiary of Danone. As the positive health impact of this new product is largely dependent on the frequency at which it is consumed, FanMilk Nigeria has developed two innovative distribution channels in addition to its historical one, to ramp-up consumption frequency among the target group.

The historical FanMilk sales channel, a unique fleet of more than 10,000 street vendors that have been operating for over 50 years in Nigeria, has proven successful at reaching a large number of consumers from all income segments. However, it was not designed with a focus on repeat sales, and did not endeavor nor had the means to engage consumers on the behavior change necessary to achieve frequent consumption of nutritious products. Indeed, the FanMilk street vendors, who are primarily male, target impulse purchases: they select location "hotspots" (e.g, high traffic areas, bus stops and places of worship), and wait for on-the-go consumers.

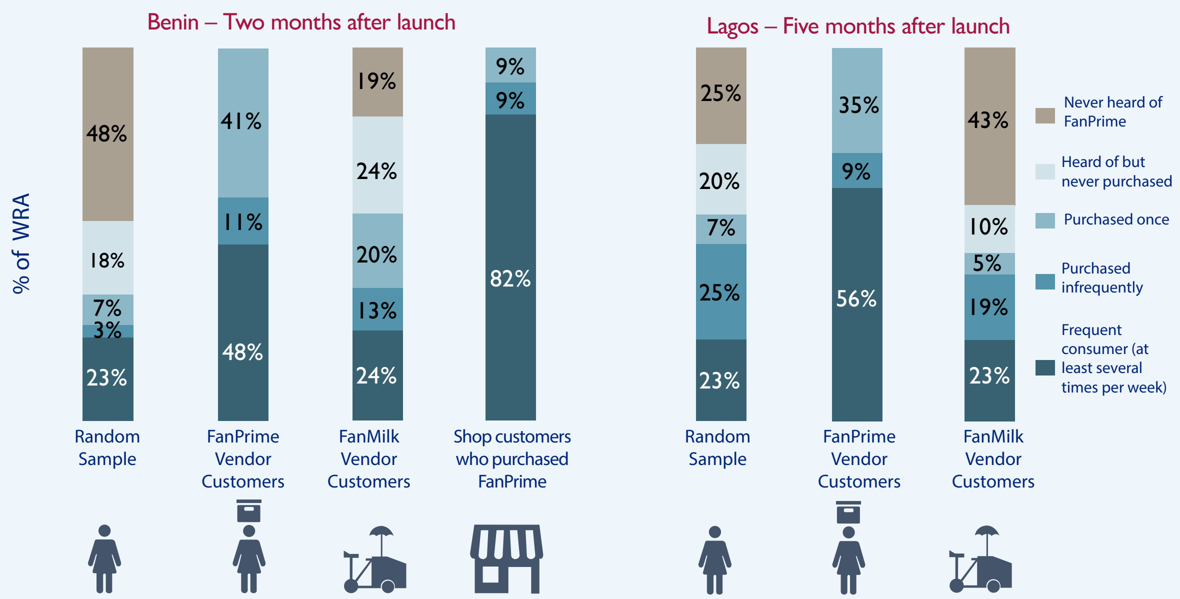
FanMilk thus developed new channels in collaboration with the BMGF PSP TA Network, inspired by its previous experience with street vending and retail, with the goal of creating additional consumption opportunities for FanPrime. These new channels have been piloted and improved through market tests in Lagos and Benin City:

- A FanPrime direct sales force of women street vendors sells FanPrime products exclusively (and not other non-fortified FanMilk products), in locations frequently visited by women, such as open markets and low-income residential areas. The objective is to leverage the community relationships of these women vendors in areas where traditional FanMilk vendors are not (or are less) present, and to deliver simple, targeted messaging on the benefits of the product.
- A new fleet of business-to-business agents, called Super Vendors, equipped with bicycles or tricycles, supplies local informal retailers with FanMilk products including FanPrime. The objective is to make FanPrime available in the same locations at any time of the day, thus enabling women consumers to access the product in places where they usually shop, and therefore creating a purchasing routine.

Preliminary insights on consumption frequency (presented in Figure 11), indicate that women vendors achieved twice as high a proportion of frequent women consumers as male FanMilk vendors two months after launching in Benin City and five months after launching in Lagos. Yet, the highest overall occurrences of consumption frequency were in retail shops, suggesting that retail sales benefited from the increase in number of channels distributing the product.

As of early 2021, after a successful market test for FanPrime and its two new channels, FanMilk Nigeria decided to scale up both of these channels over the next five years. For more information about FanPrime experience on developing a women-vendors sales force, see Hystra's article "Building A Women-to-Women Sales Network: A fireside chat with FanMilk Nigeria".

Figure 11 - Consumption frequency fell slightly in Benin, but is quite high in Lagos – particularly among WSF customers



NB: sample sizes between 80-150

Source: FanPrime data, Hystra and Mathematica analysis

2.2.3 Consumption frequency: multiplying occasions to purchase

Beyond convenience and new consumer segments, diversifying the types of last 100 meter channels enables companies to cover all eating and purchasing occasions along the consumer journey, thus increasing the potential consumption frequency. For instance, pain Nagniou (see Box 8, below) is distributed to a wide array of bakeries and street vendors to ensure (1) market penetration and availability to a variety of consumer segments, and (2) the possibility to purchase pain Nagniou at different occasions.

Stuffed Pain Nagniou for lunch

Pain Nagniou dipped in coffee

Pain Nagniou on its own

Pain Nagniou accompanying meals

Various uses of pain Nagniou, credits: Hystra

BOX 8: Meriem Pain Nagniou - Product versatility enabling frequent consumption via a range of channels

Introduced in 2019 in Burkina Faso as part of "Project Meriem", pain Nagniou ("sweet potato" in Moore, one of the local languages of Burkina Faso) is a first-of-its-kind orange-fleshed, sweet potato-based French baguette. Naturally rich in beta-carotene and soon to be fortified with a mix of minerals and vitamins tailored to the needs of Burkinabé women, it provides a nutritious alternative to the gluten filled sandwiches and sweetbreads high in saturated fat, which are widely consumed across Burkina Faso and West Africa.

Pain Nagniou's reception by local consumers has also been promising. Among the 37k consumers reached through a one-month BTL promotion, 43% stated their willingness to buy the product and 40% said they preferred pain Nagniou over the traditional baguette in spite of Nagniou's higher price point.

To maximize consumption frequency, pain Nagniou is sold at all points of sales where Burkinabés currently buy bread, including bakeries, breakfast kiosks, sandwich booths, and open markets. The bread's versatility enables this, because it can be eaten on its own, soaked in tea or coffee, stuffed, or toasted and buttered–creating a range of potential consumption occasions.

However, relying on traditional sales channels, that are used to selling only one type of bread and do not have time to promote new products, might not be sufficient to anchor Pain Nagniou in Burkinabés everyday habits. Project Meriem is currently developing a more proactive, dedicated direct sales force to distribute pain Nagniou in key locations, and ensure product trial and consumption in the initial months after its launch. This direct sales force is envisioned as an activation channel that will encourage, complement and reinforce traditional channels.

The combination of product versatility and a range of distribution options means pain Nagniou is uniquely positioned to achieve the consumption frequency required for impact through nutrition. Between its official launch in October 2020 and June 2021, 51,000 loaves have been sold across 20 neighborhoods in Ouagadougou through the various points of sales cited above.

Source: Jeanne Charbit Dunoyer, Meriem Project Manager in Burkina Faso

2.3 DIFFERENT SKILLSETS REQUIRED TO ACHIEVE SHORT AND LONG-TERM GOALS

When launching a new brand and product, sales agents or vendors must create consumer pull. For example, international NGO BRAC's 45,000 community health workers, called "Shashtya Shebikas", played a key role in building the market for micronutrient powders in Bangladesh; accounting for three quarters of the market three years after its launch in 2012-2013. A competing brand was launched simultaneously by another local company through retail and pharmacies only, and captured just 25% of the market over the same period. Interestingly, however, once the market for micronutrient powders was established, the competing brand overtook Shashtya Shebikas' sales volumes, as the latter stopped promoting the products and retail became the key sales channel.[22]

In more mature markets, the main role of a direct sales force is then to ensure product availability. These two different roles require different skills or "profiles". Nutri'zaza, for instance, adapts the profile of its women sales agents depending on the maturity of the market. When they first enter a new area, senior sales agents are responsible for market activation and must therefore have skills in consumer engagement and communication, to explain the product benefits during their daily round. Once the product is more widely known and has entered children's (and their mothers') consumption habits, activation becomes a minor part of the position – meaning the senior sales agents hand over the area to more junior ones; whose role is largely logistical: they must simply deliver the product on time, every day, in order to maintain high consumption frequency (35% of consumers purchase the product daily). Bel Sharing Cities program described in Box 9 below provides another example of the needs for different vendors' profiles depending on market maturity.

2.4 PIGGYBACKING ON EXISTING NETWORKS TO SAVE TIME AND MONEY

Building a direct sales force is a costly and complex investment that piggybacking on existing networks can help to mitigate. Not all networks will do, however.

- **First, their existing baskets need to be a good fit for the new product.** For instance, it made sense for BRAC Shashtya Shebikas (referred to in section 2.3 above), to sell micronutrient powders as part of their community health worker roles, because it complemented their existing product offering.
- **Second, when launching a new product, agents or vendors must be able to dedicate time to activation, and be credible in their communities.** Again, Shashtya Shebikas made an excellent channel for health-related products, due to their well-established community links, and the part-time nature of their existing engagement which allowed for additional time explaining a new product.
- **For products already known in the market, the key criteria in selecting a network to piggyback on will be to choose one that is easy-to-scale – i.e, ideally both with high existing outreach and with the potential to aggregate sales points** into large units for cost-efficiency. In all its cities of operation, Bel's multi-country street vendor program, Sharing Cities, leverages networks of existing street vendors who gather at the same spots regularly (e.g, fruit vendors going every morning to the same wholesale market). Bel can then easily install kiosks in these spots, where its sales representatives efficiently serve large groups of vendors. See Box 9 below for more information.

22 Hystra Analysis

BOX 9: Bel - Scaling up distribution via existing networks

Bel Group's attendance at the 2011 International Convention of Street Vendors in New Delhi highlighted the common interests of street vendors, who struggled to formalize and improve their activity, and of Bel, who was keen to implement activities that reconcile economic sustainability and social impact in emerging countries. Bel thus created Sharing Cities, an inclusive business program that aims to distribute Bel's dairy products via existing street vendors, while improving their working and living standards.

The first Sharing Cities program was set up in Ho Chi Minh City, which is home to 25,000 fruit and vegetable street vendors.[23] Bel built on this existing, well-established and recognized network to distribute its products at the last mile. Vendors' ability to explain the product's benefits was not a criteria for recruitment – given how widely known Bel's Laughing Cow cheese already was – so they just needed to make the product available on their stand. However, in India, where the market for the Laughing Cow is yet to be built, distribution through street vendors is proving more complex to kick off. Bread sellers, selected because of the obvious bread synergy with the Laughing Cow, were meant to also play a role in presenting the product benefits. But their level of education and confidence made this a difficult task – Bel is instead looking at asking them to share leaflets with their clients to fill in this activation gap.

The Ho Chi Minh City program became profitable within two years. Overall, in less than 10 years, Bel has added 7,000 distributors to its distribution networks in five countries: Vietnam, Madagascar, India, Democratic Republic of the Congo, and Turkey. For these vendors, becoming a Bel's product reseller means getting a new income opportunity on top of existing product sales; as well as accessing an entire set of incentives and advantages, such as business trainings and health insurance. For Bel, as of 2021, this direct sales force makes up for a significant share of sales in Sharing Cities geographies; representing 10% of local sales in Ho Chi Minh City, and up to 20% in Antananarivo, Madagascar.

Source: interview with Alexandra Berreby, Inclusive Business Director at Bel

In any case, the costs and benefits of these approaches need to be carefully balanced over time. The next section proposes a framework to do so with a holistic view of the business.

23 Mars Catalyst (2017), "Bel Group: Bel Access and the Sharing Cities Platform"

Nutri’zaza animatrices

Credits: Nutri’zaza

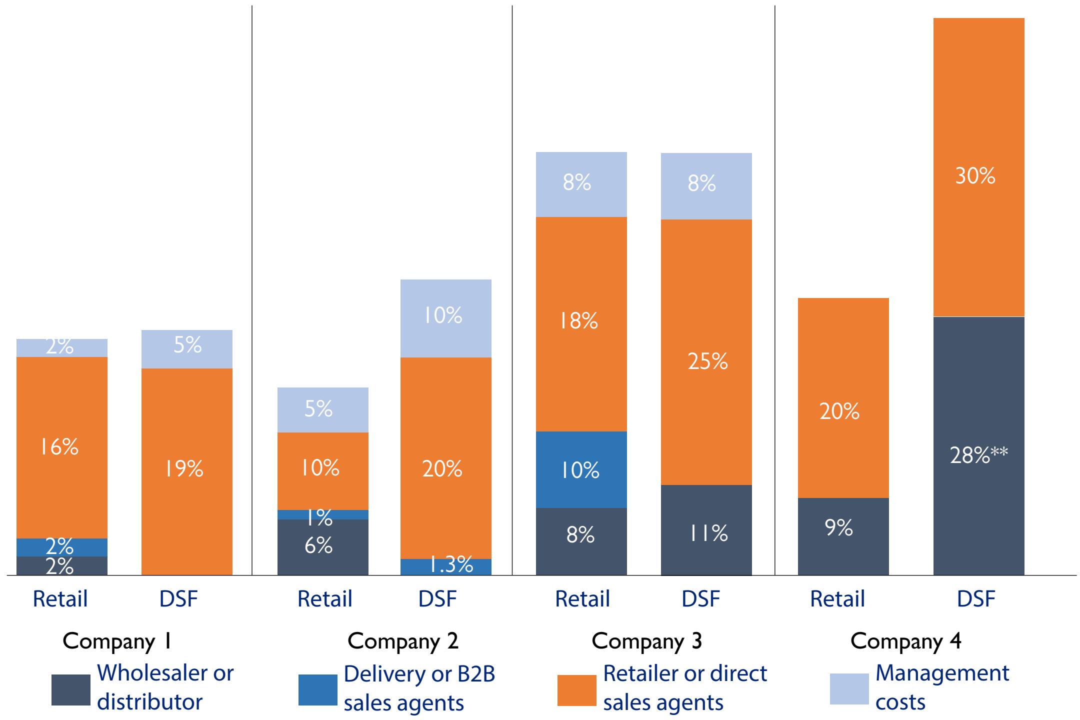
3. ACCOUNTING FOR A DIRECT SALES FORCE: THE NEED FOR A HOLISTIC VIEW

A traditional Profit and Loss (P&L) structure does not capture the unique costs and benefits that direct sales forces bring. While these sales forces tend to be more expensive than informal or traditional retail, they also provide additional benefits and savings that traditional accounting fails to capture.

A proprietary direct sales force channel is generally more expensive than retail, as shown below for four companies leveraging both channels. First, companies setting up a direct sales force often need to offer their agents higher product margins than they may offer to traditional retailers. This is because mobile sales agents can only carry and sell a limited number of units per day, compared to a shop, yet will need sufficient income prospects to accept the job. Further, they are often only paid on commissions: 9 of 11 nutritious food companies benchmarked by Hystra remunerated their sales agents on commissions only. Overall, the margins offered by these companies to their sales agents ranged from 11% to 30%, with an average of 19%.

Second, in addition to offering higher product margins to sales agents, management costs are also greater for a direct sales force, because handling "on the ground" agents requires dedicated supervisors who can only manage a limited number of agents each. Retail, on the other hand, has either no direct management costs – if distribution is done through wholesalers – or limited management costs, when shops are served via company representatives who each move significantly larger volumes than individual sales agents.

Figure 12 - Proportion of distribution costs for direct sales force and retail channels (as a % of maximum retail price)



Source: data collected by Hystra

** for retail, models that include management costs are those where last mile distribution to retail shops is done by distribution agents on the payroll of the company (and not fully externalized)*

*** for company 4, management costs are included in the "wholesaler or distributor" share of costs, as the distributor is in charge of managing the sales agents*

On the other hand, a direct sales force does not play merely a distribution role. As discussed in section 2, additional roles include activation and marketing, as well as increasing the potential benefits for agents and vendors, through livelihood generation or improvement of existing conditions, and consumers, through increased consumption frequency and/or convenience.

Therefore, accounting for direct sales force models should include both the additional costs and benefits created by the channel, to reflect more accurately the impact of the direct sales force on the company. A possible holistic framework to do this is presented in Figure 13. This framework takes as its starting point the revenue from the direct sales force, and, moving from left to right, considers each positive or negative effect of the direct sales force on the company. The end result is a more holistic view of the operating profit of a direct sales force, which takes into account both the additional benefits and costs incurred.

As Figure 13 illustrates, in addition to the direct revenue it generates, a direct sales force can increase revenues in adjacent channels via a "halo effect". This means that the direct sales force's efforts in marketing and community engagement result in consumers being more aware of the product brand, and therefore more likely to buy it from other channels too, in particular neighboring shops. In calculating the P&L, we therefore suggest "assigning" this incremental revenue in other channels, to the direct sales force. With the product costs (Cost of Goods Sold, or COGS) being the same for the direct sales force and other channels, taking into account "halo effect" revenues leads to a higher gross margin for the direct sales force.

A direct sales force, however, is likely to have higher selling, general and administrative expenses (SG&A) costs compared to other channels (e.g, informal retail), because of the additional distribution and management costs attached to its implementation, as we saw in Figure 12. These additional costs should of course be accounted for.

Finally, we suggest considering other positive effects of implementing a direct sales force, represented in Figure 13, in terms of potential cost savings or additional value generated. These positive effects include:

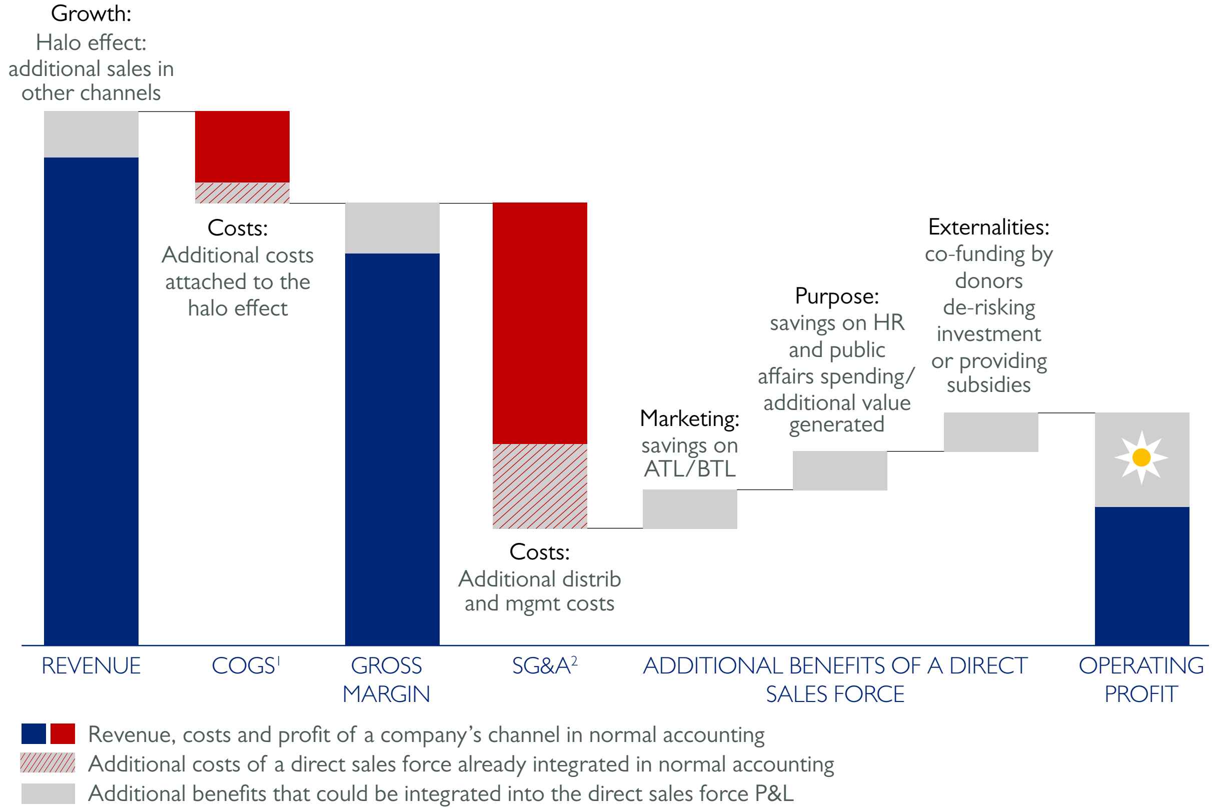
- **Savings on marketing budget because of the activation role of the direct sales force.** Indeed, Alexandra Berreby, Inclusive Business Director in charge of the Sharing Cities program, considers that the program helps create brand awareness and acts as a marketing campaign: "Sharing Cities carries the brand throughout the city with the visibility of its sales agents. It creates equity for our brand and helps us gain new clients because when people see it in their own neighborhood, they know it's a product for everyone". Accordingly, Sharing Cities asks that the program's P&L does not bear any of the local subsidiary's marketing costs.

- **Savings/ additional value generated for human resources and public affairs,** thanks to the impact and sense of purpose created by implementing a direct sales force; especially if it is targeted at low-income agents, vendors or consumers (the costs of external communication to highlight these actions to the general public might, however, need to be reintegrated into the final calculation). Danone and an NGO partner set up the Kiteiras model to realize the joint social and business objectives of engaging women from Brazil's low-income communities, to distribute Danone products and penetrate deeper into low-income areas. The company offers a lower commercial price list to Kiteiras sales agents, so that the final product price remains accessible to low-income consumers – while maintaining good profitability for all actors of the value chain. This lower price is justified in part by the fact that Kiteiras helps strengthen the company's image internally and externally.

- **Cost-sharing with donors** looking for the positive externalities of the project – as it has been the case for PSP partner companies supported by BMGF.

NB: this last possible benefit can sometimes be hard to materialize as setting up public- private partnerships of this kind can be very time-consuming – and does not always succeed. For lessons learned on setting up this type of partnership, see "7 lessons from Mars-BMGF Partnership on Nutrition and Private Sector Partnership for Global Nutrition: Early Learnings".

Figure 13 - Direct sales force holistic accounting: A new way to look at the P&L



1 Cost of Goods Sold;
2 Selling, General & Administrative expenses

A training session organized by FanMilk Nigeria for direct sales force agents

Credits: Danone Nigeria

4. MANAGING A DIRECT SALES FORCE: LESSONS LEARNED FROM PRACTITIONERS

FMCGs that have a strong "pull" for consumers and high margins can be distributed and marketed by large fleets of (often part-time) sales agents with minimal supervision. However, as we have seen, deploying products with the goal of attaining frequent consumption can require more hands-on direct sales forces to do proximity marketing and/or sales at the last 100 meters. Moreover, selecting the right sales channel is only the first step. As the General Manager of one of the organizations studied here puts it: "Choosing the right distribution strategy is 10% of the success – the other 90% depends on perfect execution".

In this section, we look at best practices in direct sales force management that can help ensure this "perfect execution", including but not limited to companies in the nutrition sector.

Figure 14 - Key levers and best practices to build a high-performance direct sales force

Objective	4 key levers	6 sub-levers	Best practices
Build a high-performing DSF	Recruit high-potential sales agents	Run an efficient and quality recruitment process to identify good candidates	• Analyse the profile of best performing agents to set selection criteria for recruitment • Encourage peer-to-peer recruitment
		Give everyone a fair (but short) chance	• Provide an initial activity-based stipend to create the right routines and avoid early discouragement • From the outset, implement a zero tolerance policy on fraud, and a low-tolerance policy on under-performance
	Develop agents' performance through training, coaching and feedback		• Offer hands-on management through frequent interactions with agents, leveraging technology for cost-efficiency • Prioritise peer learning in training sessions
	Retain best performers	Provide meaningful financial and non-financial incentives	• Instead of rewarding top-performing sales agents with promotion to managerial level, provide generous remuneration • Adapt (non-financial) incentives to agents' needs e.g, health insurance • Create a sense of belonging
		Help agents to sell over time	• Frequently innovate your promotion materials to maintain both agents' and customers' interest • Provide branded goodies that help agents sell • Encourage competition between sales agents
	Direct sales agents' efforts towards the company's key success factors		• Evolve incentives with the company's objectives • Reward not only sales, but also key factors that build long-term success

4.1 RECRUIT HIGH-POTENTIAL SALES AGENTS

4.1.1 Run an efficient and quality recruitment process to identify good candidates

Finding a way to identify the most promising sales agents through an efficient recruitment process is key to minimizing not just recruitment but also management costs.

Frontier Markets, an Indian rural social e-commerce platform mobilizing women sales agents, conducted an in-depth **analysis of their existing best-performers** to define their key success factors and turn them into recruitment criteria. As CEO Ajaita Shah says of Frontier Market's sales agents: "We want to know the set of criteria that make you effective and make you a rock star". As such, a priority for Frontier Markets is recruiting agents that have been part of a self-help group for at least three years, so that they have already received training and capacity building about financial and business management.

Peer recruitment can also help to identify and select high-performing agents from the start. Dharma Life, an organization increasing rural Indians' access to basic products and services, encourages their high-performing sales agents to refer potential new candidates. Since these agents have a good understanding and experience of what makes a good seller, they are likely to refer relevant profiles.

4.1.2 Give everyone a fair (but short) chance

Sales jobs are hard, especially for beginners. Incentivizing behaviors that will ultimately create sales, e.g, setting daily sales calls targets, is key to pave the way for future success, while keeping agents motivated. Frontier Markets, for instance, relies on a dual incentives model: agents earn a commission on sales generated, and also receive a stipend based on various KPIs – such as the number of prospective households visited. While commissions are expected to grow with time, the stipend amount remains stable in exchange for increasingly demanding KPIs, as agents evolve. On average, it takes six months for agents to earn commissions that equal the value of the stipend, and, by the second year, commission represents 70% of their total income.

A zero-fraud policy ensures consistent quality of delivery over time. Fraud is a risk inherent in any direct sales force. For those that prepare a product, the risk is not just one of theft but also of non-compliance with the required recipe. This is why Nutri'zaza developed a zero-fraud policy, with instances of product fraud subsequently dropping from 50% of agents in 2013 to <1% in 2018. In rolling-out this policy, the company set up close monitoring of its animatrices by hiring "coaches" to manage 10 to 11 animatrices each. Coaches visit animatrices regularly, offer training and support, and observe operations. The animatrices transfer their daily sales revenues to their coach's account, using mobile money, enabling the coach to monitor remotely that daily sales revenues match with product supplies. Finally, a product quality controller conducts random sample analyses on daily porridge preparations, and verifies compliance with the standard recipe. Beyond these monitoring activities, the company concluded that the most effective way to limit fraud was to enforce strong and immediate sanctions, i.e, removing 100% of the animatrice's sales commission at the first sign of fraud, and dismissing the animatrice after three cases.

While every agent should be given a fair chance, keeping those who do not perform well for too long is counter-productive for all involved. Brice Lewillie, the initial sales force manager of the FanPrime female salesforce, recommends dismissing poor performing agents as soon as possible, to avoid damaging the brand's reputation. This also mitigates against investing time and money in agents that will not last. When FanMilk Nigeria launched its direct sales force of women vendors, it took one to two weeks to confirm whether a vendor would perform well on the job; concluding that if a vendor could not meet an acceptable level of performance after 14 days, they were unlikely to yield results. In a fast recruitment phase, this would typically mean letting go of 5-10% of agents per month.

4.2 DEVELOP AGENTS' PERFORMANCE THROUGH TRAINING, COACHING AND FEEDBACK

The key to ensuring agents' performance is close management with frequent interactions. Morning briefings and reporting, weekly reviews, etc. help ensure agents' daily presence and the constant availability of products, in key locations. Daily catch-ups also provide a space for managers to coach and train their agents, helping to improve their performance along the way. For instance, FanPrime's women sales agents have weekly meetings with their managers. These interactions are good opportunities to test the quality of the sales agents' sales pitch, and to offer additional coaching as needed. Bel Sharing Cities takes a similar approach. Its sales representatives, beyond providing daily stock to participating street vendors, also support their vendors to claim and use the incentives and benefits that they are entitled to within the program. As Alexandra Berreby, Inclusive Business Director in charge of Bel's Sharing Cities program, explains: "Our sales representatives know all the street vendors they work with, how many children they have, the daily issues they face. This proximity is key to keep motivation high and also for us to keep improving our program, thanks to the vendors' direct feedback".

Once the sales force reaches a certain scale, this close management can be efficiently supported by technology. FanMilk, as well as 50 other companies using direct sales forces (representing 10,000 field users), uses FieldPro, a digital solution to monitor trade presence and direct sales force's field performance in real time, developed by Optimetriks. Paul Langlois-Meurinne, Managing Director of Optimetriks (editor of FieldPro), explains: "Beyond a certain size (over a few dozens sales agents), "manual", visual monitoring is no longer sufficient, and a technological tool is needed to be able to monitor and support performance in real time, as well as to compute and pay performance-based compensation in a timely manner – which is key to keep the sales force motivated".

Trainings that are focused on agents' needs and include peer-to-peer learning can also help to develop agents' skills and performance. Bidhaa Sasa, a distributor of solar products, agricultural tools and clean cooking appliances in Kenya, switched from one-on-one training by managers (after which agents expressed they "didn't feel trained") to a peer-to-peer learning model.[24] In this new model, agents themselves develop training content (based on their peers' requirements, with support from their managers), and conduct these trainings on a bi-monthly basis.

4.3 RETAIN BEST PERFORMERS

The companies cited in this section have a yearly sales agent churn rate of between five and 30%, which based on our benchmark of dozens of similar models, is a low churn rate for direct sales forces. The practices below contribute to their retention performance, and help keep the recruitment and management costs of their direct sales force manageable.

4.3.1 Provide meaningful financial and non-financial incentives

Financial incentives should aim at making the best sales agents richer rather than systematically promoting them to become managers. A common misconception about direct sales forces is that promoting the top-performing sales agents to manager level is the best way to motivate them. Gifted sales agents will not necessary be the best managers, given the different skill sets needed – and do not necessary aspire to become one. The best sales agents aspire to become rich, according to Brice Lewillie – now sales director at HERi, a social business distributing and financing off-grid solar products. He advises that companies set up an aggressive system of incentives to motivate these agents to perform even better ("Every month I want my best sales agents to be very well paid"). In his previous role at FanPrime, Lewillie introduced "hit and win" operations, offering daily prizes: every time a sales agent sold 100 units in a day, they were immediately rewarded with 1,000 Naira (representing 50% of their daily fixed salary at that time). FanPrime also supports its sales agents through seasonal bonuses (incentives are adapted to the rainy season, for instance), which ensures agents can make an attractive living all year round.

24 International Center for Research on Women (2018), "Gender-smart investing: Off-grid energy case study – Bidhaa Sasa"

Non-financial incentives that are adapted to vendors' or agents' needs and aspirations can be of higher value to sales agents than what they cost the company, and improve agent retention. Bel Sharing Cities program adapts its incentive scheme to every city in which it expands, based on interviews conducted beforehand with local street vendors about their needs and aspirations. One of the benefits it offers is health insurance, which vendors are entitled to when they hit a certain number of monthly sales sustained across several months, as a way to consolidate loyalty for well-performing agents. It is a unique benefit from the street vendors' point of view, as they are in general not eligible for state health insurance. These non-financial incentives can also take the shape of small attentions: FanMilk Nigeria for instance does not just provide snacks during meetings, but also changes those snacks from one week to the next; and hosts regular group activities (e.g, dance competitions) that also change every week.

Creating a sense of belonging, by making every agent feel like they are personally important to the company, their team and peers, is also a powerful way to encourage agents to stay. As explained by Matheus Garutti, former manager of the Kiteiras program: "Evidencing to last mile sales agents their significant role and contribution to the bigger picture is an important fuel for engagement. Just like every human being, low-income street vendors have the necessity to be and to feel part of a group. The more this belonging sensation is addressed and clear to them (for example by communicating that, more than selling a product, they are ambassadors of health and nutrition in their communities), the more connected they tend to be with their sense of purpose and to the fundamental role they play in the value chain". Similarly, FanMilk Nigeria ensures that, in every weekly team meeting, management listens to sales agent's needs and challenges, and spends time supporting them to find solutions to their issues – in turn, demonstrating how highly the agents are valued.

4.3.2 Help agents to sell over time

Frequent innovations in promotional materials and tools help maintain both customers' and agents' interest. These can include special offers, new products, follow-up campaigns to initial activation, and so on. In the case of FanMilk Nigeria, BTL activities are coordinated with agents' routes, to engage agents in these activities, enable synergies with their own work, and help facilitate sales. For example, brand ambassadors offer free samples with any purchase from a sales agent ("buy one get one free"), which helps agents increase their visibility within their "zone" and attract new customers.

"Branded goodies" are also an opportunity to help agents sell more, by making them more visible or helping them in sales demonstration. Natura, a leading Brazilian manufacturer and marketer of cosmetics relying on a direct sales force of two million "consultants" (sales agents), has established an entire system of rewards and promotional materials to help agents develop their entrepreneurial skills, thus maintaining motivation and involvement. Consultants are divided into five levels based on their performance, with the company providing tailored support materials and delivering "kits" (including e.g, samples for potential customers, mirrors, bags to carry products) whose content depends on the consultant's level (with higher level consultants having access to "exclusive kits"). Similarly, Bel's Sharing Cities program provides its street vendors with goodies and branded materials that are adapted to each city and to the street vendors themselves. For example, Bel provided parasols to its street vendors in the Democratic Republic of the Congo, which served dual purposes: to shelter vendors selling under the hot sun, and to increase the Laughing Cow visibility in the market; and, thus, street vendors' sales and the overall brand equity.

Setting sales performance competitions among sales agents can also encourage them to make progress on their sales objectives, and to outperform their peers. FanPrime's weekly training meetings are also an occasion to publicly recognize and reward the best-selling sales agents. Similarly, agents receive their monetary incentives in cash during these meetings, enabling vendors to compare their earnings with their peers'. WhatsApp groups are also a way to celebrate success and to create a competitive spirit remotely.

4.4 DIRECT SALES AGENTS' EFFORTS TOWARDS THE COMPANY'S KEY SUCCESS FACTORS

Evolving incentives to match the company's objectives over time helps direct sales agents' attention towards the right objectives, in addition to helping them see their own progression. For example, FanMilk Nigeria set up phased incentives when it kicked-off its women-centric direct sales force model, aimed first at (1) reaching performance targets, then (2) stabilizing performance level, and, finally, (3) consolidating agents' loyalty to the company. For performance targets, the company set up a weekly incentive scheme relying on a threshold that gradually increased with agents' average performance. Once reached, the top thresholds changed according to seasons to adapt to agent's constraints and avoid demotivation (e.g, during the rainy season). Finally, after agents stabilized their performance, they could get access to new benefits encouraging them to stay (see next paragraph).

Another key to align sales agents' behaviors with company objectives is to reward not only sales, but also key factors that build long-term success. Continuous activity over time, great attitude towards clients, or referrals of promising agent candidates, are all behaviors that contribute to building a performing sales force and can be encouraged with the right set of incentives and management practices. Bel's Sharing Cities program, for example, provides agents who have sold sufficient volumes for four consecutive months, with access to health insurance. FanMilk Nigeria similarly builds loyalty by combining a semi-fixed salary with additional longer-term incentives, such as medical insurance or school fee payments, which are available after working for the company for two months – thus encouraging agents to stay. Other companies leveraging direct sales forces have rewarded the referrals of successful sales force candidates with either a percentage of the new agents' sales (e.g, Natura), or fixed referral rewards once the newcomer has made their first month of sales.

A child eating a Shokti Doi from Grameen Danone

Credits: Grameen Danone Foods Ltd.

5. CONCLUSION

This report aimed to determine when and how a direct sales force is an effective channel to distribute nutritious products, while encouraging consumption frequency for low-income populations at the last 100 meters. Direct sales forces can play a key market activation role when launching a new product, especially for products that retail will not distribute, by filling in value chain gaps, creating purchasing and consumption routines, and replacing marketing spend. In the long term, companies can find additional value in maintaining a direct sales force, when the sales force delivers convenience for consumers, or increases consumers' consumption frequency across channels. A direct sales force can also be a complementary, cost-effective addition to a strong retail network, enabling the company to reach specific, previously underserved consumer segments.

One remaining challenge to designing optimized "last 100 meters strategies" is to better understand the world of small informal retailers, who remain the most common purchasing channel for low-income consumers. There is still little evidence of how to increase product penetration among these informal shops (especially for slightly more expensive, quality products); few best practices publicly available on how to build long-term relationships with them; and few insights on how to generate buy-in among these typically passive informal retailers, to encourage them to play a role in promoting nutritious foods and healthy products.

Another potential area for further research lies in better understanding consumption frequency patterns, particularly for products where frequent consumption matters for health impacts. For those interested in learning more about consumption frequency, the PSP program has also created a Consumption Frequency Playbook that proposes tactics to help increase consumption frequency for nutritious or more broadly health-related products.

This report provides guidance on implementing a comprehensive strategy at the last 100 meters, adapted to each local context and company's identity. We hope that these insights will encourage more research into other under-leveraged channels at the last 100 meters, including informal retailers; and that, in the meantime, the lessons shared here will enable practitioners looking to sell impactful products at the last 100 meters to achieve their objective of supporting customers to lead healthier lives.

A shop manager installing Super Léo on its shop's shelves

Credits: Super Léo

6. ACKNOWLEDGEMENTS AND SOURCES

6.1 INTERVIEWS AND REVIEWS

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Dharma Life	Gaurav Mehta, CEO
Danone	Bérangère Vanazzi, Head of One Health Danone Ecosystem Fund
Frontier Markets	Ajaita Shah, Founder and CEO
Grameen Danone Foods Ltd	Anna Perinic, Business Development Director Nutrition at Danone Communities, former Director of Grameen Danone Foods Ltd.
FanMilk Nigeria	Brice Lewillie, Project Leader, FanPrime
Meriem	Jeanne Charbit-Dunoyer, Project Manager in Burkina Faso, Hystra Senior Consultant
Natura	Simone Kimura, Commercial Innovation Coordinator; Leticia Carvalho, Communications Coordinator
Nutri'zaza	Mandresy Randriamiharisoa, General Manager
Optimetriks	Paul Langlois-Meurinne, Managing Director

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A FanPrime agent outside of a shop

Credits: Danone Nigeria

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