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MARKETING NUTRITION FOR THE BASE OF THE PYRAMID

Introducing successful practices
for improved access to nutritious
complementary foods: Key lessons
from case studies



The Global Alliance for Improved Nutrition (GAIN) provided funding for this report as part of its work to improve nutrition for low-income consumers and vulnerable groups. The report captures lessons from various market-based approaches that will help GAIN and others to improve global

development programs. Each year malnutrition not only threatens billions of people's health, but it also kills 3.1 million children under age 5 and leaves some 165 million stunted. The global impact is incalculable, thwarting communities and entire economies. GAIN was founded in 2002 to combat this human suffering by improving access to a wide variety of affordable, nutritious foods for vulnerable populations. First among our priorities are adolescent girls, women, and children in their first 24 months of life, when poor nutrition may cause lifelong problems. The strategies we apply: 1. Introduce new models of delivery and improve delivery mechanisms to better meet global needs; 2. Test new models that are market-based in their approach, innovative, sustainable and scalable; 3. Catalyze results-based partnerships among those positioned to create impact – governments, civil society, businesses and humanitarian agencies.



About Hystra

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For more information and to download Hystra reports on Marketing for the BoP, Energy for the BoP, Safe Water for the BoP and ICT for the BoP, visit www.hystra.com.

Authors

Olivier Kayser, Hystra Managing Director

Lucie Klarsfeld, Hystra Project Manager

Simon Brossard, Hystra Consultant

Contributors

Nicolas Martin-Bouyer, Hystra Consultant

Please direct queries about this report to:

lklarsfeld@hystra.com

Note: Hystra is the author of this report. Analyses and conclusions reported here do not necessarily reflect the views of GAIN.



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EXECUTIVE SUMMARY

AS OF 2014, MALNUTRITION REMAINS A WIDESPREAD ISSUE ACROSS THE GLOBE. FAMILIES LIVING AT THE BASE OF THE PYRAMID SPEND AN AVERAGE OF 60% OF THEIR INCOME ON FOOD,¹ AND YET, UNDERNUTRITION STILL ACCOUNTS FOR OVER 3 MILLION DEATHS PER YEAR AMONG INFANTS AND YOUNG CHILDREN. 26% OF ALL CHILDREN UNDER FIVE ARE STUNTED, IRREMEDIABLY REDUCING THEIR CHANCES OF BECOMING SUCCESSFUL ADULTS.²

A range of solutions has been developed to improve the quality of nutrition during the critical first 1,000 days of life.³ Little is known however about the potential contribution of market-based solutions. This report learns from the successes and failures of best practice organizations that successfully sell nutritious complementary foods and supplements for 6-24 month old infants to BoP families in developing countries.

Readers should keep in mind that this report : (1) does not entail an endorsement of the nutritional value of the products presented, (2) is based on a limited set of examples and might have overlooked important nuances in both products and geographies, and (3) will probably need to be revised as the evidence base builds up.

With these caveats, the report proposes eight lessons drawn from the analysis of the innovative marketing, sales and distribution approaches of these successful organizations:

- #1** Marketing nutrition is not (only) about health: the value proposition should provide an immediate satisfaction to the child and convenience for the mother, while meeting local food habits
- #2** BoP consumers are ready to pay more for nutritious products that they value: mothers want to give their children the most expensive – seen as the best – food they can afford, not the cheapest product on the market
- #3** Effective promotion leverages trust and aspirations: this might include promotion or sampling through health professionals (when in line with local laws), aligning the entire caretaker environment to motivate behavior change, and using aspirational (rather than health) messages
- #4** Constant reminders and incentives drive compliance, which is key to simultaneously achieve social objectives and economic sustainability for the marketers of these products
- #5** When traditional retail exists, in rural and mature markets, it is the most cost efficient distribution channel: beyond marketing practices, daily product availability is necessary for regular use and must be achieved at the lowest possible costs
- #6** Door-to-door sales can create demand and build client loyalty in new urban markets, or in existing markets where consumers demand services which can only be provided by door-to-door
- #7** Optimizing salesforce productivity requires following private sector best practices for other types of fast moving consumer goods, and innovating “frugally” for distribution solutions
- #8** Broadening the customer base is key to building a sustainable business, i.e., by creating additional premium products, catering to a larger population than infants and young children, or carefully leveraging large-scale institutional orders.

1 WRI, The Next 4 Billion.

2 Black, Victoria, Walker, Bhutta, Christian, de Onis, Ezzati, Grantham-McGregor, Katz, Martorell, Uauy, and the Maternal and Child Nutrition Study Group (2013), Maternal and child undernutrition and overweight in low-income and middle-income countries, The Lancet, ISSN 0140-6736.

3 The UNICEF 2006 Progress for Children Report defines undernutrition as the outcome of insufficient food intake and repeated infectious diseases. It includes being underweight for one's age, too short for one's age (stunted), dangerously thin for one's height (wasted) and deficient in vitamins and minerals (micronutrient malnutrition).

Further research is needed to validate and deepen these findings. Yet we hope that they can already lead to more large-scale initiatives that leverage market-based mechanisms to bring the benefits of innovative products and services to more families at the BoP, and help solve the scourge of malnutrition.



KEY ACRONYMS AND ABBREVIATIONS

ARI	Acute Respiratory Infections
ATL	Above-The-Line
BoP	Base of the Pyramid
BTL	Below-The-Line
CAGR	Compound Annual Growth Rate
CCT	Conditional Cash Transfer
CRM	Customer Relationship Management
DOTS	Directly Observed Treatment, Short-course
FMCG	Fast Moving Consumer Goods
FTE	Full-Time Equivalent
ICT	Information and Communication Technology
IDD	Iodine Deficiency Disorder
IYC	Infants, Young Children
MFI	Micro-Finance Institution
MNP	Multi-Nutrient Powder
MT	Metric Ton
NGO	Non-Governmental Organization
RTK	Rapid Test Kit
SEL	Socio-Economic Level
SHG	Self-Help Group
SKU	Stock Keeping Units
WHO	World Health Organization

INTRODUCTION

Context

Families living at the Base of the Pyramid (BoP) spend an average of 60% (and even more for the poorest) of their income on food, a combined \$3 trillion globally.⁴ Yet, malnutrition remains widespread, pointing to the inadequacy of the foods purchased and consumed by these families.⁵

Undernutrition accounts for about 45% of infant and young child mortality, causing over 3 million deaths annually.⁶ Malnourished children who survive are at increased risk of being stunted, or even wasted: shorter stature, development delays, and later learning difficulties, lead to decreased lifetime earnings and longer term health issues. As reported by the Lancet of June 2013: “Prevalence of stunting of linear growth of children younger than 5 years [...] is higher in south Asia and sub-Saharan Africa than elsewhere and globally affected at least 165 million children in 2011 [or 26% of all under five children globally]; wasting affected at least 52 million children.”⁷

The critical first 1,000 days of life, from the time women become pregnant until the child’s second birthday, have been identified as the crucial window to avoid the permanent damage to growth and mental development caused by malnutrition, including stunting. Malnutrition during this period is primarily caused by poor maternal nutrition, health status, and inadequate infant and young child (IYC) feeding and care practices:

- Lack of appropriate breastfeeding practices for children (exclusive breastfeeding between 0 and 6 months and continued breastfeeding through 2 years and beyond), adopted by less than 40% of the population⁸
- Inappropriate complementary feeding practices (6-24 months), where the quality and quantity of foods are not fulfilling the high nutritional requirements of fast-growing children
- Frequent infections and illness, such as diarrhea, pneumonia and malaria due to poor hygiene and lack of access to safe water.

A wide range of solutions have been developed to prevent and treat malnutrition and in particular provide adequate nutrition in the first 1,000 days of life; many of them delivered through public services or NGOs and some through market-based approaches.

First, behavior change interventions (especially the promotion of exclusive breastfeeding, reinforced by local regulations based on the International Code of Marketing of Breast Milk Substitutes⁹) have been identified as a cost-effective intervention to improve nutrition. Yet, the percentage of infants and children that are being fed according to the recommended feeding practices remains very low in most countries.

Second, micronutrient supplements have been identified amongst the most cost-effective development interventions.¹⁰ In addition, fortification of staple foods (e.g., iodizing salt or adding vitamins and iron to wheat flour) has reduced the prevalence of micronutrient deficiencies in the general population, but may however not provide sufficient micronutrients for infants and young children, who need a higher concentration of micronutrients than adults.

4 2005 PPP US\$, based on *The Next Billion*, WRI.

5 Malnutrition is defined as the condition that results from eating a diet in which certain essential nutrients are lacking, in excess (too high in intake), or in the wrong proportions. More broadly, the UNICEF 2006 Progress for Children Report defines undernutrition as the outcome of insufficient food intake and repeated infectious diseases. It includes being underweight for one’s age, too short for one’s age (stunted), dangerously thin for one’s height (wasted) and deficient in vitamins and minerals (micronutrient malnutrition).

6 WHO key facts, updated September 2013, available at www.who.int/mediacentre/factsheets/fs342/en/.

7 Black, Victora, Walker, Bhutta, Christian, de Onis, Ezzati, Grantham-McGregor, Katz, Martorell, Uauy, and the Maternal and Child Nutrition Study Group (2013), Maternal and child undernutrition and overweight in low-income and middle-income countries, *The Lancet*, ISSN 0140-6736.

8 WHO key facts, updated September 2013, available at www.who.int/mediacentre/factsheets/fs342/en/

9 See focus point 1 *What marketers need to know about the International Code of Marketing of Breast milk Substitutes*.

10 Copenhagen Consensus 2008. See focus point 2 *Britannia: How a leading consumer brand can fortify millions of consumers... and its own business* for a successful example.

Finally, attempts have been made to promote adequate complementary food for infants and young children 6–24 months of age, in addition to breastfeeding. These adequate complementary foods can be home-grown or locally produced if local conditions allow for sufficient dietary diversity. Otherwise, foods or supplements have been specifically formulated to fulfill the nutritional needs of infants and young children.

The focus of this report is on this last category of interventions: the distribution and promotion of specifically formulated foods and supplements for infants and young children, which market-based approaches could play a significant role in scaling up. Though multiple entities (NGOs, companies, governments) have tried to promote and distribute these products, availability and demand for these products remain relatively low.

It is time to step back and learn from the successes and failures of a diverse set of existing distribution and promotion strategies for specifically formulated foods and supplements for infants and young children, to ensure that new initiatives learn from the lessons of the past, encourage the replication of successful practices, and help more children and mothers access the quality of nutrition that their lives depend on.

Scope

While acknowledging that malnutrition has multiple causes other than feeding practices, this report sets out to study organizations that are:

- Addressing specific nutritional needs of infants and young children during the complementary feeding period from 6 to 24 months of age
- Marketing and selling products with a health benefit claim, to low-income consumers
- Achieving some level of success, i.e., over 10,000 consumers per day.

We focused on identifying best practices across the entire distribution value chain, from value proposition to marketing strategy to sustainability tools. Philanthropic or public sector interventions distributing products for free, as well as projects addressing quality assurance or policy changes alone, were out of scope for this study.

While all the organizations featured in this report expressed the intent to have a positive impact on the health and nutrition of their consumers, we did not examine the evidence for these claims. Hence, this report does not imply any confirmation of the nutritional value nor endorsement of potential impact of the products under discussion.

Methodology

The methodology used for this work follows that of previous Hystra studies. The 2013 report on Marketing Innovative Devices for the BoP¹¹ similarly benchmarked best practice market-based projects on a set of social and economic indicators; the same methodology was used to review micro-distribution networks for fast-moving consumer goods (in food and other sectors) at the BoP.

Lessons from the application of the methodology and findings from these previous studies were the basis for a first set of hypotheses of success factors in selling complementary foods or supplements for infants and young children at the BoP.

Our hypotheses were further informed by:

- An academic literature review of 52 journal articles, and
- Interviews of 32 experts on nutrition for the BoP, infant nutrition and health-related behavior change.¹²

Based on these experts' recommendations, 7 projects were selected for in-depth case studies, representing a variety of distribution and marketing approaches and the diversity in types of products available (micronutrient powders, fortified ready-to-eat or pre-cooked porridge, and fortified flour mixes). Given the limited number of successful examples available (5 of the case studies), we chose to add two additional projects with learnings particularly relevant to the sale of complementary feeding products. The first is Naandi Community Water Services, producing and selling clean water in India with innovative compliance mechanisms; and the second is Danone Milkkuat, an example of strong brand development for product with a claimed nutrition benefit.

¹¹ For more details, see report "Marketing Innovative Devices for the BoP" (Hystra 2013) available at www.hystra.com/marketing-devices.

¹² See complete list of interviewees in Appendix B : Acknowledgements and complete list of academic work reviewed in Appendix C : Bibliography.

In-depth case studies



Distribution model	Organization	Product	Target	Geography
Selling complementary food or supplement				
Social capital/health institutions (Community Health Workers)	BRAC – Renata	<i>Pushtikona</i> : multi-nutrient powder (MNP)	Infants, young children (IYC)	Bangladesh
Social capital/health institutions (hospitals, schools)	Econocom Foods	<i>e'Pap</i> : pre-cooked (ready-to-eat) fortified porridge	General population	15 African countries
Retail with promotion	Protein Kissée-La	<i>Farinor Nutribon</i> : fortified porridge flour mix	IYC	Côte d'Ivoire
Retail with promotion New specialized channel (door-to-door)	Nutrifaso	<i>7 brands</i> : fortified porridge flour mix and ready-to-eat porridge	IYC	Burkina Faso
New specialized channel (restaurants, door-to-door) and Retail	Nutri'Zaza	<i>Koba Aina</i> : fortified porridge flour mix and ready-to-eat porridge	IYC	Madagascar
Selling other products with an approach relevant for complementary feeding products				
New specialized channel (village kiosks): innovative compliance mechanism	Naandi Community Water Services	<i>iPure</i> : Safe water	General population	India
Retail with promotion: successful market creation of children fortified food	Danone	<i>Milkuat</i> : Dairy products	5-14 years	Indonesia

Case study short description (full case studies at the end of this report)



Founded in Bangladesh in 1972, BRAC is one of the world's largest NGOs, with over 100,000 staff and 110 million beneficiaries worldwide. BRAC has developed a network of 95,000 Shashthya Shebikas (community-based women workers) delivering basic healthcare products and services at the doorstep of villagers. Since 2009, The Pushtikona sachet, sold by the unit at the price of ~\$0.03, is one of the 21 SKUs¹³ sold by Shashthya Shebikas. Pushtikona is a micronutrient powder containing 15 vitamins and minerals recommended for children aged 6 to 24 months. The program objectives are to improve the quality of complementary food, ensure exclusive breast-feeding for the first 6 months, and reduce anemia. 14.5m sachets were sold in 2012, corresponding to 140,000 every 2-3 days (recommended dose: one sachet every 2-3 days).



Created in 2001 in South Africa, e'Pap is a mix of unrefined maize and soy flour fortified with 28 vitamins and minerals in a mimicked food form that claims to maximize "bio-availability" and "bio-efficacy" (i.e., the proportion of the nutrients capable of being absorbed and available for use or storage in the body). Initially designed to improve nutritional status which helps patients fight against opportunistic disease such as HIV, e'Pap is currently being sold to end-users in 50g and 500g sachets with different dosage recommendations depending on age, activity level and health status: 25g per day until six years old and 50g for older people. So far e'Pap is mainly sold to public institutions and NGOs, but private distributors are emerging, eager to capitalize on e'Pap's reputation among BoP consumers. More than 30,000 e'Pap meals are consumed each day.



In 2005, French NGO Gret launched Nutrifaso, the Burkina Faso chapter of the Nutrived project, to support existing flour producers to 1) upgrade their products by modifying the recipe and adding mineral and vitamins, 2) extend their distribution networks to more shops (grocery stores, mom and pop shops and pharmacies) and health centers, 3) advertise and communicate about their products (including name of product and packaging) and simultaneously, 4) increase their production capacity to serve new demand. In addition to retail, Gret is now developing a new distribution channel of kiosks and mobile saleswomen (with carts) serving ready-made meals for infants and young children living in urban areas, catering to women who feed their babies on their way to work or who stay at home. Gret has supported over 20 producers, which together produce close to 15MT of IYC flour mixes for porridge per month (corresponding to 500,000 meals per month or over 16,000 meals per day), half sold via commercial channels and half distributed via institutional programs.



Gret launched its Malagasy chapter of the Nutrived project, "Nutrimad", in 1994 in urban and rural areas of Madagascar. In 2012, the urban component was turned into a social business, named Nutri'Zaza. Nutri'Zaza sells Koba Aina, a local industrially produced IYC flour mix made of corn, soy, rice, sugar, peanuts and fortified with vitamins and minerals. Koba Aina is provided into two forms, porridges prepared in neighborhood restaurants for babies (Hotelin -Jazakely) and sold door-to-door or at the Hotelin by "animatrices" (\$0.07) and in 35 grams single-serving sachets of pre-cooked fortified flour mix sold at Hotelin (\$0.07) or in grocery stores (\$0.09). From February to September 2013 Nutri'Zaza sold around 1.4m meals to around 34,000 active consumers and another 800,000 to social institutions.

¹³ SKU: Stock Keeping Unit: specific item of product line, e.g., a specific brand of yogurt in one specific format and with one specific flavor is one SKU – the same yogurt with a different flavor will be another SKU.



Established as a local Ivorian company in 1994, PKL launched the fortified flour mix for IYC Farinor in 1998. The company then diversified into maize and soy flour mixes for industrial clients (50% of its revenues today), other fortified food for babies with various fruit and vegetable tastes and nutrients (under the Nutribon brand: potato, spinach, strawberry and apple, that together with Farinor make 32% of PKL revenues) and fortified flour mix for adults (18% of revenues). PKL has developed a range of products (different packaging sizes and flavors) that complement each other for children between 6 and 24 months old and that are available around the corner (in every mom and pop shop, supermarket and pharmacy in Abidjan), for a price of ~\$0.4/day for 50g (2 servings). As of 2013, PKL sells 150-200 MT per year (corresponding to around 11k individual portions a day).



Danone Dairy Indonesia launched Milkkuat in 2004 to “Contribute everyday to healthier Indonesian kids through nutritious dairy products and education”. Milkkuat is a milk-based beverage, priced at 1,000 rupiahs (less than \$0.1) for 70mL, enriched with vitamins and minerals. Milkkuat is available in general trade, modern trade, and school canteens. In 2011, Danone launched Milkkuat premium range: Tiger bottle (shaped like the brand mascot) sold for \$0.17 and \$0.25, and Carton pack. In 2012, Milkkuat achieved 1.8 billion “moments of consumption” (i.e., units sold), with over 13 million consumers including 3.7 million daily.



Founded in 1998, Naandi is one of the largest and fastest growing social sector organizations in India. Since 2005 Naandi’s community safe drinking water program installs and operates water centers that can reliably and cost-effectively address water contamination issues. Its implementing organization, Naandi Community Water Services Pvt. Ltd. (NCWS), became a social for-profit venture in 2010, as a co-investment of Naandi Foundation and Danone Communities. NCWS offers purified water (under the brand iPure) for drinking and cooking under the brand iPure for INR 0,1-0,2/L (\$0.002-0.004/L), which represents approximately 2% of annual households budget. Customers buy a 30 day pre-paid card for a supply of 12 or 20L per day per household, to be fetched every day at the Water Center (or get delivered). Supply days not used are lost after the card validity is over (however, within the validity period, the user can take the lost day’s quantity). In 2013, NCWS counted 416 Water Centers and over 600,000 consumers.

Building on previous Hystra work on micro-distribution and marketing for the BoP, we designed an extensive benchmark tool to compare projects using over 90 indicators (quantitative and qualitative).¹⁴ To gather the necessary data, we visited 6 of the 7 projects (3-5 day field visits, including interviews with the top management and the salesforce, visits of the distribution network and client interviews). For Milkkuat in Indonesia, we reviewed their internal documentation, and conducted in-depth interviews with the Marketing Director, Sales Director, and the former General Manager.

Then we compared the value proposition, promotion and compliance strategies, and effectiveness and efficiency of distribution strategies of these various models, including relevant additional data from our previous work on other micro-distribution models. The key results of this analysis are presented in this report, which was reviewed by experts and all project leaders who contributed their insights to this work.¹⁵

¹⁴ See Appendix A: Analytical Framework for more details on the themes analyzed in the benchmark.

¹⁵ See complete list of interviewees in Appendix B: Acknowledgements.

Limitation and caveat

1) As mentioned above, our study exclusively focuses on best practices in marketing and distribution of products with a claimed nutrition benefit. We do not confirm the nutritional value nor endorse impact of the products under discussion in this report.

2) In an effort to illustrate the common features among best practices, we are aware that we have had to overlook some important nuances. Given the diversity in type of products and their diverse geographic scope, it is possible that not all lessons summarized here are relevant to all products or applicable in all geographies.

3) We draw conclusions from a limited set of 7 examples studied in depth, plus our previous experience in studying over 20 models of micro-distribution at the BoP. We chose to put forward our views while acknowledging the risk of being proven wrong in the future.

Though we are acutely aware of the limitations of our work, we hope that this report can be an inspiration to future BoP initiatives that aim to improve nutrition and give a better chance in life to children of the world.

Focus point 1: What marketers need to know about the *International Code of Marketing of Breast Milk Substitutes*

The *International Code of Marketing of Breast Milk Substitutes* (hereafter referred to as the Code) is a global recommendation adopted by the World Health Assembly (WHA) in 1981 and further strengthened by a number of subsequent WHA resolutions.

It is intended to protect exclusive breastfeeding during the first six months of life and continued breastfeeding to 2 years and beyond by setting out appropriate marketing and labeling practices for products that replace and displace breast milk.

Products that fall under the Code

- Breast milk substitutes, including infant formula;
- Other milk products, foods and beverages, including industrially processed complementary foods, when marketed or otherwise represented to be suitable, with or without modification, for use as a partial or total replacement of breast milk;
- Feeding bottles and teats.

Amongst other recommendations and restrictions, the Code prohibits the promotion of formula, bottles and teats to the general public especially mothers, to health workers and in health care facilities. Promotion refers to advertising, offering information about a product, in-store promotions, distribution of samples, and any other method used to encourage the sale or use of a product. The Code also provides guidelines for the content and distribution of information, educational materials, and the labeling of products. The Code and subsequent resolutions are essential reading for anyone working in the field of infant and young child nutrition.

The Code does not cover complementary foods (unless they present themselves as total or partial breast milk substitutes, or if they are in a liquid form). There is however one subsequent resolution, 63.23 passed in 2010, which urges member states “to end inappropriate promotion of food for infants and young children and to ensure that nutrition and health claims shall not be permitted for foods for infants and young children, except where specifically provided for, in relevant Codex Alimentarius standards or national legislation.”¹⁶

In addition, the Maternal, IYC Nutrition Working Group of the 10 Year Strategy to Reduce Vitamin and Mineral Deficiencies prepared a guidance document entitled ‘*Using the Code of Marketing of Breast milk Substitutes to Guide the Marketing of Complementary Foods to Protect Optimal Infant Feeding*’ in 2010.¹⁷

Finally, in 2012, the WHA passed resolution 65.6 that requests WHO to clarify and guide appropriate promotion of foods for infants and young children, which WHO is currently working on.

The Code is not legally binding at the national level, but carries moral weight and serves as a guide for national legislation.

As a result, the adoption of the Code and its subsequent resolutions and national regulations on infant and young child feeding, vary from country to country. Some national laws are stricter than the Code and include the subsequent resolutions, while others have adopted only parts of the Code and subsequent resolutions. Although companies are only required to comply with national legislation, in countries that have not adopted the Code, many companies choose to make the Code and subsequent resolutions the minimum standard. Global monitoring of Code compliance is based on the more restrictive of either national legislation or the Code.

GAIN and many other nutrition stakeholders will only partner with companies that comply with the Code and subsequent resolutions.

The lessons presented in this report, therefore, might not be applicable in all countries and contexts.

16 The Codex Alimentarius Commission was established by the FAO (Food and Agriculture Organisation) and the WHO in 1963 to develop harmonised international food standards, guidelines and codes of practice to protect the health of the consumers and ensure fair practices in the food trade.

http://apps.who.int/gb/ebwha/pdf_files/WHA63/A63_R23-en.pdf

17 Quinn, Victoria; Zehner, Elizabeth; Schofield, Dominic; Guyon, Agnes and Huffman, Sandra: *Using the Code of Marketing of Breast Milk Substitutes to Guide the Marketing of Complementary Foods to Protect Optimal Infant Feeding Practices*; Global Alliance for Improved Nutrition (GAIN). Geneva, Switzerland, 2010.

EIGHT LESSONS LEARNED

We analyzed the entire distribution value chain of the marketing organizations featured in this report, from their value proposition, to their marketing strategy (mass media and proximity marketing), to their physical distribution chain (including wholesalers, retailers and door-to-door networks, as relevant), and finally to the consumption of their products by end-users (differentiating between first try and recommended use).

This analysis led to 8 key lessons learned, regarding:

- The value proposed to consumers in terms of (1) product, packaging, brand, and (2) price,
- How these organizations (3) market their products and (4) ensure compliance,
- How they organize their distribution through (5) retail or (6) door-to-door salesforce, and finally
- How they achieved sustainability through (7) salesforce productivity and (8) breadth of consumer range.

The 8 corresponding lessons are presented in the graphic below, and developed in more detail in the following 8 chapters.



1 MARKETING NUTRITION IS NOT (ONLY) ABOUT HEALTH



A Koba Aina client cries to get his portion of porridge from a sales lady in the slums of Antananarivo

While investing in a child's nutrition during the critical 1000-day window is recognized by the international community as one of the best possible investments in development, the benefits of such an investment are perceived to be uncertain and too far in the future to motivate many care-givers to spend extra money on their children's nutrition. They need shorter-term rewards and reasons to purchase these specialized products. The "bliss factor" for the child, a familiar food form and convenience for the mother, are critical buying factors recognized by successful marketers.

Low-income mothers have very complicated lives, multiple responsibilities and activities, with some of these happening at the same time, i.e., cooking, washing clothes and taking care of their children. Therefore, when a mother hears her child cry, what she wishes for is not micronutrients but satiating food that the child will eat easily and happily. **The "bliss factor" of the product, i.e., the immediate satisfaction provided to the child, is a pre-requisite to any sale.** This means that the product taste must match local tastes – which can be a challenge in regions where children are used to very sweet tastes from a very young age. For example, in Ecuador, mothers rejected several nutritious products with low sugar levels in compliance with health and nutrition recommendations, because their children would not consume them. Grupo Moderna, the company that was then seeking to commercialize a fortified complementary food, finally gave up as it could not reconcile locally acceptable taste and international agencies nutrition standards.¹⁸

The product must also meet local habits in terms of a familiar food form, so that care-givers can integrate it easily in their daily routine. For example, micronutrient powder has been well accepted in Bangladesh where women are used to cooking with spices that they mix with home prepared food. However, similar powders were a commercial failure in Indonesia where the concept of food supplements and vitamins already existed but in the form of pills – mothers were not attracted to the concept of sprinkling a micronutrient powder on food, in any case not enough to purchase such a powder.¹⁹ This is true of other baby food forms

too: in Madagascar, mothers used to feeding their children rice porridge readily accepted Nutri'zaza fortified rice porridge. This product also responded to their concern that eating other staples might turn their children's preference away from rice (the staple food in Madagascar) in later years.

These two conditions (bliss factor and appropriate food form) are absolute pre-requisites to the sale of nutritious food, and have to be explicitly part of the product value proposition (shown on the packaging and used as arguments beyond the pure health claim, in line with local regulations).

Convenience is another strong argument to convince cash (and thus time) constrained consumers to purchase good quality nutritious products. Contrary to some perceptions, BoP parents are as pressed for time if not more than rich families. Some companies have developed strategies that take this need into account. For example, Nutri'zaza sales ladies offer morning door-to-door delivery of ready-to-eat, warm fortified porridge in low-income areas of Madagascar, which allows them to reach maximum penetration in their neighborhood within 4-6 weeks. Whereas product penetration takes much longer via traditional retail, this convenient solution proved to convince mothers to use the product. Convenience is also valued in other markets such as water, where health benefits could be expected to be the main value for clients. On average 5-10% of clients of Naandi Community Water Services (NCWS), which purifies water in rural Indian villages, choose to pay more than the kiosk price for a convenient home-delivery of their heavy 20L can.²⁰ Convenience can accelerate product adoption and even justify a price premium.

Finally, **strong aspirational brands drive sales take-off.** Nutrifaso in Burkina Faso supported local producers in building their brands (among other support); the former "Benre" brand of one of the porridge producers was converted into "Natavie" with a strong visual identity on the packaging (strong colors etc.), the logo of "strong baby porridges"... Sales of that company went from 75kg/month in 2006 to 1,500kg/month today. The 1.8 billion units of dairy products sold every year by Milkkuat (meaning "strong milk" in Indonesian),

18 Source: interview with Pedro Vega, Grupo Moderna, Business Director Industrial Division.

19 Interestingly, give-away programs in an emergency context proved that families could take on the product when products were distributed for free. The Indonesian government is currently rolling out a micronutrient powder

distribution through the health sector. See S. de Pee, R. Moench-Pfanner, E. Martini, S. H. Zlotkin, I. Darnton-Hill, and M. W. Bloem article on *Home fortification in emergency response and transition programming: Experiences in Aceh and Nias, Indonesia*, Food and Nutrition Bulletin, vol. 28, no. 2 © 2007, The United Nations University.

making it the largest children's brand in volume at Danone, also owe a lot to the product's branding strategy, with a tiger mascot (a local symbol of bravery) and strong red color (the color of the national flag) on the packaging. These visuals appear on shop displays, and are also prominent in ads, in the games organized by Milkmat at school, in street events etc, making Milkmat one of the best known children's brands in Indonesia today (the first rank in top of mind brands for 42% of children, when the second best ranks only at 18%). Fortifying existing brands has also proved a winning proposition, as shown by the Britannia case (see focus point 2 below).²¹

The winning value proposition for nutritious baby

food is that which combines a great-tasting product, in a locally appropriate food form, with added convenience for the mother, under an aspirational brand. For this, as we will see next, even low-income people are ready to pay a price.

Focus point 2. Britannia: How a leading consumer brand can fortify millions of consumers... and its own business

This case study showcases a successful example of an alternative approach to fight malnutrition: instead of creating specific fortified food for targeted populations, Britannia, a leading bakery and dairy company in India, chose to fortify its bestselling products... which proved a great way to "do well, while doing good".

1) Biscuits as a vehicle to reach the poorest...

Founded in Calcutta in 1892 as a small bakery producing biscuits, as of 2007 Britannia was selling more than 6 billion packs per year, reaching 60% of Indian households due to product availability in more than 3.5 million outlets in urban and rural India, and affordable prices.²³

Britannia aspires to positively impact its consumers, as stated in its 15-year old motto: "Eat healthy, Think better". Britannia has been rated as India's Most Trusted Food Brand several times in independent surveys by AC Nielsen and published in The Economic Times. Britannia is a certified supplier of the World Food Program, and is involved in nutrition education programs in India through the Britannia Nutrition Foundation.

Alarmed by the issues of malnutrition and anemia in her country, Britannia's CEO Vinita Bali initially thought low income was the primary reason for nutritional deficiencies - thus beyond what a food company could address. She changed her mind in 2006 after meeting GAIN, realizing that it was not just access to food, but also access to the right micronutrients that was hurting lives and limiting India's growth and development. She became convinced that biscuits and bread could become 'carriers' for micronutrients, and that Britannia could contribute to solving such a multi-faceted issue by fortifying its existing product range.²⁴ Britannia decided to leverage its strong brand recognition among children and adults, production capacities and product reach to tackle the issue of malnutrition at large scale in India.

In India, biscuits are consumed by 90% of all households (urban and rural).²² As such they are an ideal vehicle to deliver nutrients that people are lacking. Britannia seized this opportunity and fortified several of its key products with micronutrients, including bread, biscuits, and dairy products such as curd and dairy based beverages.

20 In most locations, price of the delivered can is 1 to 1.5 the price at the kiosk, while in a few places some clients have been seen to pay 2-5 times the price of the can at the kiosk for their home-delivered can.

21 Warning: strong aspirational branding can come up against labeling constraints to nutrition and health claims inspired by the Code, and especially more recent WHA Resolution 63.23.

22/23 www.britannia.co.in/bnfi/media/britannia-in-health-nutrition.pdf.

24 Interview with Vinita Bali on 12/06/2011.

Moreover Britannia, as an industry leader, took the opportunity to influence its competitors to follow the same path, hence impacting not only its own consumers but 90% of households consuming biscuits in India.

2) ...in a sustainable way...

As part of a school feeding fortification program, supported by Britannia, GAIN and Naandi Foundation, it was decided that the best way to address the issue of anemia among children was to fortify Britannia Tiger biscuits with iron as the product was very popular among this population group. The real challenges for Britannia were to fortify products at a very low price without affecting the taste or risking overdosing. It took several trials by the R&D team to produce an iron fortified Tiger biscuit to sell at the same price as the existing product.

A few months later, Britannia launched micronutrient fortified Milk Bikis and Marie biscuits, the other most frequently consumed products in its portfolio. Britannia continued this initiative and enriched its bread range with 10 vitamins and calcium. As of April 2008 the entire range of Tiger products (representing 3 billion packs sold per year) was already being fortified.

3) ... that improves the brand equity

Addressing the issue of malnutrition through micro-nutrient fortification of its most popular and widely used brands was both a strategic choice for Britannia and a way to address a pervasive social issue through incorporating its solution into the company business model. Britannia benefited from a reinforced brand image and from the first-mover position in the fortified food space. This initiative has delivered an increase in revenue, share and margins on Britannia's fortified brands in the context of an overall CAGR²⁵ of 18% in the last 8 years.

For the last decade, Tiger has ranked in the top 10 most trusted brands in India among all product categories and is still the most trusted food brand in that country. Britannia has combined its motto of "eating healthy" with selling over 12 million packs of micronutrient enriched products every day. It is also a \$1.1 billion yearly turnover company with a quadrupling of sales in the last 8 years (ending 2013), representing today one-third of the biscuit market in India. Britannia proves that it is possible to "do well while doing good".

25 Compound Annual Growth Rate, or the year-over-year growth rate of an investment over a specified period of time.

2 BOP CONSUMERS ARE READY TO PAY MORE FOR NUTRITIOUS PRODUCTS THAT THEY VALUE



Children run to pay for their morning porridge in Antananarivo

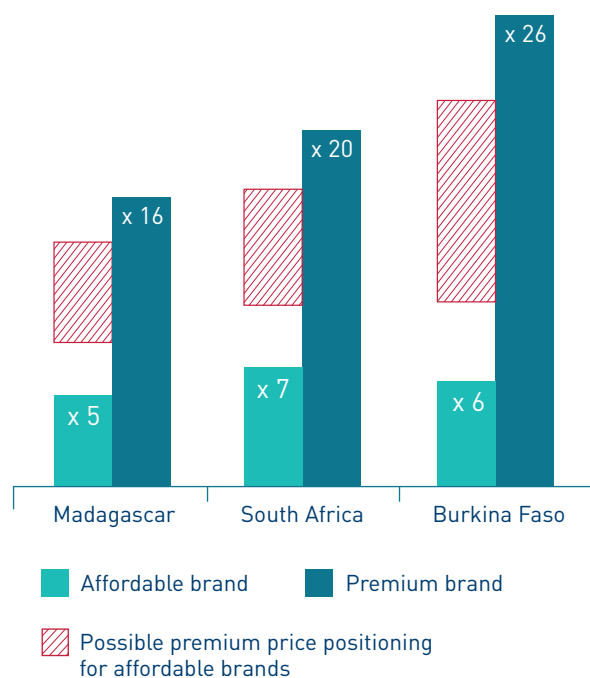
There is generally a huge gap between the prices of traditional, non-fortified foods made of flours of rice, maize, wheat or other local grains, that low-income mothers will typically feed their children with (hereafter called “traditional food”), and that of premium branded fortified food products (e.g., Cerelac, Bledina, hereafter referred to as “premium branded products”), often imported and targeting socio-economic levels (SEL) A-B (the two highest quintile income groups).²⁶ Among the countries we reviewed, **premium branded products were 12 to 26 times more expensive (per kilogram) than traditional foods** – hence out of reach of most households’ wallets.

The organizations reviewed in this study have priced their products in the space left between traditional foods and premium branded products. They prove that even **low-income families are ready and able to pay 5-8 times the price of traditional foods**, to feed their children with similar quantities of a product they perceive as better.²⁷ Products reviewed here were often providing a discount of at least 30% compared to the price umbrella of the premium branded products.

In this wide price range, **it is key to opt for a “magic price”**, which is not only affordable, but also both convenient (i.e., corresponding to coins or notes that buyers are likely to carry with them, and to their purchasing power without third party permission) and respecting the local “usual” price for similar products. For example, in Indonesia, Milkuat was designed to replace children’s snacks at school, typically sold at IDR 1000 (\$0.10). The initial Milkuat product was thus priced at IDR 1000, which also corresponds to a local bank note. In West Africa, several fortified flour brands have developed daily sachet formats of 50 to 70g, sold typically at FCFA 200 (\$0.4). This price corresponds to a single coin, and to an amount that mothers are likely to carry and can decide to spend on their own. Most products are also sold in larger sachets of 200 to 500g, designed to cater to a week or two of complementary food. This variety of packaging size fits different cash flow patterns (daily wage workers can buy a sachet daily, while employees paid bi-weekly or monthly will tend to buy the larger packs).

Given the width of the price gap between traditional food and premium branded products, **there is often space for two products or more with different value propositions** and “magic prices”, as shown below.

Price of fortified infant food as a multiple of price of traditional non-fortified infant food



Comparison for 100g of fortified product (affordable and premium products) vs. 100g of local flour

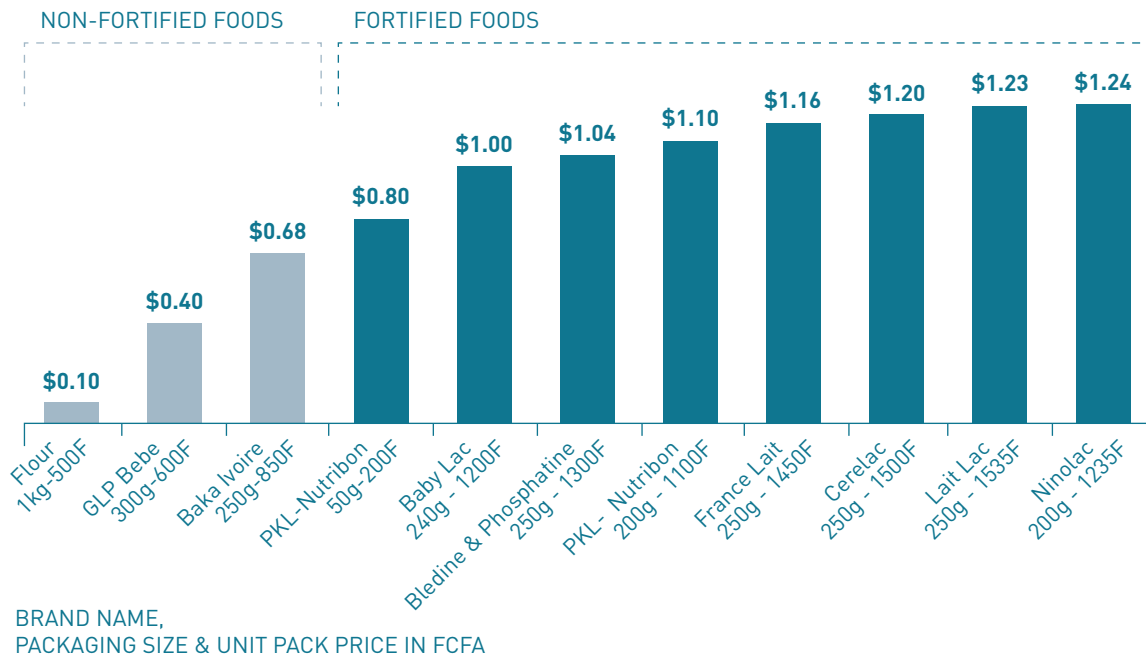
Some producers are already taking advantage of this two-product opportunity: producers supported by Gret initiative Nutrifaso in Burkina Faso have positioned their products at different levels along that spectrum. The vitamin and mineral levels are similar (same pre-mix bought from Gret) but brand, package size and material differ: the cheaper one is sold in a 500g plastic bag, while the more expensive one is sold at 1.5 times the price (per 100g) in 60g aluminium sachets, looking higher-end and ensuring a longer shelf life. Milkuat has developed a similar two-product strategy in Indonesia (see Chapter 8).

In Côte d'Ivoire, a more mature market, there is already a whole spectrum of products and price points between traditional food and premium branded products (see graph on the next page).

²⁶ Depending on countries, imported flour costs \$3 to \$7 for 400g, a dose corresponding to about one week of complementary food. For households earning \$7 to \$30 per week for 3-10 people, it is impossible to spend over 10% of income (and generally closer to 50%!) on feeding just one family member.

²⁷ These price comparisons are done on the basis of similar quantities of products (e.g., 100g), the likely point of view of the consumer. Indeed mothers are not nutrition specialists, and are more likely to compare the quantities (weight, size of pack) offered by two products to determine the best value for their children, than to compare their nutritional data.

Range of available products between traditional foods and premium branded products:
Price of 100g of infant food in Côte d'Ivoire (in USD)



Interestingly, **the cheapest products are not necessarily those that sell best**, and for several reasons. As Clémence Martinaud, Marketing Project Officer from Gret, explains about Nutrifaso: *"In the field, during informal meetings, we really observed that mothers sometimes even feared that the product would not be suitable enough in terms of quality when the price was too low. It seems "too cheap" to be good. This is why we have decided not to use the argument "this is the cheapest on the market" but "this is the best food you can afford for your child". And it makes a real difference."* Indeed, in terms of infant nutrition, mothers want to do "what's right" for their children; they want the most expensive product they can afford, which will demonstrate that they are doing the best they can. Hence,

marketers of complementary food should not aim at a "cost plus" pricing approach (i.e. adding a minimum margin to their production costs to keep prices as low as possible) but must rather look for a smart pricing option corresponding to a "magic price", at a level where their product will be not only affordable, but also desirable for low-income mothers – and hence will have a better chance of reaching their children.

Multi-nutrient powders (MNPs) have also found an adequate price positioning, at \$0.03 a dose (for mixing with one meal every two days, or less than \$0.01 per meal). Only 20% of non-consumers of the Pushtikona MNP in Bangladesh mention price as their key barrier to purchase.

3 EFFECTIVE PROMOTION LEVERAGES TRUST AND ASPIRATIONS



*"Model mothers" get prizes for good health, hygiene
and feeding practices with their young children*

Getting the product and price point right is only a first step in convincing mothers to first try and then turn into regular buyers of a new nutritious product for their children.

In many cultures, children share the family meal as early as possible, even though this meal may not fulfill the nutritional needs of the child. Creating demand for fortified complementary food requires much more than the “simple” marketing that would motivate the adoption of a new brand within a known product category. Education on the importance of complementary food will not be enough either: people might know the product, understand its benefits and find it affordable, and still not try it. In such environments, the key will be to establish new norms, making a new behavior accepted and even desirable in communities that had always done without.

Motivating behavior change requires aligning the entire ecosystem of the new behavior adopters (mostly the mothers), to encourage them in this change. Several techniques have demonstrated success, particularly when combined:

- While upholding ethical practices in line with the Code,²⁸ **health professionals have proved the most effective lever to trigger initial trial of fortified foods or supplements for infants and young children.** The BRAC network of community health volunteers has been key to reaching sales of over 14m units of MNP in 2012 in a market that, in 2007, had never heard of MNP. Similarly, in Burkina Faso’s rural areas, agents in local health centers and community health workers were the first source of information of initial purchasers of Yohanma (flour supported by Nutrifaso), totaling 46% of the first channels of awareness on the topic. Once word-of-mouth kicks in, the importance of health professionals in triggering sales decreases, but remains high: after several years of existence, 32% of people aware of PKL products knew them thanks to health professionals (pharmacists, doctors or other health workers).²⁹ Health professionals should promote exclusive breastfeeding for infants below 6 months of age, and appropriate complementary feeding, for children 6-24 months in addition to continued breastfeeding.

Besides the use of a diversified diet of homemade complementary foods, fortified complementary foods could be mentioned as one of the options to achieve appropriate complementary feeding, without promoting specific branded products. In line with this logic, part of the margin of Renata (the producer of MNPs in Bangladesh) is being used to support public health campaigns that promote breastfeeding and messages on improved nutrition.

- **Marketing messages must be aligned with those of other nutrition and health actors.** If the government, NGOs or other companies are delivering health messages on infant and young child nutrition, similar wording should be used to amplify messages and accelerate the uptake of the new behavior.
- **It is key to convince the entire ecosystem of the caregiver.** All practitioners and experts interviewed for this study agree on that point, and unsurprisingly, this finding applies to other infant and young children feeding practices.³⁰ Mothers are under acute scrutiny regarding their way of raising children. Their direct environment includes the extended family living under the same roof: the father, often the one who provides money for the child’s food; the step-mother, who has a significant say on how to raise children; and maybe also the aunts or sisters. Even neighbors will often influence household decisions – who can you trust more than people who are like you? Some programs have found ways to incentivize behaviors of these indirect stakeholders (see focus point 3 *Using money and pride to change behaviors when benefits are not tangible*). In terms of a marketing strategy, this means that proximity activities should not be limited to targeting mothers only (e.g., interventions in women’s groups or at the health center on baby weighing days) but should rather take place in a mixed environment, e.g., the village square where men, elders and people who do not have babies will also be present. Mass media campaigns should also be designed with this idea in mind: not only showing a mother with the child but also mentioning or showcasing the father’s role. The marketing message should also appeal to arguments that talk to both genders.

28 See focus point 1 *What marketers need to know about the international Code of marketing of breast milk substitutes*.

29 After a few years of existence, word of mouth has now become the main trigger of awareness of PKL products: 41% of clients heard of the products via advice from friends or relatives.

30 As reported by Alive and Thrive, “The development of communication strategies in all countries took into account that mothers do not make decisions about IYCF in isolation or independently. Formative research confirmed the highly influential roles of fathers, grandmothers, other mothers in the community, religious leaders, women leaders, community elders, and doctors and other health providers.”

T. Sanghvi, A. Jimerson, N. Hajeebhoy, M. Zewale, and G. H. Nguyen, *Tailoring communication strategies to improve infant and young child feeding practices in different country settings* (2013), Food and Nutrition Bulletin, vol. 34, no. 3.

In that regard, as explained below, leveraging aspirations has shown to be very effective.

- **Aspirational messages work best.** The example of the Social Marketing Company (SMC) selling multi-nutrient powders (Monimix) in Bangladesh is telling. In 2009 their first mass media campaign showcased a celebrity explaining what anemia is, its symptoms and effects, and ended with telling people that they needed to add iron to food to fight the issue of anemia. The brand was only associated with the last message. This campaign had no effect on Monimix sales. More recently, with the agreement of the Food and Drug Administration, SMC started a branded mass media campaign for Monimix showing two kids in a train playing with their mothers. One of the two kids is visibly smarter, stronger, and has more energy than the other. The “good child’s” mother gives him Monimix. The ad showed four year old children, making the benefits of Monimix more tangible for the audience than infants could have. At the time of the campaign, sales experienced a 20-30% sales increase over the same period from the previous year.³¹

Aspirational messages are also very effective in below-the-line marketing: Nutrifaso is rewarding “model mothers”, selected by interviewing health agents to know which mothers are attending vaccination campaigns and other health events at the health centers, breastfeeding their 6-24 month old children, and regularly feeding their children adequate complementary food. These model mothers are publicly rewarded with various gifts in the village square during a ceremony, generating aspirations from their counterparts as well as from other villagers.

However, marketers should be cautious when leveraging aspirations and make sure that they do not create false hopes nor overpromise on what their products will do, both for obvious ethical reasons and to avoid triggering negative word-of-mouth from disillusioned consumers.

With appropriate and aspirational marketing, nutritious products can become catalysts for behavior change.

³¹ The Social Marketing Company is a Bangladeshi non-profit organization, which offers education and products for family planning, maternal and child health, and prevention of sexually transmitted diseases and AIDS. Since May 2008 they are selling a multi-nutrient powder, Monimix, through 2500 retail outlets (including pharmacies). Monimix is available in 30 sachets pack (67 Taka) and in single sachet in pharmacies (2,25 Taka). It must be consumed once every second day to be effective. 9m sachets were sold in 2012, with a forecast of 11m for 2013.

Focus point 3: Using money and pride to change behaviors when benefits are not tangible

The Copenhagen Consensus 2012 economists declared that “micronutrients are the smartest investment the world can make”. Low-income families however more often than not fail to invest in nutrition for their children. The reason is that nutrition benefits are inconveniently uncertain and invisible in the short term, with a “pay-back” only in the very long term. Unlike solar home systems, improved cookstoves or water purifiers, nutrition products do not have a guaranteed return on investment, as many other factors may impede children’s growth and alter their health. The benefits accrue slowly and sometimes imperceptibly over time, making it hard to convince BoP families to invest and repeatedly use nutritious products.

Several programs have tried to link improved nutrition with tangible incentives in the hope that they will induce trial and repeated use. Two examples of such programs, described below, use financial incentives; while a third one requires non-compliers to do community work.

1) Money Money Money

a) Oportunidades - Mexico³²

In 1997, the Mexican Government instituted Oportunidades (formerly Progresa), the first ever conditional cash transfer (CCT) program in order to alleviate poverty. Oportunidades has expanded to cover about 25% of the population, i.e., 6 million households. Like later CCT programs, Oportunidades provides cash (25% of mean household income in rural areas and 15% to 20% in urban areas) to poor families provided they meet several conditions aimed at alleviating poverty. These conditions include immunization of children, attending nutrition growth monitoring clinics for children 0-60 months of age, prenatal and postpartum care visits, preventive health checkups for all family members, monthly health, hygiene and nutrition meetings, and school criteria (attending school a minimum of 85% of the time and not repeating a grade more than twice). In addition, Oportunidades requires that all children aged 6-23 months receive a fortified, ready-to-cook porridge called *Nutrisano*, which provides the daily requirements for zinc, iron, and a number of essential vitamins. There is also a fortified supplement for pregnant and lactating women called *Nutrivida*, Oportunidades is an on-going program and is the most rigorously assessed CCT program to date.

Analysis of the fortified food distribution program found it had a statistically significant impact on raising levels of hemoglobin for rural children, and raised (less significantly though) levels of hemoglobin, iron, zinc, and vitamin A for urban children. The program was found to reduce the probability of anemia by 26% for rural children. But non-compliance was not adequately addressed; only 33% of urban children and 57% of rural children ate the fortified food 4 or more times a week. As long as children were fed some fortified food, insufficient consumption was not punished: only 1% of households were denied the transfers after medical check-ups.³³ This limited the impact of the program and left close to half of rural children still anemic after one year.

b) Bhagini Nivedita Gramin Vigyan Niketan (BNGVN) - India³⁴

BNGVN was founded in 2000 to provide women with computer skills and sewing classes and has since expanded to include savings and loans through Self Help Groups (SHG). Members of SHGs are granted two types of loans through Microfinance Institutions (MFI), under conditions that the community members agree on together. The smaller loan (INR 10,000- \$166) is provided to SHG members provided they have and use a household toilet and do not drink alcohol. Once this loan has been repaid, members can apply for a INR 10-25,000 (\$166-416) loan if they demonstrate good savings behavior in the SHG, have planted a tree outside their house, have invested in water harvesting, and can prove that all women in the SHG member family are at or above the normal level of hemoglobin of 12g/dl (later lowered to the area’s average of Hg>11g/dl for better feasibility). Loans are only granted after receiving a physician’s certificate of adequate hemoglobin levels, valid for one year.

32 I. Ramirez-Silva, J.A. Rivera, J.L. Leroy, and L. M. Neufeld, *The Oportunidades Programs Fortified Food Supplement, but Not Improvements in the Home Diet, Increased the Intake of Key Micronutrients in Rural Mexican Children Aged 12–59 Months*, *The Journal of Nutrition*, First

published online February 27, 2013, available on www.ncbi.nlm.nih.gov/pubmed/23446963.

33 Lia CH Fernald, Paul J Gertler and Lynnette M Neufeld, *Role of cash in conditional cash transfer programmes for*

child health, growth, and development: An analysis of Mexico's Oportunidades (2008), *The Lancet*, Volume 371, Number 9615.

34 For more information on BNGVN see www.bngvn.org.

Women who do not comply receive advice: if hemoglobin level is between 8 and 10, they are advised to go to a doctor; if hemoglobin level is between 10 and 12, they are advised of what they should eat (vegetables or fruits...) but families must procure the products (iron, fruits and vegetables) themselves. So far, about a year after starting this mechanism, 73 families have received such a loan (counting 96 women who complied with the condition), and 11 families were denied a loan, including 2 where the women then improved their hemoglobin levels. Unfortunately, follow up checks are not required (they would be too costly both for the families to abide by, and for Nileema's organization to double check), so some loan recipients may have inadequate hemoglobin levels after receiving the loan.³⁵

2) Pride and prejudice

a) Municipality initiative - Honduras

In a small town in the South of Honduras, the mayor passed a law requiring husbands to take their wives for prenatal checkups. Those who did not had to sweep the streets as punishment. This attached a social stigma to not attending to prenatal health. The new law received support from the government, community leaders, and health personnel, helping the community keep itself accountable for prenatal health.³⁶

b) London School of Hygiene and Tropical Medicine - England

Behavior change experts have shown that leveraging social norms for peer pressure is a powerful tool to change behaviors.³⁷ They set up a campaign in highway service station restrooms to test the effect of different text-messages on soap-use rates. Although men and women did not react similarly to the different types of messages, the one that led to the highest increase in the use of soap (1st among men, 2nd among women) was: "Is the person next to you washing with soap?". These results confirm the impact already observed in other studies which demonstrate that both men³⁸ and women³⁹ were more likely to use soap in presence of another person in the restroom: the fear of shame (from not behaving in line with social norms) is a strong lever to motivate individuals to change their behaviors.

However, applied to a behavior change that requires a payment from the end-user, peer pressure can create a double burden for people who cannot afford it: the burden of poverty, which makes them unable to purchase the required product, and the shame from not behaving as they should⁴⁰. The BRAC Water, Sanitation and Hygiene (WASH) program has found a smart way to avoid that issue while still benefiting from the efficiency of peer pressure to create 100% clean latrine villages.⁴¹ In communities where it operates, BRAC WASH sets up a "village committee" of 11 respected local people, who regularly update a map of the village showcasing which houses have adopted clean sanitation (i.e. have set up clean latrines) and which have not. Villagers benefit from differentiated types of latrines at different price points (with various levels of microcredit and subsidies) to make sure that everyone can afford a suitable solution. With this system BRAC has achieved full sanitation in 40,000 villages of Bangladesh.

35 Interview with Nileema Mishra, founder of BNGVN, July 16, 2013.

36 Gary Darmstadt, Amie Newman, Wendy Prosser: *Inspiring Ideas on Improving Newborn Health in poor countries* (2013) available on: www.healthynewbornnetwork.org/blog/inspiring-ideas-improving-newborn-health-poor-countries.

37 udah, Auger, Schmidt, Michie, Granger and Curtis: *Experimental pretesting of hand-washing interventions in a natural setting* (2009), *Am J Public Health*. Oct;99 Suppl 2:S405-11.

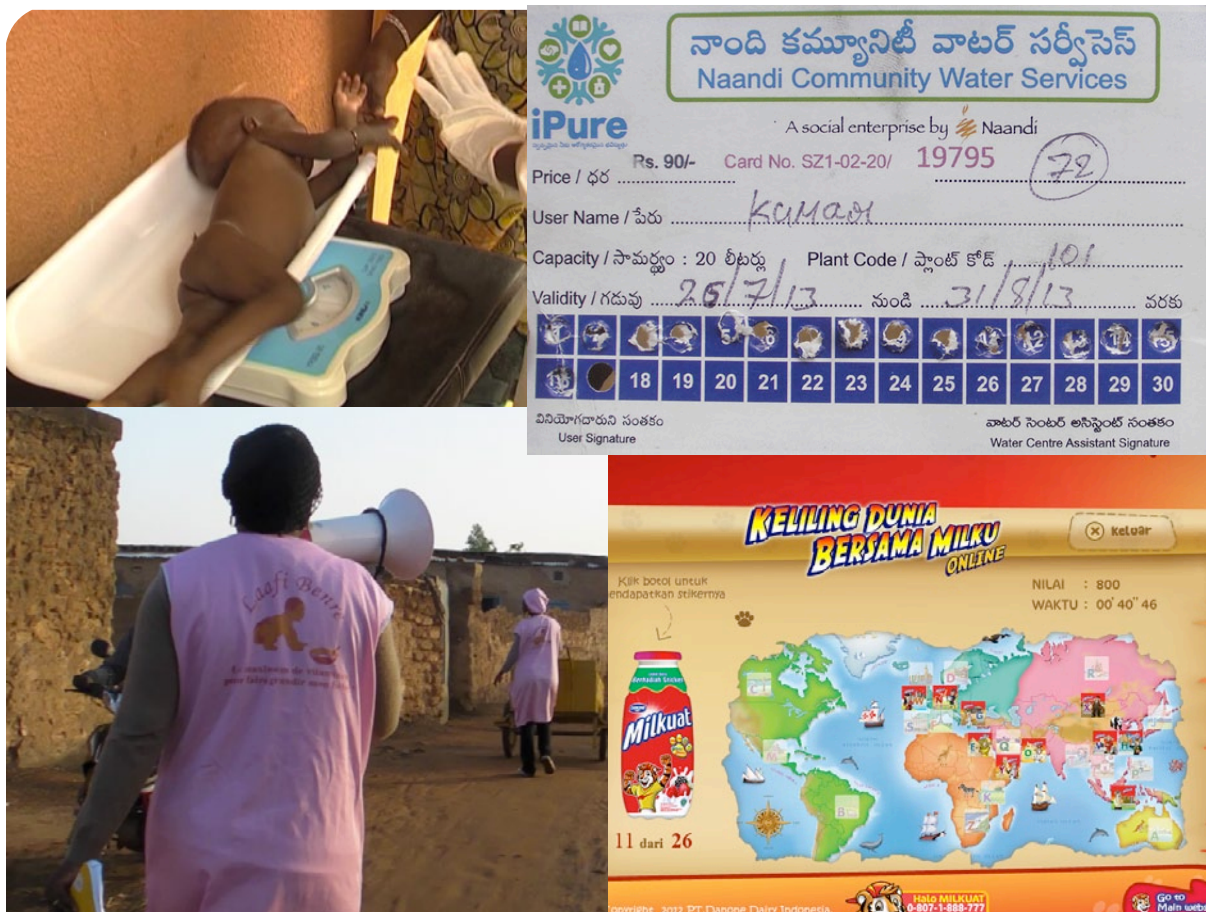
38 Nalbone P, Lee K, Suroviak A, Lannon J. *The effects of social norms on male hygiene*. *Individ Differ Res*.2005;3(3):171-176.

39 Drankiewicz D, Dundes L. *Handwashing among female college students*. *Am J Infect Control*. 2003;31(2):67-71.

40 Interview with Steve Collins, Director and Founder of Valid Nutrition, July 31, 2013.

41 Hystra, *Marketing Innovative Devices for the BoP*, 2013.

4 CONSTANT REMINDERS AND INCENTIVES DRIVE COMPLIANCE



Different levers encourage compliance, from games to pre-paid cards to home delivery and baby weigh-ins

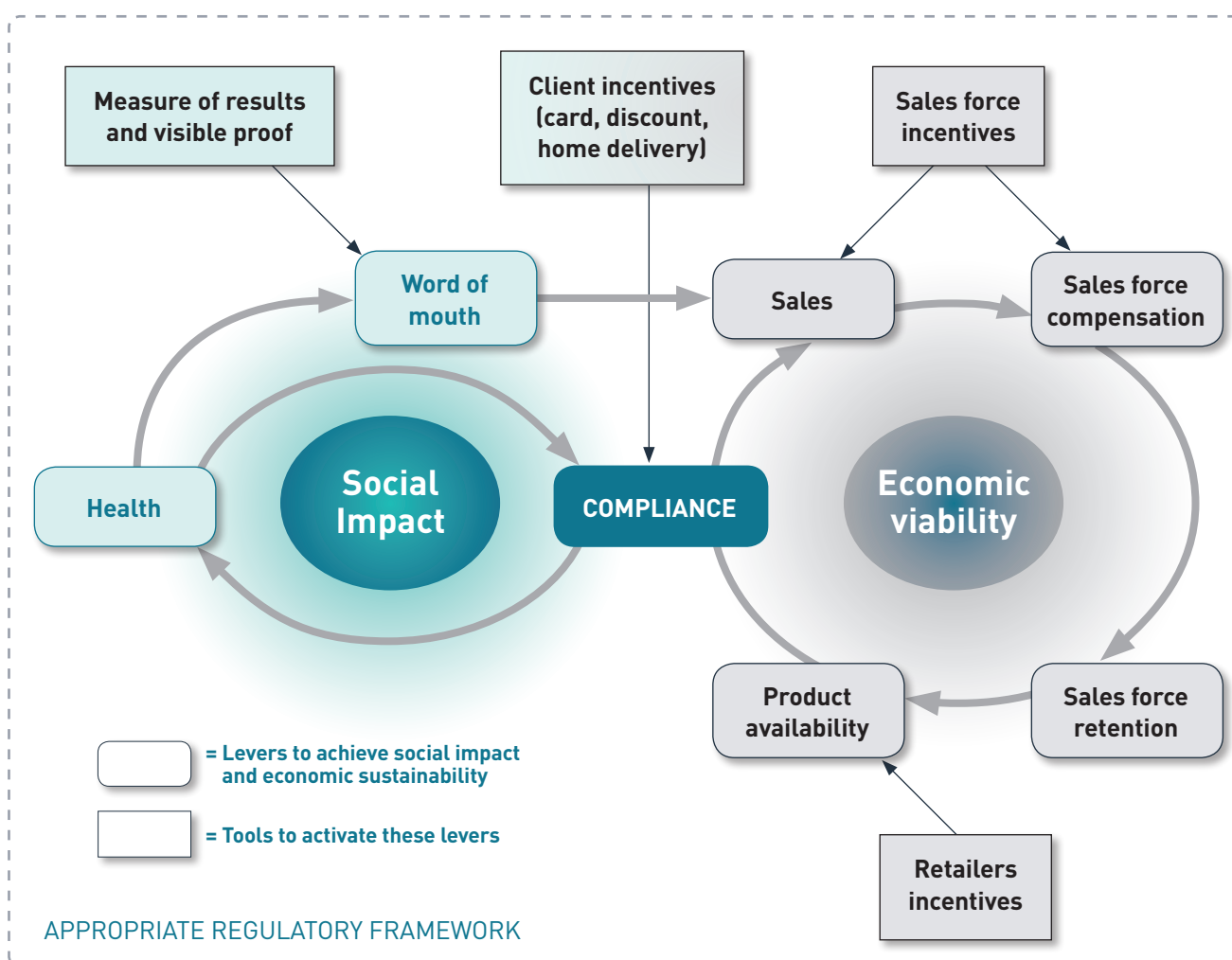
Getting mothers to buy the product once is only a semi-victory – the real difference in a child's health and life will only come from repeated use.

Compliance is not only key to achieve social objectives, but also for the economic sustainability of the project, as illustrated in the graph below.

Indeed, product compliance will increase the chances of positive health impact on a child, which will in turn lead the mother to continue feeding her child with the product that worked. She will also be more likely to start telling her neighbors about the product, which will bring in new clients and new sales, in addition to her own repeated purchases. Increased sales will allow increased

compensation for the salesforce, which is likely to become more loyal, increasing salesforce retention. The salesforce will thus do their job without interruption, avoiding stock out issues at retailers, thereby leading to increased product availability. Finally, reliable product availability will help mothers comply with the product. This second cycle of sales increase, good salesforce retention and good product availability is essential to economic sustainability. Measure of results and visible proof, as well as incentives at the consumer, salesforce or retailer level can help these two cycles turn optimally.

The virtuous circles of compliance, and tools to activate them



Although all the experts and practitioners interviewed for this study agree that compliance is key, **very few projects incentivize compliance and even fewer measure it**. Some do occasional impact studies but no project verifies compliance systematically. Part of the explanation, of course, comes from the complexity of doing such systematic checks.

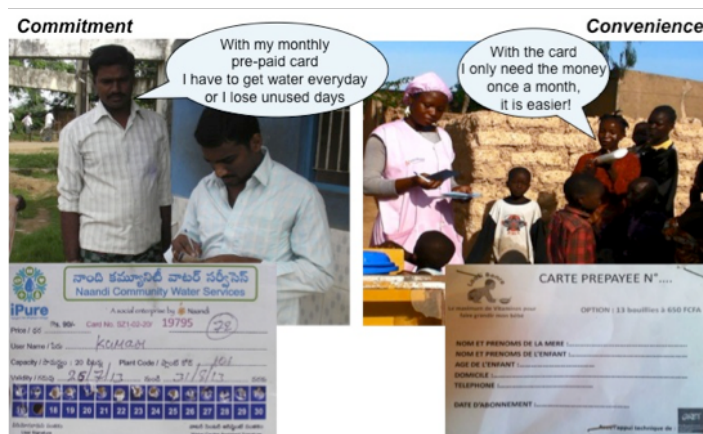
Averages are treacherous to interpret compliance results, due to consumption outside target age and “over compliance”, as shown in the true example below. A sales lady selling 3000 meals per month to 100 clients may be understood to be selling 30 meals per child per month, corresponding to daily compliance. However, actual compliance measurement shows that only 20 children in the 6-24 months target group are indeed compliant, due to about 50% of consumers lying outside of the target age, and some of them consuming 2-3 portions per day...

Fortunately, some companies have found smart ways to induce compliance and get an indirect measure of it:

- **Daily home delivery of ready-to-eat food is a strong way to motivate and verify compliance.** First, daily home delivery is a great way to ensure continuity and repetition of the message in the target community at large. This is key to change behaviors as the actual target group evolves very fast, with only an 18 month window of opportunity to have the highest impact on the child. Nutri’zaza sales ladies in Madagascar follow the same door-to-door route every morning, and are thus able to estimate quite accurately who their compliant customers are (Nutri’zaza impact assessment survey shows 17% of children eating at least 25 fortified meals per month, in the neighborhoods they serve) and what their overall penetration is (57% of children eat the product at least once a month).⁴² Additionally, behavioral studies indicate that daily routines are more easily turned into a habit than less frequent ones⁴³ – asking mothers to feed their children with a specific food only a few times per week (with the rationale that it will be easier for them than doing it every day) is actually more likely to fail than asking them to do so daily!

- **Daily SMS reminders also work:** see focus point 4 *Leveraging ICT in Nutrition/health programs to improve impact and organizations’ sustainability* for examples.
- **Subscription schemes are effective commitment devices**, valued by consumers (e.g., where families pay once for daily use over a certain duration). Nutrifaso sales ladies in Burkina Faso provide bi-weekly or monthly cards to their clients, who pay once for 13 or 26 daily doses of Laafi Benre (ready-to-eat porridge for their children, delivered warm at their doorstep every day except Sundays). Within a few months of the introduction of this scheme, about half of Laafi Benre clients had voluntarily become subscribers. Mothers reported that it was easier for them to pay once for the whole amount for the month, rather than to look every day for one FCFA 50 coin when the delivery woman comes. In India, Naandi Community Water Services (NCWS) goes even further. In order to better gauge the demand and produce the required amount of treated safe water, NCWS sells monthly cards to its users for 30 cans of 12L or 20L each for a period of 1 month⁴⁴ (water cans are not sold individually). Supply days not used are lost after the card validity is over (however, within the validity period, the user can take the lost day’s quantity). This system incentivizes compliance and helps the Water Center Assistant (i.e., the operator) to know how much water he needs to purify every day, as demand remains constant for the month.

NCWS and Laafi Benre subscription schemes



42 Caveat: Such a door-to-door scheme is only viable in areas that have a sufficient population density.

43 Source: Interview with Dr. Val Curtis, London School of Hygiene and Tropical Medicine, Director of the Hygiene Centre.

44 Depending upon the region and demand, the validity and capacity can change.

- **Quick (within a month) visible evidence and measure of effectiveness** (e.g., in terms of child behavior, grip strength, weight gain, anemia reduction) **motivate people to keep using the product**, and allows the “measurer” to follow-up with customers. Nutri’zaza organizes free child weigh-ins every week at their Hotelin (baby restaurants where the ready-to-eat porridge is prepared every day), which provides an opportunity to encourage mothers to comply with appropriate infant and young child feeding practices, including the regular use of complementary food, and do quick surveys of their usage of the products (see focus point 5 *Seeing is believing* for other examples).⁴⁵ This is a well-known trigger used in the oral care industry: fresh breath is only a side effect of the desired behavior of using toothpaste for tooth brushing, yet it can create a strong incentive for people to brush their teeth 3 times daily – stronger than the remote objective of avoiding cavities.
- **Valued short-term rewards** (e.g., cellphone minutes, toys; when and if possible given the Code⁴⁶) **can help establish compliance in new behaviors**. Among case studies in this work, examples include NCWS organizing a raffle with a gold coin prize in the rainy season to keep water sales high, in which only purchasers of monthly cards for the whole rainy season could participate. The states in which this scheme took place were the only ones in which sales did not drop throughout the rainy season, and it also allowed Naandi to measure compliance (seeing how many full cards were used). Similarly, Milkuat creates instant gratification by providing letter stickers attached to every bottle of Milkuat for 3 months per year. In addition to being an immediate gift, kids can fill up a collection map/album with them, with the opportunity to win a trip for those who complete the map. This promotion has resulted in a 30% increase of sales while the promotion lasts, for three years in a row (over 3000 complete maps received by Danone in 2013).⁴⁷

Finally, immediate convenience benefits from the product value proposition (e.g., the straw in Milkuat packaging, or a spoon in the packaging allowing a child to eat alone) also make compliance easier for mothers, but do not help monitor it.

In all cases, **it is key to have a dedicated after sales mechanism** ensuring proper storage and preparation to ensure the health benefit of the product and avoid misuse and negative word-of-mouth. For example, Milkuat has a dedicated hotline that people can call. Less than 1% of calls are customer complaints, dealt with immediately by the sales teams. Any potential health issue goes to the crisis management team headed by the quality director, which immediately sends the quality team to pick up the product at the consumer’s home to understand the source issue and to solve it. PKL also has a dedicated hotline for any issue, and measures customer satisfaction every two years. In Burkina Faso, Gret teams train local health workers to answer issues relating to the product (for example, if a child gets diarrhea after consuming porridge, they verify that the mother is adequately following the preparation recommendations). Most issues get solved via that channel. These after sales mechanisms are key not only for health issues but also to ensure customer satisfaction and trigger word-of-mouth, the most effective marketing tool.

Yet, marketing alone is not enough: ensuring reliable availability of the product is key to its regular use. The next three chapters will discuss how distribution strategies and salesforce organizations manage to bring these products to consumers when they need them.

45 Caveat : this measure can however be misleading if not advertised correctly, as weight gain is not directly correlated to nutrient status improvement : other factors can influence it, and caloric foods can also result in weight gain while failing to provide essential micronutrients.

46 See focus point 1 on *What marketers need to know about the International Code of Marketing of Breast Milk Substitutes*.

47 Caveat: these kinds of promotions for infant foods are not accepted under the Code.

Focus point 4: Leveraging Information and Communication Technology in nutrition/health programs to improve impact and organizations' sustainability

Information and Communication Technology (ICT) has proven to be very helpful for sales managers in charge of monitoring and coaching hundreds of salespeople in developing countries, where great distances are amplified by poor infrastructure. ICT is also an amazing marketing tool for communicating with consumers: generating first try, ensuring compliance, verifying consumer satisfaction and monitoring impact.

1) Improving salesforce performance and encouraging compliance thanks to CRM

Living Goods (LG) is a social business that empowers micro-entrepreneurs to deliver a range of life-changing products and services to the doorsteps of poor consumers in Uganda and Kenya. To support their agent networks they built an integrated ICT platform leveraging mobile phone technology to implement cost-efficient salesforce management and Customer Relationship Management (CRM). The new platform aims to replace Living Goods paper-based reporting protocol of key health interventions (e.g., malaria treatment, pregnancy registrations) and product warranty registrations (e.g., clean burning cookstoves). As of August 2012 (i.e. within a year of implementation), over 50% of agents had adopted this mobile-based data collection tool.

The mobile platform enables real-time treatment reporting (previously reporting was aggregated monthly) and enables LG to send patients SMS adherence reminders encouraging them to comply with the complete treatment protocol, e.g., "Your child may feel better but you have not killed all the malaria. Give the full course of treatment: 2 times a day for 3 days." It is also a fast and cost-effective way to deploy product promotions, e.g., a one week price promotion on cook stoves drove a 300% month-over-month sales increase that was sustained over the following months.

Finally, the platform enables the branch and head office to monitor and encourage agent activity, e.g. by sending agents motivational support, announcing new products, teaching key product benefits, or broadcasting simple re-stocking reminders. Living Goods also built a client database with nearly 50,000 mobile numbers of families in its service area. To drive business to its agents, LG sends these registered clients targeted SMS marketing messages with a call-to-action that includes the mobile number of the nearest agent to the client.

LG is exploring how to further leverage this platform for quality control, performance management and advanced marketing activities, e.g., encouraging and monitoring referrals by existing clients. Two projects in this report also use mobile phone technology to facilitate processes:

- Milkvat sales supervisors are connected through Blackberry groups among themselves and with brand directors, ensuring immediate feedback from the field (competitors movements, level of sales...) and best practice sharing (through pictures).
- Nutri'zaza uses mobile service "Orange money" to secure cash transfers between the field and its headquarters. Every day, sales ladies convert their cash earnings into "orange money credit" in small shops. Then they send this credit through their mobile phone to their manager. It allows managers to monitor their salesforce activity while solving the security issue of carrying large amounts of cash for the sales women.

2) Improving health impact through development of efficient ecosystems

In 2012, PSI Mozambique launched Movercado, a free mobile platform, to (1) send targeted health messages to well-profiled beneficiaries, (2) monitor, follow-up and incentivize field workers and (3) make free product distribution more cost-efficient, leveraging existing retail channels.

- Movercado has managed to build a detailed profile of 200,000 people in less than one year (30% monthly growth). To do so, the Movercado platform offers more than 20 attractive applications (e.g., to vote for a candidate on a TV reality-show, to validate a course, to receive free sample...) easily accessible by SMS through a single 5-digit number. Each time a person uses one of them, the information is added to his or her profile, which, in turn, is used to select relevant messages, e.g., pregnant mothers receive information on how to feed their children, young adults get HIV prevention messages, etc.
- Via Movercado, PSI is monitoring quantitatively and qualitatively the activity of 500 community agents (and compensating them accordingly), via the following steps:
 - » Community agents visit their target audience to deliver messages, advice etc. Traditionally, they were requested to then fill in a form describing activities performed and submit it to a supervisor, which was very labor intensive and often imprecise. Now, PSI requests that agents hand over a card with a unique code to each attendee at the end of the visit. Attendees are invited to SMS the code written on the card via Movercado. This automatically validates the “visit” and adds the number of people reached to the agent’s account.
 - » During a month, 30% of the phone numbers collected through this system are called for an after-sales interview, to assess the quality of the messaging provided (assessment of the agent’s performance and message recall).
 - » The combination of both the quantitative assessment (Q = how many people were reached) and the qualitative one (q = qualitative coefficient) helps define the agent’s incentive ($Q*q$).
 - » Based on this calculation, money is transferred to the agent on a mobile money account.
- “Troca Aki”, the Movercado SMS voucher system, allows organizations to cost-efficiently distribute products to end-consumers while using (and remunerating) traditional retail channels. Codes can be distributed in many ways, e.g., after an information session in a community, or during a TV campaign at the end of an advert, by SMS or physically (traditional paper vouchers). They can be used in any of the “Troca Aki” shops (500 by the end of 2013) in exchange for a product. To validate the code, the shop manager sends it by SMS to Movercado, which confirms (or not) its validity and activates reimbursement to the shop manager for the value of the distributed product. Shops in the Troca Aki network are places where the BoP shops, and can support subsidized distribution campaigns of health programs. For example, in emergency situations, shop owners will know that a fair amount of vouchers will be distributed in their community, and that they therefore need to keep enough stock of the corresponding product – making it available to all for purchase, and not only to the beneficiaries of the free distribution program. Meanwhile, it reduces the logistic pressure and cost on traditional community health workers who only have to handle the distribution of paper vouchers (instead of physical products, now delivered via the traditional retail system) – or even better, electronic vouchers sent by SMS.

Over time, Movercado will also allow donors, NGOs and companies selling beneficial products to better follow their beneficiaries or clients and measure their impact.⁴⁸

48 Source: Interview with Benoit Renard, PSI Mozambique Marketing Director, August 28, 2013.

Focus point 5: Seeing is believing

Marketers of nutritious products face the problem that the benefits of their products accrue slowly and are hard to demonstrate. Yet, proving that these products have an impact is one of the key levers to induce repeated use and effectively make an impact in reducing micronutrient deficiencies. The following describes how some tools help to show initial deficiencies and convince users to adopt adequate behaviors, and can also be used to show improvement over time (with the caveat that such improvement often depends on multiple factors beyond nutrition and hence cannot be used as a fully reliable proof that a product works, nor should it be promised by those who promote a certain food). In related fields like iodized salt consumption or hand washing, the power of proof has also demonstrated good results in motivating behavior change and product adoption.

1) Measuring the outcomes of nutrition

Low levels of hemoglobin (anemia) affect 1.6 billion people worldwide and are extremely prevalent among low-income consumers. The origin of anemia is multi-factorial but in many cases it is mostly attributable to iron deficiency. People suffering from extremely low iron levels are more prone to disease, have poor mental and physical development, and can suffer disabilities as a consequence. In addition, anemia causes 1.15m maternal deaths a year. Today several technologies have been developed that can quickly test hemoglobin levels, including HemoCue Haemoglobin and SpHb from Masimo described below.

a) HemoCue - www.hemocue.com/uk/Products/Haemoglobin-64.html

HemoCue is currently used as diagnostic and preventive treatment device: by detecting anemia early, patients –particularly pregnant women– can receive nutrition supplements before the problem becomes life threatening.

HemoCue has six hemoglobin testing devices that can accurately check hemoglobin levels in one minute. These portable devices require 10 µL of blood, which is precisely collected with a disposable microcuvette. The microcuvette pricks the patient and draws the exact amount of capillary, venous or arterial blood into the chamber where it automatically mixes with reagents. When inserted into the portable processor, the microcuvette analyzes the blood's hemoglobin levels via dual wavelength analyzers to correct for turbidity and gives precise results in under one minute.

This technology also has the potential to change how nutritious products are marketed, allowing healthcare providers or marketers of such products to measure, track and showcase improvements in levels of iron. This would give BoP families the measurable benefits they need to continue investing in nutrition.

b) SpHb - www.masimo.fr/hemoglobin

Masimo has recently developed a non-invasive portable device based on a light sensor attached to the patient's index finger measuring hemoglobin. The test does not require blood sampling (which is often a cultural or medical obstacle), is painless and instant, easing its application for children. This promising device will be piloted by the end of 2013.

2) Proving the claim of nutrition inputs

Iodine deficiency is the world's most prevalent, yet easily preventable, cause of brain damage. Since the 1980's organizations such as WHO promote iodized salt as the best means to fight Iodine Deficiency Disorder (IDD). Consequently several countries have enacted laws and regulations to ensure that refined table salt is iodized.

In the 2000's in Kyrgyzstan, despite laws for mandatory certification to sell salt and quality controls, non-iodized salt illegally imported by domestic traders was regularly found in Kyrgyz markets. To eliminate non-iodized salt from the supply chain, authorities decided to provide local retailers with free Rapid Test Kits (RTKs). RTKs contain a starch-based solution that reacts with iodine. If the salt is iodized it will turn blue on contact with the solution. RTKs allowed retailers to easily test salt quality at every purchase from producers or traders. In less than 2 years this bottom-up strategy first tested in one province showed significant increase of iodized salt consumption among households, and so was extended to the whole country.

3) Making bio-contamination visible

Hand washing with soap is an effective way to prevent two of the main child killers in developing countries: diarrheal diseases and respiratory infections. Indeed regular hand washing could prevent around 47% of diarrheal diseases and from 6% to 46% of respiratory infections. Despite this fact, observed hand-washing rates at critical moments vary from 0 to 34%. But providing soap to a population is not enough to ensure product usage because it often requires adoption of a new behavior.

In India, Hindustan Unilever (HUL) tackles this issue and promotes its soap brand (Lifebuoy) thanks to a behavior change program. The first stage of this program is called "Glo-germ demonstration". Thanks to "glo-germ" powders and ultra-violet light, children can see the remaining germs on their hands after rinsing them with water only. The same demonstration after washing with Lifebuoy reveals perfectly clean hands, proving to children that hand washing with soap is useful. The other stages of the program capitalize on this visible proof to reinforce the message in favor of hand washing.

A HUL study showed that their behavior change interventions had a positive impact on child health with 25% fewer episodes of diarrhea, 15% fewer episodes of Acute Respiratory Infections (ARIs) and 46% fewer eye infections.

One project showcased in this report used the same strategy to create demand. In their demonstrations, Naandi Community Water Services (NCWS) staff put a solution of hydrogen sulfide (that reacts with microbiological contaminations) in two bottles, one filled with regular water, the other with water treated by the kiosk. The first one immediately turns black, while the other remains clear. This simple but spectacular demonstration convinces people to buy safe water.

5 IN RURAL AND MATURE MARKETS, TRADITIONAL RETAIL IS THE MOST COST EFFICIENT DISTRIBUTION CHANNEL



A PKL sales woman re-supplies local mom and pop shops with their products

The value proposition and marketing tips seen in the first four chapters are key to the success of market-based approaches selling complementary foods, yet can only work if coupled with ensured product availability (i.e., 0 stock-outs), allowing consumers to become compliant users. This chapter and the following one describe the distribution strategies that have most efficiently managed to ensure product availability in rural and mature areas (chapter 5), and in urban ones (chapter 6), while chapter 7 will provide tips to optimize salesforce productivity. These three chapters are based not only on the case studies included in this report, but also on previous Hystra analysis of over 20 micro-distribution models serving the BoP in developing countries, whose experience can also be relevant for marketers of appropriate complementary foods.

Traditional distribution channels, though complex, are actually the most cost-efficient to reach the BoP, costing 25 to 30% of consumer prices at scale (including the advertising and channel management cost, as well as the margins of wholesalers, resellers and small shops – or pharmacies for health products).⁴⁹

Unfortunately, selling products as specialized as complementary food via traditional retail channels (or health channels like pharmacies for MNPs) is not that simple... and not that cheap before projects are at scale and serve millions of consumers.

Indeed, the first challenge is to get the product accepted by traditional distribution channels. Wholesalers and retailers are often hesitant to take on new products that they do not know (unless products are backed by a strong brand), fearing a lack of demand while products take up shelf space. Interestingly, in some cases retailers accept before wholesalers to take on these new products, and product marketers have to set up their own distribution channels to serve retailers before wholesalers accept adding the product to their catalogue. In any case, convincing them requires a combination of:

- **Push: this includes incentivizing retailers with high margins** (typically above 20% for retailers when competitors with known brands or other FMCGs will be between 10-15%, and sometimes more than 10% for wholesalers), and **investing in the relationship with a selection of retailers** (visiting them monthly to avoid stock outs and to prevent any complaint, giving them shelf display material, as PKL, Nutrifaso or Milkuat do, creating loyalty schemes, etc.), rather than trying to supply all the shops. This makes the selected

retailers more likely to become advocates for the product, while consumers will generally not mind walking a few more minutes to find the product (in dense urban areas but also in rural villages that often have several small shops on their market square).

- **Pull: creating demand at consumer, retailer and wholesaler levels with a mix of above-the-line (ATL) advertisement (in particular on TV, which builds brand credibility), and below-the-line (BTL) marketing** (see focus point 6 *When – and how – can above the line investments be useful?*).⁵⁰ Most of the respondents who have worked on retail schemes mentioned that ATL investments were necessary to go through retail. Alternatively brand recognition can be created initially by selling through NGOs or other locally trusted channels, like e'Pap did in South Africa and other African countries, where its products are now sold via retail without ATL.

This need for combined push and pull is expensive: across the projects studied in this report, distribution and marketing costs (including ATL and BTL costs, costs of sales people and their managers, delivery costs, and the margins given to the distribution chain) added up to 50 to 70% of sales at consumer price. This is partly due to the fact that these projects are still in the market-building, brand-building or scaling-up phase. As a comparison point, typical FMCG products (such as soap, snacks, etc.) can reduce their marketing and distribution costs to 25% of total sales at consumer price, once at scale. True, the nutritious products considered here cannot be directly compared with mainstream FMCG that have a much larger market than 6-24 month aged children, and hence much

49 This includes distributor margins as well as advertising and channel management cost.

50 Above-the-line marketing includes all types of mass media advertising: national TV and radio campaigns, newspapers or billboards.

Below-the-line marketing includes the various strategies of direct marketing: field events with demonstrations, door-to-door promotion, or individual / small group counseling.

larger volumes of sales, and a shorter shelf rotation and hence more attractiveness to retailers.

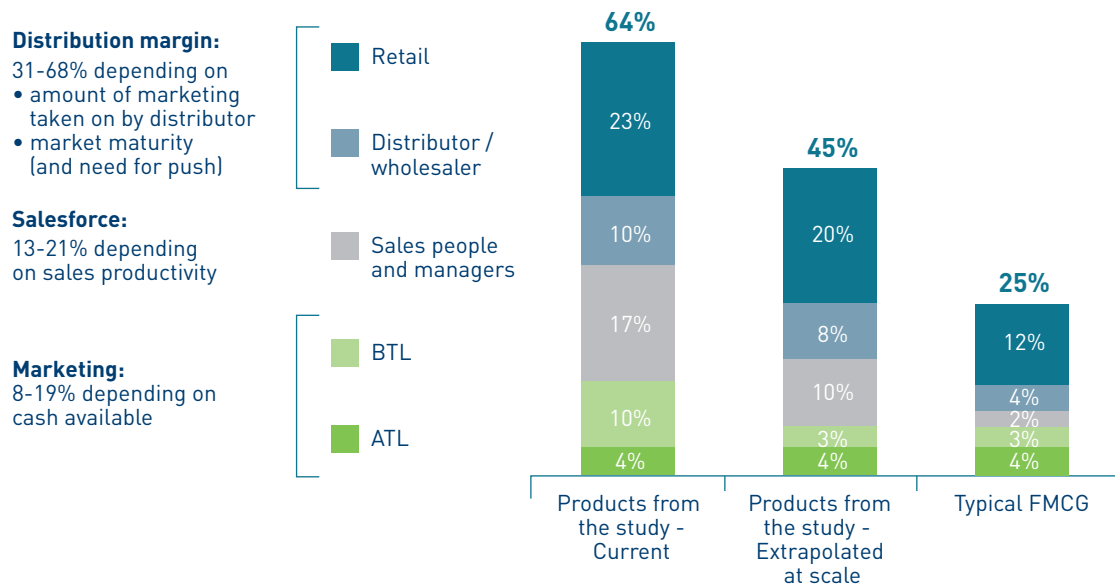
However, with time and scale, organizations selling branded complementary foods should be able to lower the share of their revenues spent on marketing and sales, because, they will:

- not need as high distribution margins to convince distributors (including wholesalers, retailers and pharmacies when in line with the Code) to take on their products, once these are better known
- improve their salesforce productivity as they professionalize their sales process and their salesforce gains experience (see chapter 7 on optimizing salesforce productivity)

- automatically see their marketing costs as share of sales decrease as the constant marketing costs (in absolute value) will be progressively offset by larger revenues.

With these hypotheses, we estimate that organizations selling branded complementary foods can bring down current average distribution and marketing costs of 64% of sales, to 45% of sales, as illustrated on the graph below.

Costs of marketing and distribution as percentage of sales (at customer price)*



*Source: Case studies, Hystra previous analysis.
For extrapolation: costs from the best practice in each category, assuming they reach their target sales volume

Focus point 6: When – and how – can Above-The-Line marketing investments be useful?

A previous Hystra study focusing on durable goods⁵¹ concluded that above-the-line (ATL) campaigns, while good at raising awareness, were usually not a cost-effective investment to convince BoP customers to purchase innovative products. Instead, local below-the-line (BTL) activities, where people would touch and feel the products, were very effective in inducing first sales and careful after-sales service ensured satisfaction of early adopters, triggering positive word-of-mouth, the most cost-effective marketing tool.

However, for nutritious products, **ATL can play a critical role**, that differs depending on the maturity of the market:

- Where appropriate infant feeding practices are not widespread, ATL campaigns can offer a cost-efficient option to broadly promote behavior change. While well-designed BTL campaigns are the best way to convince mothers to change their habits, they remain ineffective if influential people (e.g., husbands, grand-mothers, and key opinion leaders) do not endorse mothers' new behaviors. ATL marketing can help change these perceptions, as shown by Social Marketing Company (SMC), a Bangladeshi non-profit organization that implements a combined ATL and BTL marketing strategy for its micronutrient powders (Monimix): the launch of a large branded TV campaign⁵² to complement community workers' field work boosted sales by 20-30% compared to sales of the same period the previous year. The behavior change literature mentions similar successes for the promotion of oral rehydration solution⁵³ or hand washing with soap.⁵⁴
- Even when branded complementary foods are known and accepted, ATL campaigns can be necessary to:
 - » Convince the distribution chain (distributors, wholesalers, retailers etc.) to carry a new product. ATL campaigns reassure them of the seriousness of the company and the likelihood of demand for these products. It is to answer this challenge that PKL runs a mass media campaign every year for 2-4 weeks with large billboards and TV ads. For that same reason (among others), Nutrifaso launched a national TV campaign promoting their brands and their "Strong Babies Porridge" label. Mahbubur Rhaman, marketing director at SMC, also explained: "TV campaigns created demand from providers which were initially not willing to buy Monomix".⁵⁵
 - » Convince people to switch to a new brand (e.g., better or cheaper product, availability in new channels, etc.). Nutrimad (now Nutri'zaza), which had reached significant awareness with its restaurant and door-to-door models, supported the retail sales of its porridges with several TV campaigns. People who knew the brand now also knew that they could find it in retail stores. With these campaigns, retail activity went from 30% of sales in 2010 to 63% of Nutri'zaza sales volume today. In such a case, generating sales does not depend on changing a behavior; but on successfully positioning the product against competitors, via the best value proposition (including price, quality and convenience), distribution network, and promotion of those attributes.

In all contexts, optimizing **marketing spend requires comparing the potential impact of ATL and BTL campaigns with their respective costs**. Across case studies in this report, costs for a one-week national TV campaign (two spots per day at prime time)⁵⁶ were equivalent to 1 to 4 times a field promoter's annual compensation (not including training and management costs). As these costs (both for BTL and ATL) vary across countries, marketers should carefully study which type of spending will bring them the most customers, compliance and impact, given the specificities of their environment.

51 Hystra, *Marketing Innovative Devices for the BoP*, March 2013, available at www.hystra.com/marketingdevices.

52 The TV spot used for this campaign is showing two young children and their mothers. One is stronger and smarter: his mother gives him Monimix. This campaign was very successful. SMC had a disappointing experience with a previous TV campaign in which a Bangladeshi celebrity explained what anemia was, its symptoms, and the necessity to use MNPs. Alive & Thrive, an NGO also promoting adequate IYCF practices in Bangladesh, reached

similar conclusions: "Alive & Thrive situational analyses in Bangladesh and Vietnam built a strong case for the use of mass media for IYCF, with the understanding that the poor reputation of mass media for nutrition may have been the result of poorly designed programs and/or a dearth of evaluated IYCF campaigns."

53 Social Marketing Institute mentions an ORS campaign in Honduras, which achieved a reduction in infant mortality due to diarrheal dehydration from 47.5% to 25% in one year only.

54 Curtis, Garbrah-Aidoo and Scott (2007) have evaluated a campaign in Ghana that led to an increase in hand washing rates by 41% in targeted communities.

55 Sources: Field visits of PKL, July 2013 and Nutrifaso, September 2013. Interview with Mahbubur Rhaman, marketing director at SMC, August 22, 2013.

56 Not including costs of creating the TV ads: these varied widely from \$500 to \$25,000 for a 30-45 second TV spot.

They should also take into account the lessons learned from fellow marketers.⁵⁷

- **Target audience must encompass all decision makers.** Indeed, the adoption of a new infant and young child-specific product (and the acceptance of associated behavior within a community) often depends on endorsement by key opinion leaders and the immediate surroundings of the mother (father, mother in law, neighbors...), especially if nutritious food represents a significant share of a households' budget. As an example, in Indonesia, Milkuat adverts target mothers and children who are both decision-makers for the purchase of the Milkuat products. Similarly, Gret conducts studies of habits, current perceptions and expectations towards complementary foods both with mothers and fathers to find an adequate marketing communication message. In Burkina Faso for example, mothers had expectations for a convenient and easy-to-prepare product, which would keep their child in good health and allow them (the mothers) to rest; they also wanted a product that would please their children. For fathers, the key arguments were having a strong child who could later support his family, and a healthy child with lower chances of falling ill and thus generating health expenses. Gret incorporated these considerations into the marketing communication tools they created to promote their fortified flours mixes in Burkina Faso.
- **Channels (TV, radio, newspapers, etc.) must match target audience's habits and preferences.** For instance, TV is widespread (and trusted) in many Asian countries and African urban areas, while it has little credibility in several Latin-American countries and still has limited reach in rural Africa
- **Messages should be straightforward, audience-specific, promote culturally acceptable and feasible practices, and display product benefits matching end-user expectations, not donor health ambitions** (e.g., creating aspiration for children's success has proved in many cases to be a more effective message than health education on the medical benefits of micronutrients)
- **Alignment with existing campaigns on similar topics helps reinforce credibility and influence** (e.g., same wording as government campaign on nutrition). The Alive & Thrive project, an initiative to improve infant nutrition in Bangladesh, Ethiopia and Vietnam, had difficulties promoting exclusive breastfeeding in areas where populations had been receiving contradictory information from various media and local sources. On the contrary SMC in Bangladesh attributed the success of Oral Rehydration Salts partly to the alignment of messages from all sources (government, NGOs, competing providers...).⁵⁸
- **Finally, it is key to consider whether direct access to consumers is possible given local legislation** related to marketing of breast milk substitutes (where complementary foods are considered to be breast milk substitutes).

It is thus necessary for any practitioner willing to promote its products through ATL to conduct research on local habits, identify key audiences and channels, pre-test messages, make sure they are aligned with other public and corporate messages, carefully monitor and adjust the campaign, evaluate its results, and identify best practices for further rounds.

⁵⁷ For more details, see for instance IYCN (2011). *Behavior change interventions and child nutritional status, Evidence from the promotion of improved complementary feeding practices*, USAID/IYCN, Washington.

⁵⁸ Sources: Interview with Mahbubur Rhaman, marketing director at SMC, August 22, 2013, and with Jean Baker, Project Director of Alive and Thrive, July 13, 2013.

6 IN URBAN MARKETS, DOOR-TO-DOOR SALES CAN CREATE DEMAND AND BUILD CLIENT LOYALTY



A Nutri'zaza sales ladies does her morning door-to-door round to sell warm porridges to mothers for their children's breakfast

As seen in the previous section, retail, once it is ready to take on nutritious products, is the most cost-efficient channel to distribute them.

Yet, based on the projects analyzed in this study and previous Hystra analysis, **two market situations justify going beyond retail and relying on door-to-door sales** (when in line with the Code and its local application):

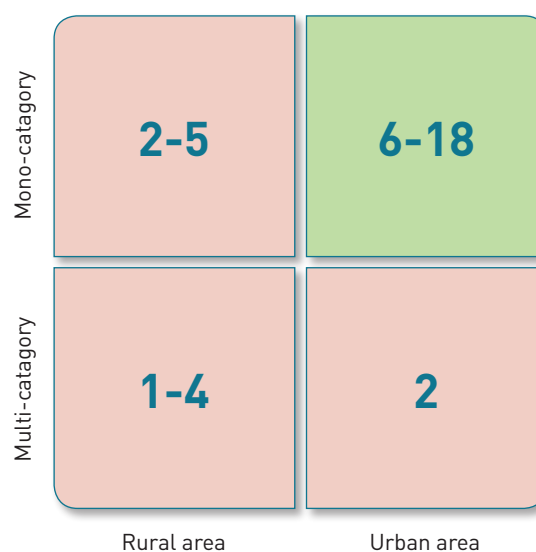
- In a **new market**, when retail does not yet see the demand and will not accept to take on the products. Door-to-door sales can then play a key market building role
- In an **existing market**, when retail cannot offer a service demanded by consumers, that require more than a simple sale. In the case of fortified complementary foods, this is mainly the home delivery of ready-to-eat portions at the time of consumption, that caretakers value for their children.⁵⁹

The challenge is that investing in a door-to-door salesforce only makes economic sense if it sells one type of products only, and in dense enough (urban) areas. Building a dedicated door-to-door salesforce selling nutritious products in rural areas is extremely

costly due to geographic dispersion combined with limited transaction size. Over the 20 micro-distribution models for the BoP we have studied, this actually held true for any Fast Moving Consumer Goods (FMCG): door-to-door sales people in rural areas do not manage to sell enough to sustain a living, given the limited number of potential customers in a low-density setting.⁶⁰ And a large multi-category basket of products results in too complex logistics and sales for a low-educated salesforce. This in turn leads to low salesforce retention, which creates huge overhead costs to constantly recruit and train new sales people, making this channel impossible to sustain financially on its own.

Results are clear in terms of salesforce productivity (measured in sales per full time equivalent – FTE): only urban, mono-category door-to-door salesforce achieve “reasonable” results of over \$6k of product sales per FTE per year (between \$6k and \$18k/FTE/year) and can thus hope to be self-sustaining. Among the projects seen here and in previous Hystra analysis, multi-category and / or rural door-to-door salesforce sell between \$1k and \$5k/FTE/year, as shown on the graph below.

Range of sales per FTE salesperson for different types of door-to-door salesforces (in \$k per year)



59 Beyond nutrition products, Hystra previous analysis of over 20 micro-distribution models serving the BoP found that door-to-door can be justified in an existing market in case of retail's inability to:

– Deliver heavy products. In rural India, 5-10% of Naandi Community Water Services customers are willing to pay 1 to 1.5 times the price of the can at the Water Center to be

home delivered (in few places, for remote customers, the premium can reach 400%)

– Offer as wide a range of products as door-to-door. The door-to-door salesforce of Brazil-based Natura, one of the world's largest cosmetic brands, offers over 700 stock keeping units to be ordered on catalogue, a product range that small retailers could not afford (for stock and rotation issues)

– Provide as specialized advice as door-to-door. Natura sales ladies are also able to sell better than retailers by continuously providing advice to their regular consumers

60 FTE : Full time equivalent. Data from this study and from previous benchmarks of over 20 micro-distribution organizations.

Hence, the only economic way to use door-to-door in rural areas in to leverage a pre-existing credible network active in the same area (in this case, health and nutrition) to distribute and sell the products, paying it a commission on product but not bearing the cost of creating and managing this network. BRAC has leveraged their trusted, already paid for network of 90,000 health workers to effectively launch Pushtikona multi-nutrient powders, among the ~20 health products that this network carries. While primarily harnessed to improve access to MNPs along with the promotion of optimal infant and young child feeding practices, from a commercial sustainability perspective such networks are very effective (and cost-efficient as costs are shared with other activities). Yet as such networks are unfortunately rare, most marketers in rural areas have chosen the retail route.

In urban areas, a door-to-door salesforce can answer both of the market situations described above (need for market creation and need for additional services such as timely home delivery). Optimally this salesforce should be divided into a physical delivery team and specialized, full-time sales agents dedicated to market development.

- Regarding the physical delivery part, mothers value the convenience of receiving the ready-to-eat food at home every day at breakfast time, right when they need it. In that case, a door-to-door model provides convenience: it must thus ensure reliable deliveries and quick order fulfillment,

adapted to product characteristics, geographic conditions, and number of SKUs⁶¹ offered.

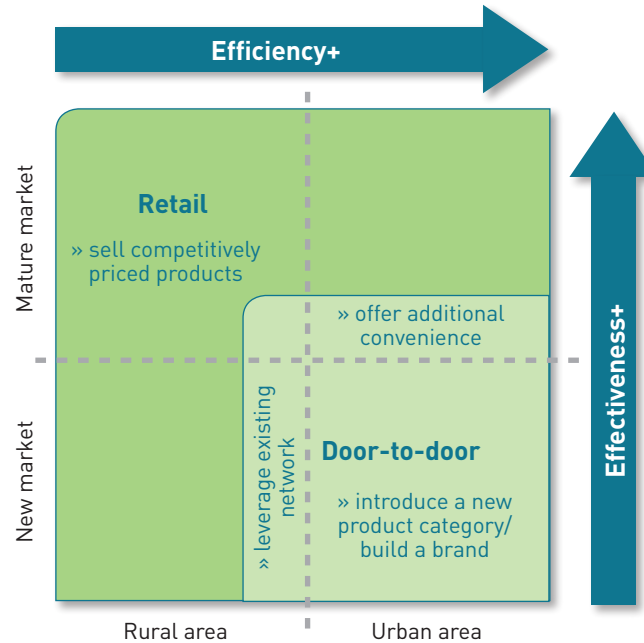
- Regarding the specialized door-to-door salesforce, it has proved an effective way to build the brand and increase sales, including in neighbouring retail shops. For example, Nutri'zaza primarily sold its fortified porridge door-to-door for 10 years with a specialized salesforce, trained on nutrition issues, wearing conspicuously branded clothes that make them look professional, that built a very strong brand (children shout the flour name "Koba Aina" in the slums when the sales lady arrives). Surfing on this strong brand equity, Nutri'zaza now sells over 60% of its volume via retail. Similarly, Nutrifaso effectively markets ready-to-eat fortified porridge door-to-door via saleswomen in conspicuous uniforms in low-income areas of Ouagadougou, even though fortified flour is available in retail in slightly richer areas. It has had the same effect of brand promotion as in Madagascar, children shouting and running to the cart when saleswomen arrive. Milkuat sales in schools are not profitable per se, but promote the brand and increase sales out of school, which justifies the costs of the direct salesforce. Similarly, Semilla, a door-to-door saleswomen network in Mexico for Danone products, has increased Danone sales of a few specific SKUs⁶² in retail shops in its zone of influence as it creates a habit and preference for these products.

The following chart summarizes the solutions described in chapter 5 and 6.

61 SKU: Stock Keeping Unit : specific item of a product line, e.g., a specific brand of yogurt in one specific format and with one specific flavor is one SKU – the same yogurt with a different flavor will be another SKU.

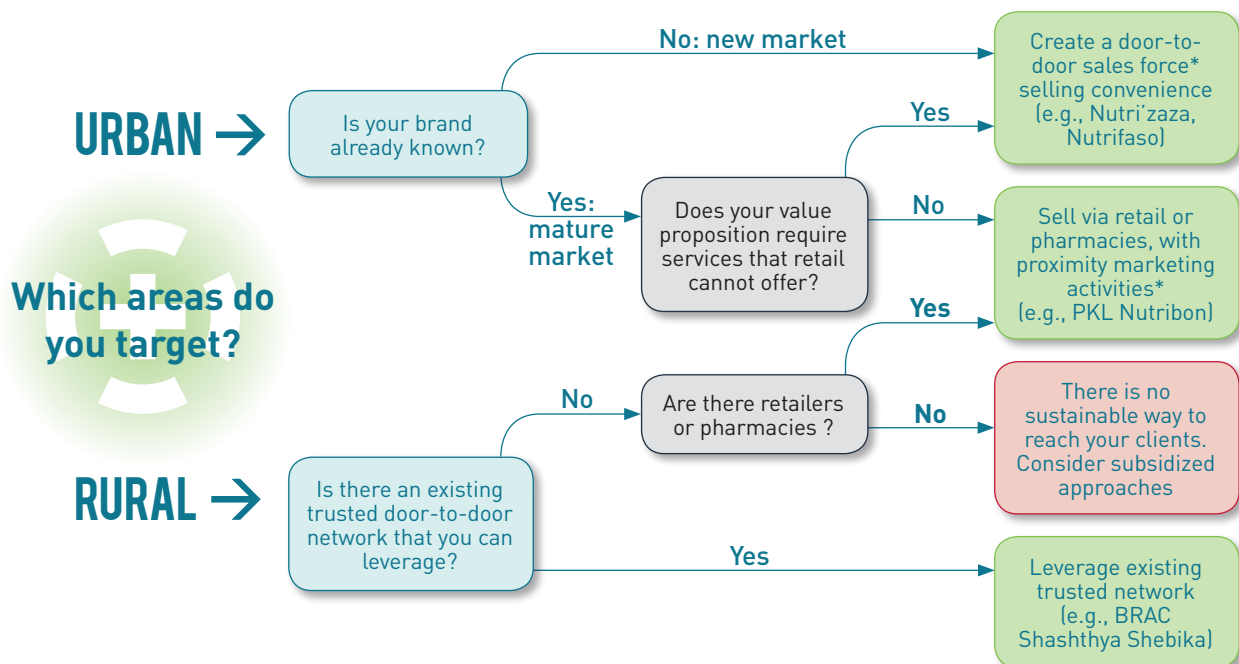
62 SKU: Stock Keeping Unit : specific item of a product line, e.g., a specific brand of yogurt in one specific format and with one specific flavor is one SKU – the same yogurt with a different flavor will be another SKU.

Best distribution option depending on market density and maturity



Marketers should thus ask themselves the following questions to choose the most cost-efficient sales channels, depending on their environment.

Decision tree for marketers



*Where in line with the Code. In particular, it is important to consider whether direct access to consumers is possible given local legislation related to marketing of breast milk substitutes (where complementary foods are considered to be breast milk substitutes, rather than complementary to breastfeeding)

7 OPTIMIZING SALES FORCE PRODUCTIVITY REQUIRES FOLLOWING PRIVATE SECTOR BEST PRACTICES AND INNOVATING FRUGALLY

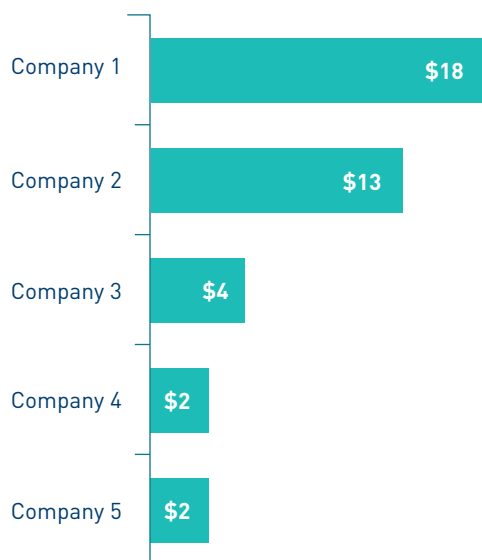


A "frugal" distributor of Naandi Water
Community Services comes to the Water
Center to get his clients' daily water supply

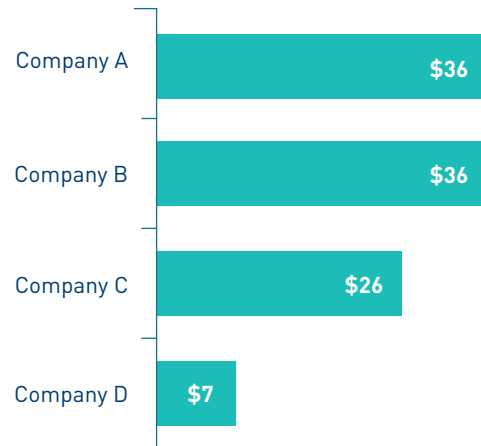
As we have seen above, selling specialized products such as complementary food is a complex business, entailing significant efforts (and costs) to set up adequate marketing and distribution processes, to ensure compliance and maximize health and social impact. The entities we have studied were generally good at creating appropriate products that customers liked, at designing an effective marketing strategy, and at choosing their distribution channels – but we observed a significant capability gap in sales execution.

As a result, **salesforce productivity varies widely across organizations**. Considering data from this study and from previous benchmarks of over 20 micro-distribution organizations, door-to-door salesforce reaches sales of \$2k to \$18k/FTE/year while urban salesforce delivering products to retailers achieves between \$7k and \$36k/FTE/year of sales productivity.⁶³

Sales per FTE salesperson – Door-to-door
(in thousands of \$ per year)

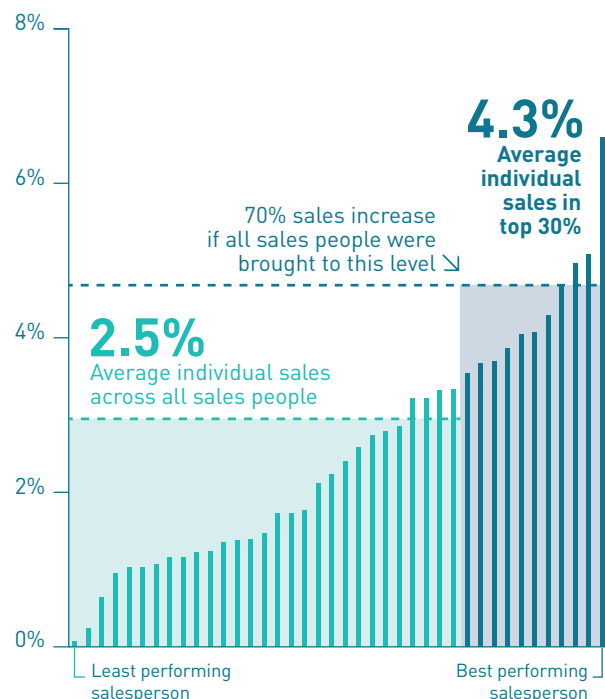


Sales per FTE salesperson – Retail
(in thousands of \$ per year)



The productivity range is also huge within the same salesforce, where it is not rare to see the best sales people selling over 10 times more than the least performing ones. The graph (right) representing the sales of one company studied here, shows that bringing the whole salesforce to the average productivity of the top 30% salespersons would increase total sales by 70%! This represents a huge opportunity for improvement of both social impact, and company sales and sustainability.

Sales per salesperson as % of total sales



⁶³ FTE: Full time equivalent.

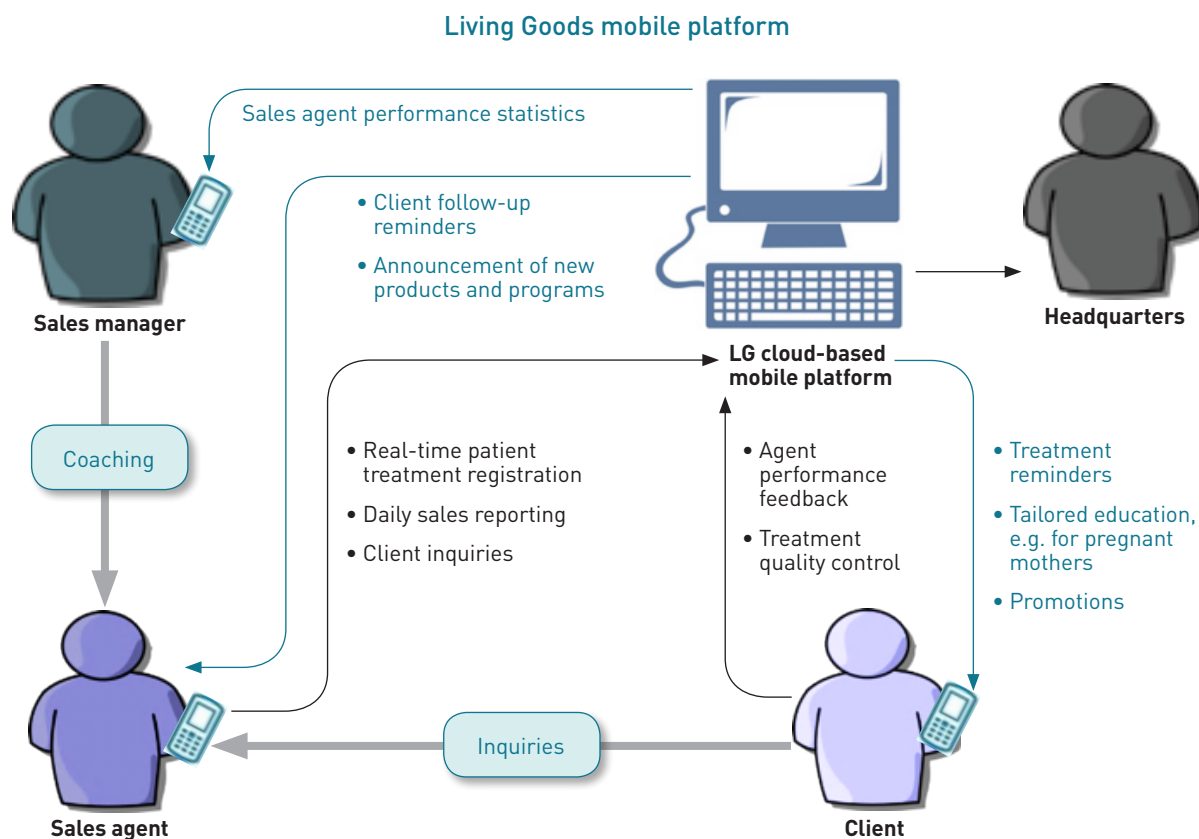
To support their salesforce (and avoid high salesforce turnover), companies across this study and Hystra previous work offered a minimum ~\$3,500 yearly income in urban areas and ~\$1,100 in rural areas (FTE) for sales people, and \$970 for pure delivery staff in urban areas⁶⁴. Processes at all levels across the marketing and distribution chain need to be optimized in order to justify these salary levels and achieve economic sustainability. This is where the greatest opportunities lie to learn from the private sector. Hence, this section will share best practices from companies not all analyzed in this study, that could truly make a difference in the world of nutrition.

Best marketers have used the following practices to enhance salesforce productivity while keeping costs low.⁶⁵

- **Routes followed by the salesforce can be optimized based on market potential analysis.** Semilla, a sales program selling Danone dairy products door-to-door in urban Mexico, has developed a specific methodology taking into

account market potential, route safety and presence of supporting organizations to optimize the location of micro-depots and routes of its more than 200 sales ladies.⁶⁶ Milkkuat also plans its salesforce routes and delivery teams in advance to serve close to 170,000 outlets carrying its products, with clear targets in terms of numbers of shops or schools visited per day.

- **Information and Communication Technology (ICT) can effectively combine cost-efficient monitoring and motivating of the salesforce, and Customer Relationship Management (CRM** – to report nutritional status, spread health messages, send reminders, promote new products etc.). In Uganda, Living Goods sells health products via a door-to-door salesforce. Its headquarters communicate with both sales ladies and customers through text messages, via a cloud-based customer database for optimal CRM (see illustration below).⁶⁷ Milkkuat salesforce uses Blackberry text messaging to share best practices or send up-to-date information on markets and competition.



64 Previous Hystra work on micro-distribution was done in euro in 2012, and amounts were converted in dollar at the rate of March 2014: 1€=1.39\$.

65 Successful practices have been observed in door-to-door models beyond nutrition.

66 Source: Previous Hystra analysis. For more

information on Semilla see www.danone.com.mx/noticias/danonemexico/semilla.aspx.

67 For more details, see focus point 4 *Leveraging ICT in nutrition/health programs to improve impact and organizations' sustainability* in this report and case study on Living Goods in the report "Marketing Innovative

Devices for the BoP" (Hystra 2013) available at hystra.com/marketing-devices. See also Living Goods website: www.livinggoods.org

- **Differentiating between the roles of market development**, demanding high skills for short period of time, **and product delivery**, requiring a low-cost solution in the long run, is also key. Market development sales people are typically paid a fixed salary (to compensate for the incompressible time spent creating trust and building the brand, before sales start) and a variable pay to incentivize results. PKL promoters or Milkuat area sales supervisors fall into that category. Door-to-door product delivery salesforce can be entrepreneurs earning a commission on each product sold, such as Nutri'zaza and Nutrifaso Laafi Benre sales ladies delivering warm porridge, or employees paid mostly on commission. Retail delivery salesforce can receive a fixed wage only when they only do distribution, or a fixed wage plus commission if they also play a role in incentivizing new orders.
- **Instilling a strong sense of purpose and comradeship is essential to salesforce effectiveness and retention**, as door-to-door selling is a hard and solitary job. Brazil-based Natura, one of the world's largest cosmetic brands with a salesforce of over 1 million part time sales women, encourages group dynamics through monthly encounters between sales people.⁶⁸ This creates high solidarity: for example, sales women share products among themselves in case of product shortage. Similarly, Semilla sales ladies gather every day before starting their daily routes to do team-building exercises and boost team members' motivation.
- **Investing "frugally" in distribution to expand reach**. Laafi Benre (Nutrifaso ready-to-eat porridge sold door-to-door in Burkina Faso) is home delivered via a specially designed cart that can enter muddy streets, with two compartments to keep the porridge warm, and a conspicuous Laafi Benre logo on its side. Project Shakti, a Unilever micro-distribution initiative in which 40,000 women deliver Unilever products to remote rural areas in India, more than doubled its sales per sales lady by offering a bicycle to a man from their family who could then transport products to neighboring – yet inaccessible by foot – villages. Laiterie du Berger, a social dairy enterprise in Senegal, realized that 90% of points of sales of Dakar were not accessible by car. They set up a complementary distribution channel called PoussPouss of man-pushed carts (costing less than \$400) that can reach these shops, a channel whose share of sales grows year after year for Laiterie du Berger. With modest investments in local solutions to their local distribution issues, these companies have managed to significantly improve their reach.

68 Sources: previous Hystra analysis. For more information on Natura see www.natura.net.

8 BROADENING CUSTOMER BASE IS KEY TO BUILD A SUSTAINABLE BUSINESS



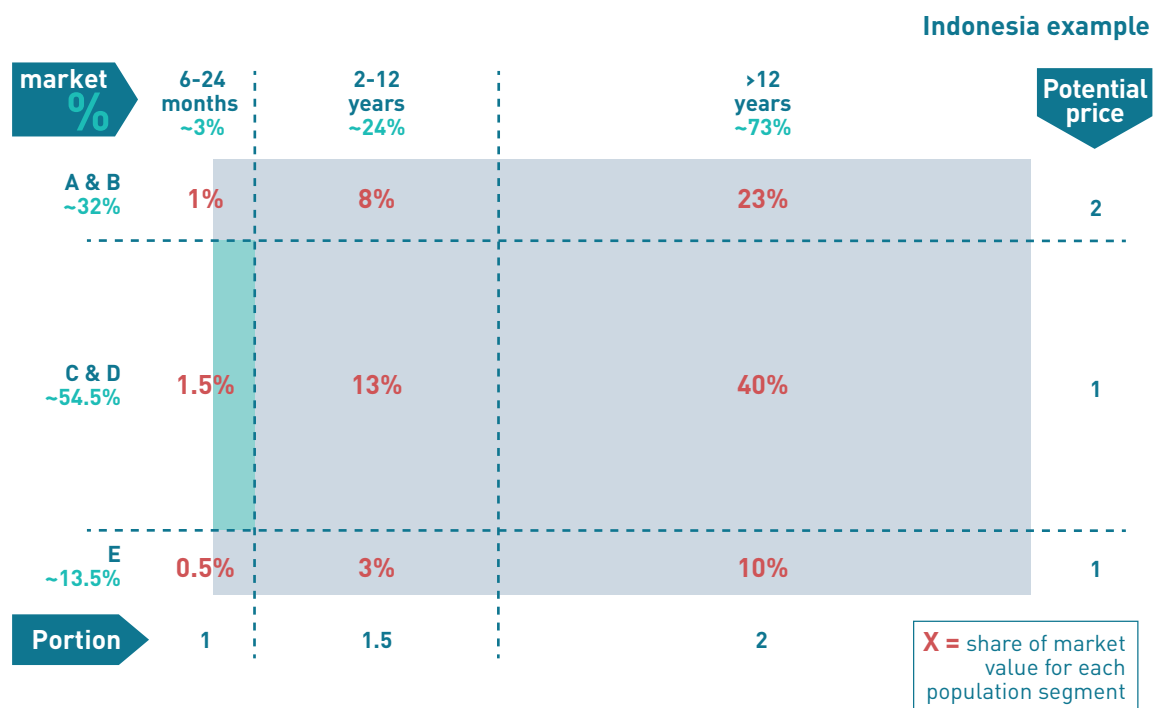
A Nutrifaso sales lady marks the pre-paid cards of her (older) clients in exchange for their daily porridge portion

In order to become sustainable, companies need to go beyond the small volume market of 6-24 month old infants and children from low-income families.

Infants from 6 to 24 months of age only represent 3-5% of developing countries' population, and even a smaller share of the potential market size for such products. In addition, the products studied in this report are typically sold in channels targeting socio-economic levels (SEL) C-D, i.e., not the richest A-B categories and not the poorest E, further limiting market potential. For example, C-D children aged 6 to 24 months represent 3.2% of the population in Indonesia and 4.2% of the population in Madagascar.

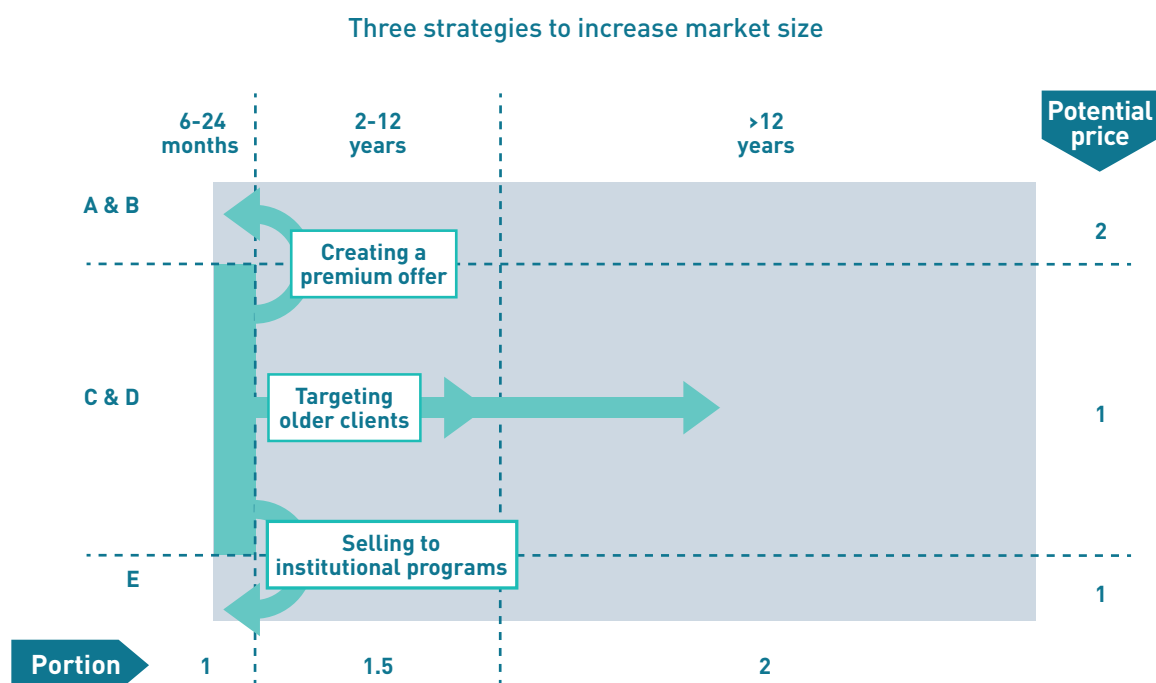
On the graph below, we highlight the share of the potential market size in value by SEL (vertical axis) and population age (horizontal axis), in red figures, for a company selling nutritious products. We have made two assumptions: (1) 3 to 12 year old children would need 1.5 times the food quantity of infants and young children, and adults twice that quantity, as shown at the bottom of the horizontal axis;⁶⁹ and (2) the company would sell premium products at twice the price of the basic product for SEL A-B, as shown on the right of the vertical axis. In value, this would mean that targeting a fortified food product only to C-D, 6-24 month old children would correspond to only targeting 1.5% of total potential market in Indonesia (illustrated on the graph), and 2.3% in Madagascar...

Share of market potential per segment, by age and SEL- Indonesia example



69 Products for each age group would need different dosages to fit the nutritional requirement of each age group – they would most likely be different products under the same brand.

Successful marketers have used three strategies to expand their market potential, illustrated on the graph below and explained thereafter.



- **Some companies create premium products that cross-subsidize their “affordable products”.** This strategy is only viable in countries with relatively large middle class, such as Indonesia: compared to serving only categories C-D, providing a premium product for the A-B category multiplies the market by 1.5.⁷⁰ Danone Indonesia is subsidizing its basic Milkuat 70mL, IDR 1,000 (\$0.1) product with the Milkuat tiger bottle at 95mL, IDR 2,000 and 170mL, IDR 3,000, on which it makes at least 15% more margin. The premium product today represents 20% of sales, and is growing. This allows the main product price to remain stable at IDR 1,000, the “magic price” that kids can afford, in spite of the volatility of the price of key inputs (fresh milk, minimum wage, fuel, and electricity).
- **Targeting older clients (with different products, appropriate for their needs) increases market potential and drop size and ensures continued relationship with families** – in particular if

complementing the needs of the 1,000-day window. Expanding the market (if necessary with another product) to C-D children and adults (from C-D 6-24 month old children only) means multiplying market potential by about 36! There are three (non-exclusive) ways to do this:

- » **Selling the same product to adults with high micronutrient needs:** This is the strategy of e’Pap, targeting not only infants but mainly adults whose nutrient status is compromised (significant impact has been measured with those living with HIV and TB)⁷¹ and proposing different dosages depending on consumer age. This should however be done carefully as a risk is that the product is not appropriately fortified for either adults or for children (over or under dosage) since the concentrations required are different.
- » **Selling a similar product with different micronutrient dosage to adults:** PKL has developed a different brand of fortified adult food, Nutrifort, which complements the Nutribon

⁷⁰ However in Madagascar where categories A-B represent only 3% of the population, serving them would only multiply the market by... 1.06.

⁷¹ Sources: Rudolph M, Kroll F, Beery M, Marinda E, Sobiecki J-F, et al. (2013) A Pilot Study Assessing the Impact of a Fortified Supplementary Food on the Health and Well-Being of Crèche Children and Adult TB Patients in South Africa. PLoS ONE 8(1): e55544. doi:10.1371/

journal.pone.0055544

John Heinrich, CEO South African National Tuberculosis Association (2009) e’Pap nutrition, Santa Gauteng report March 2009, not published

IYC brand and adds over 50% of sales to the IYC products sales. In addition, the ingredients (in different doses) and industrial processes are similar, allowing to leverage economies of scale in sourcing and production.

- » **Combining complementary food products (focused on IYC) with products targeting pregnant women, adapted to their specific needs.** Indeed, creating a “1,000-day brand” would benefit from the economies of scale mentioned above, optimize health impact, expand market potential, convince mothers of the brand benefits (as they would see the positive impact it has on them during pregnancy) and ensure continued relationship with families who would soon need complementary food products for their infants and young children.

- **Leveraging large-scale institutional orders can increase sales volume and help capture economies of scale, but must be done carefully.**

Even though this segment only represents a fraction of the market potential, Nutrifaso’s producers in Burkina Faso sell between 40 and 70% of their production every year to institutional channels (e.g., the World Food Program, which then distributes products via NGOs). Nutri’zaza in Madagascar also sold 34% of its 2012 production to institutional channels. When leveraging these orders, it is key to do so with a different packaging/brand than the products that are actually sold to consumers, or in areas where the product is not available for sale, to avoid undermining these fragile markets. In that case, institutional sales can actually become a great market building strategy: e’Pap managed to build its brand by selling first to respected NGOs or public institutions (hospitals, schools, etc.) that gave the products for free to their patients and pupils. These institutions popularized the product that today sells via retail.

CONCLUSION: TOWARD MORE COLLABORATION AND RESEARCH

This report presents a number of important findings that can make future nutrition interventions more effective and sustainable. There are some market 'principles', which – when applied to nutrition – can increase coverage of and compliance with utilization of nutritious foods and supplements, thus leading to higher impact on nutritional status.

We have summarized these findings in 8 lessons:



#1 Marketing nutrition is not (only) about health.

In the value proposition, the “bliss factor” of the product, i.e., the immediate satisfaction provided to the child, is a pre-requisite to any sale. The product must also meet local habits in terms of a familiar food form, and bring convenience to cash- and time-constrained consumers.

#2 BoP consumers are ready to pay more for nutritious products that they value.

Low-income families are ready and able to pay 5-8 times the price of traditional foods to feed their children with similar quantities of products that they perceive as better. Between traditional foods and imported premium complementary food brands, there is often space for at least two products with different value propositions and “magic prices”, i.e., prices that are both affordable enough and convenient (e.g., one banknote). The cheapest products are generally not those that sell best, as mothers want to give their children “the most expensive – seen as the best – food they can afford”.

#3 Effective promotion leverages trust and aspirations.

Whenever it is possible to do so in line with the local application of the Code, health professionals have proved the most effective lever to trigger initial trial of nutritious products. In any case, motivating behavior change among customers (often mothers) requires aligning their entire environment, including fathers, stepmothers, and neighbors. Aspirational messages work best, as long as they are evidence-based and aligned between nutrition and health actors.

#4 Constant reminders and incentives drive compliance.

Compliance is not only key to achieve social objectives, but also for economic sustainability of the marketer of these products. Good practices to increase consumer compliance (whenever in line with the local application of the Code) include daily home delivery of ready-to-eat food, daily SMS reminders, subscription schemes, conditional cash transfers, short-term rewards, and quick visible evidence of measured effectiveness (e.g., weight gain, anemia reduction). A dedicated after sales service is also key to address any issues faced by mothers and ensure client satisfaction.

#5 When traditional retail exists in rural and mature markets, it is the most cost efficient distribution channel.

Beyond marketing practices, daily availability of products is necessary for regular use. Traditional distribution channels, though complex, are the most cost-efficient option in mature and rural markets where door-to-door sales would be much too costly. However they remain expensive to run sustainably, as they require a combination of push (e.g., high retailers margin), and pull marketing (e.g., demand creation at consumer, retailer and wholesaler levels via a mix of mass and proximity marketing).

#6 In urban markets, door-to-door sales can create demand and build client loyalty.

Investing in a door-to-door salesforce for nutritious products seems justified in new urban markets, or in existing markets where consumers demand a service that only a door-to-door salesforce can provide, such as home delivery of ready-to-eat food. We have seen two successful door-to-door models: leveraging a pre-existing credible network (e.g., community health workers), and building a specialized, skilled and full-time salesforce.

#7 Optimizing salesforce productivity requires following private sector best practices and innovating frugally.

Salesforce productivity varies widely across and within organizations. Private sector practices for other types of fast moving consumer goods can prove useful for marketers of nutritious products: successful organizations optimize salesforce routes based on market potential analysis, use ICT for salesforce monitoring and maintaining relationships with consumers, specialize staff for market development and for product delivery, encourage a sense of purpose and comradeship for field staff, and invest “frugally” in distribution solutions to expand reach.

#8 Broadening customer base is key to build a sustainable business.

Infants and young children of 6 to 24 months of age only represent 3-5% of developing countries’ population, and even a smaller share of the potential market size for packaged nutritious products. Successful marketers expand their market by creating premium products allowing cross-subsidies for their cheaper products, targeting older clients with adapted products (thus ensuring continuous relationships with families), or carefully leveraging large-scale institutional orders.

Few of these lessons are systematically applied by social entrepreneurs, NGOs or public organizations promoting nutritious products to the BoP. On the other hand, they would seem banally familiar to sophisticated consumer goods companies.

The public sector alone cannot carry the responsibility to supply and ensure access to nutritious foods and supplements for the entire population - actually no single player can. First, the public and non-for-profit sectors have a role to play in treatment of malnutrition, and promotion of adequate feeding behaviors to prevent new cases of malnutrition. Second, the food industry has some critical assets to bring in terms of innovation in fortified products and business strategies, to improve distribution approaches serving low-income families: brands, technology, distribution channels and marketing capabilities. Third, researchers have a key role to play in deepening the evidence base of what products work at what dose in which environment. Finally only the public sector can set up an appropriate regulatory and policy framework.

We therefore hope to be at the start of a cross-sectorial dialogue, understanding and learning from each other - in order to improve future initiatives. A concerted approach is required.

More specifically, based on these 8 lessons learned, entities interested in a market-based approach that could contribute to solving the nutrition challenge could take the following considerations into account.

- **NGOs, social entrepreneurs and food industry players:** NGOs can leverage market forces to build sustainable nutrition models that can reach the scale needed; while private actors can consider complementary food as a large market opportunity where it is possible to do well while doing good.

Concretely, based on this report's findings, for- and not-for profit nutrition organizations willing to leverage market-based approaches could set up a direct door-to-door salesforce of ready-to-eat food in urban areas, and a network of promoters conducting demonstrations and developing a distribution network in rural areas. Their choice of sourcing strategy should consider

the various local suppliers' capabilities to both ensure supply continuity (i.e., avoid any stock outs) and continue producing and distributing good quality products over the long term. Finally adding a premium offer to their affordable product range (in which price is set in order to maximize affordability) would allow both serving more affluent customers and enhancing sustainability.

- **Local and national governments, and aid agencies:** National and local governments have different and complementary roles to play to foster good marketing of nutrition. The national government sets the frameworks within which local governments work. There is a major role for national governments, not just in terms of regulations addressed to the private sector, but also, and importantly, in terms of specifying the objectives and setting standards for national agencies (e.g., for food safety) and providing guidance for local governments. Local governments have a key role to play in improving public health, and identifying the most cost-effective approach to do so, given limited resources. Aid agencies can help shape both national and local government choices.

Based on the findings from this report, these public players could take a pro-active stance to create an enabling environment (policy, regulatory and behavior change interventions) that would encourage ethical marketing and promotion of affordable high-quality products. To do this, they would engage with for- and not-for-profit players to (1) set and enforce an effective regulatory framework that promotes exclusive breastfeeding and optimal feeding practices after 6 months of age, and (2) design and implement behavior change campaigns that harness skills and resources across sectors to spread aligned messages. There is a need to identify best national and local government practices to foster efficacy, effectiveness and efficiency in the safe delivery of nutrition to the BoP, including the marketing of nutrition for infants and young children.

As this is a relatively new area, there are simply too few best practices to draw conclusions on what works best on a sustained basis. The lack of examples or evidence should not be interpreted as lack of impact of these types of solutions, but as a challenge and motivation to document experiences and broaden the evidence base.

In this regard, the aim of this report is to take a first step in the understanding of market-based contribution to addressing malnutrition in the critical period of complementary feeding. We have focused this report on tactical improvements of existing market-based approaches conducted by practitioners. We hope this will encourage further research, as well as more initiatives considering the role of market-based mechanisms in the solution to the scourge of malnutrition. This will need to include strong evaluation components from the start to deepen the current understanding of approaches that can better bring improved nutrition to infants and young children from all socio-economic levels around the globe.

More specifically, in the course of our work, practitioners and experts alike have raised the following strategic questions, outside of the scope of this study, that need to be explored:

- How to establish an evidence-based consensus on the most appropriate nutrition strategies, and in particular, what is the effectiveness of existing fortified products at scale in the medium and long term, in a real life environment where consumption might not be compliant with recommended doses (as opposed to a controlled research setting)? This report highlights some candidate interventions and strategies that could be prioritized as promising interventions on which to concentrate resources to get more evidence of their impact.
- How can the public health sector best leverage the assets of the private sector to solve the issue of malnutrition? In particular, what is the optimal regulatory environment to promote exclusive breastfeeding and access to high quality complementary food? How to make these multi-stakeholder alliances work for the benefit of the greatest number and ensure public health impact?

- How to serve sustainably rural populations who do not have access to packaged goods today? Which models exist to produce adequately nutritious complementary food at home or in the community?
- How to combine free food distribution in emergency situations with longer-lasting market based approaches? When are market-based approaches most appropriate and efficient in achieving health objectives? How could the public and private sector better work together to achieve better health impact through improved access to good nutrition?

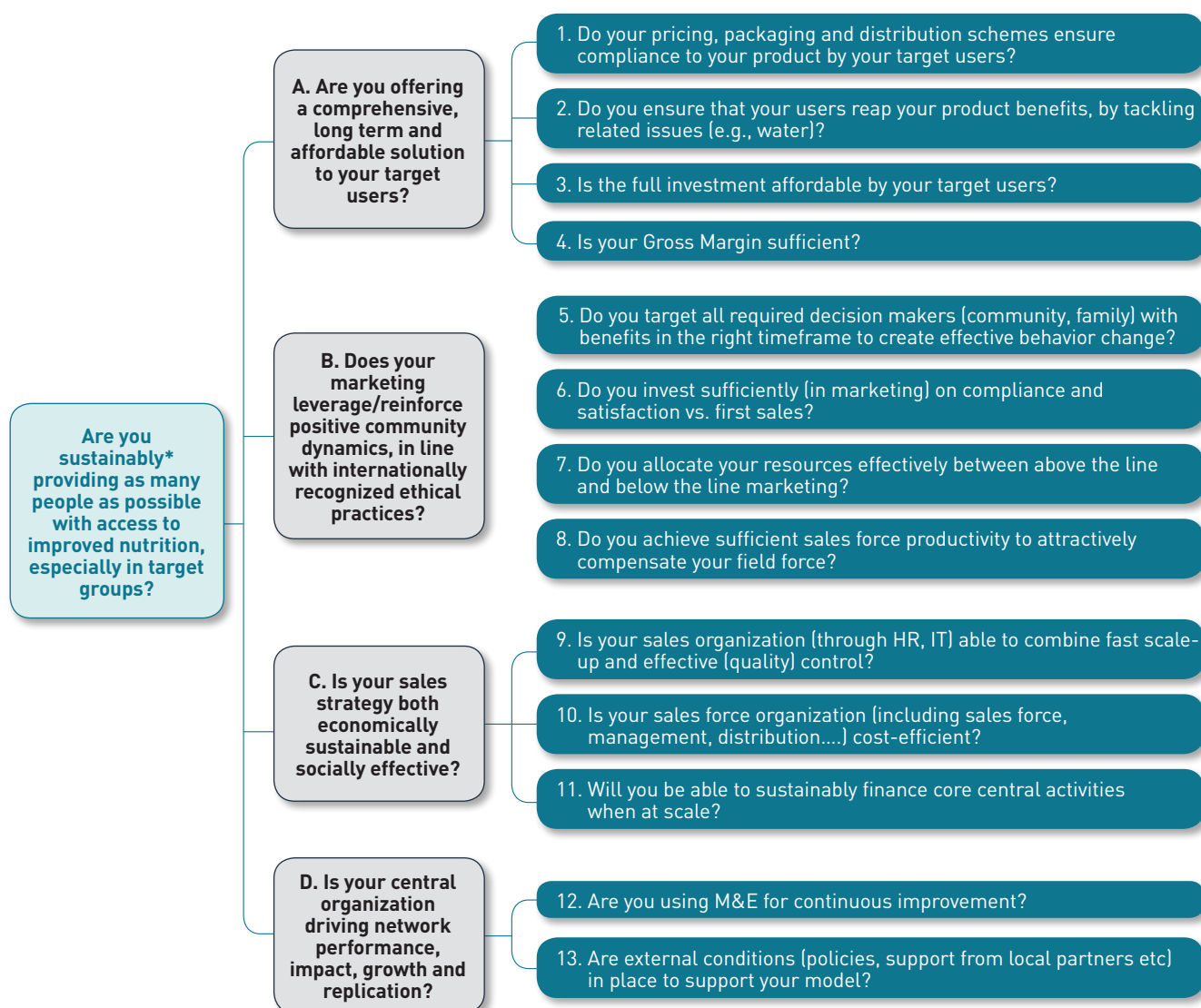
* * *

We are grateful for the support and openness to share of the 7 pioneering organizations and 32 experts that have been our champions in this study. They have shared their insights with generosity and honesty because they acknowledge that this emerging field requires more collaboration.

Indeed, across the globe, many management teams are building similar sales and marketing organizations. Collaboration among peers, as well as with and between NGO's, governments and marketing experts, will enable them to share best practices, compare and improve their performance, leverage each other's assets and ultimately bring the benefits of innovative products and services to more families living at the Base of the Pyramid.

APPENDIX A: ANALYTICAL FRAMEWORK

In our analysis we have followed the following framework. For each question we have developed a set of KPIs that we have used to benchmark the various organizations studied here, allowing to identify best practices and potential areas for improvements.



*Sustainably: guaranteeing your clients improved nutrition in a long-term, financially viable way for your company

APPENDIX B: ACKNOWLEDGEMENTS

We would like to give special thanks to the teams without whom this study would not have been possible, who have welcomed us and given us their time and insights over the past few months.

We would also like to thank the experts who took the time to answer our questions and review this report.

Case study interviewees

BRAC: Dr. Kaosar Afsana, Director of BRAC health program; Dr. Raisul Haque Senior Program Manager at BRAC-Health; Himangishumohon Mondal, District Manager - Health, Narsingdi District; Narayan Ghosh, Sub-district Manager - Health, Polash sub-district; Lukman Ahmad, Program Organizer Health

Danone Milkuat: Olivier Pierredon, former Managing Director Danone Dairy Indonesia, new Director of Sari Husada; Gift Samabhandhu, former Marketing Director Danone Dairy Indonesia; Raimond Bing Lesnussa, Sales Director Danone Dairy Indonesia; Isabella Silalahi, new Marketing Director Danone Dairy Indonesia

e'Pap: Basil Kransdorff, CEO; Rose Kransdorff, COO; David Lasker (distributor in Zimbabwe); Edward Malu (Ndumo distributor)

Naandi Water: Anoop Ratnaker Rao, CEO; Srinivasulu G, CFO; Surya Kiran Tatineni, South states Head; Bhanu Prakash, Haryana state head; Durga Prasad V, South States Financial Officer; Krishna Murthy T. and Balaram K., Territory Officers

Nutrifaso: Claire Kaboré, Nutrifaso Project Director, Gret Representative in Burkina Faso; Soma Adama, Adjunct Coordinator, in charge of information, education and communication for the Gnagna and Gourma regions; Mathieu Ouédraogo, in charge of food security at ACF in Diapaga; Diarratou Zeba, in charge of marketing and communication; Azeto Ouadraogo, "animatrice"

Nutri'Zaza: Mieja Vola Rakotonarivo, CEO; Christiane Rakotomalala, Nutrition Project Officer (Gret)

Protein Kissè-La: Marie Diongoye Konaté, Founder and CEO; Simeon Koffi, Sales and Marketing Director; Frank Adingra, Sales Manager; Aminata Drogba, Quality Director

Nutrition and behavior change experts

Alive and Thrive Program: Jean Baker, Project Director; Ann Jimerson, Senior Specialist for Behavior Change; Tina Sanghvi, Senior Country Director in Bangladesh

Bhagini Niveditha Vigyan Niketan: Neelima Mishra, Founder

Britannia: Vinita Bali, Managing Director and CEO

Cornell University, Division of Nutritional Sciences: Gretel Peltó, Professor; Jean-Pierre Habicht, Professor

Danone: Marie-Pierre Mosnier, Global Marketing Manager Africa & Overseas

Global Alliance for Improved Nutrition (GAIN): Marc Van Ameringen, Executive Director; Dominic Schofield, Director, Multinutrient Supplements Initiative; Marti Van Liere, Director, Nutritious Foods for Children and Mothers; Alia Poonawala, Senior Associate, Multinutrient Supplements Initiative; Dessie Tarlton, Associate, Nutritious Foods for Children and Mothers

Ghana Health Service, Ministry of Health, Ghana: Rosana Agble, Former Chief Nutrition Officer

GMMB: Kaia Lenhart, Partner; Alyson McColl, Senior VP, Strategist

Gret: Olivier Bruyeron, Director; Clémence Martinaud, Marketing Project Officer

Grupo Moderna: Pedro Vega, Business Director Industrial Division

Helen Keller International: Victoria Quinn, Senior VP; Diego Moroso, Côte d'Ivoire Country Director

International Union of Nutritional Sciences (IUNS): Anna Lartey, President-Elect

Living Goods: Chris Murphy, Director of Marketing and Development

London School of Hygiene and Tropical Medicine: Dr. Val Curtis, Director of the Hygiene Centre

PSI: David Walker, Social Marketing Director; Benoit Renard, Marketing Director Mozambique; Abel Irena, Research Advisor; Dana Ward, Senior Technical Advisor

SMC: Mahbubur Rhaman, Marketing Director

Tufts University: Will Masters, Professor

Valid Nutrition: Steve Collins, Director

World Food Program: Saskia de Pee, Senior Technical Advisor

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Home-based food fortification with micronutrients powders (MNPs) through a network of community health workers in Bangladesh

KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **Leveraging extensive existing network of trusted community workers allows to push MNPs along with adequate behaviors.** When mothers are asked why they started to buy MNPs, they first mention their trust in the local community health worker (Shashthya Shebika). These local BRAC agents are often considered as the first healthcare reference point in their village. In addition to promoting and selling basic healthcare products, they provide free services to their fellow community members, including education on hygiene and nutrition practices. Between 40 and 50% of households with young children are aware of the Pushtikona (BRAC MNP), of which 75% from their BRAC health workers.
- **Large-scale operations are kept simple.** Given its size, and the profiles of people it enlists and employs at the grassroots level, BRAC has to be radically simple throughout its operations. This translates into a limited list of products (21 SKUs¹ only today to cover a broad range of health needs), and into simple and systematic tools to support education and sales efforts (flip books, flyers, price lists, monitoring templates and forms, step-by-step diagnostic procedures, etc.). In addition, the Shashthya Shebikas' knowledge of these products and ability to implement those education tools is consistently tested and deepened through visits and monthly/quarterly trainings.
- **Performance is improved through efficient auditing and monitoring.** BRAC has set up a Research and Evaluation arm in 1975, which is independent from operations. BRAC is often its own harshest critic, and gives itself the means of checking the performance and integrity of everyone at every level in its network. For each program, it has set up local teams of quality assurance and monitoring officers (over 200 for the Health program alone). This audit function comes hand-in-hand with strong number-based management systems. Every transaction and activity is recorded and consolidated, allowing the management to track systematically performance at every level and react accordingly. In this project IFPRI (International Food and Policy Research Institute) has been doing evaluation from the very beginning of the project. A baseline was done in 2010 and two uptake surveys in 2012 and 2013. An end line will be conducted in 2014.

PROJECT DESCRIPTION

History of organizations

- Founded in 1972, BRAC is one of the world's largest NGOs, with 50,000 core staff, and over 120,000 employees if school teachers and field health workers are included. It caters to 120 million beneficiaries worldwide. It tackles poverty alleviation in an integrated way, targeting human rights, legal aid, education, healthcare, social and economic empowerment, finance, enterprise development, agriculture, environmental sustainability and disaster preparedness. Over the years, BRAC has developed a number of social enterprise activities (e.g., delivering seeds to farmers), which generate sufficient revenues for BRAC to be over 70% self-financed in Bangladesh. The 97,000 Shashthya Shebikas network forms the back-bone shared platform of BRAC Health/Nutrition/Population Program. It consists of frontline community-based women who deliver basic healthcare products and services at the doorstep in both rural and urban under-served areas of Bangladesh (same approach applied consistently in all areas).
- Renata (formerly Pfizer Bangladesh) is one of the leading pharmaceutical companies in Bangladesh. It partnered with BRAC on its Nutrition program as the manufacturer of micronutrient powder (called 'Pushtikona'). BRAC started nutrition intervention for children through Alive & Thrive Project in 2009 with the objective to reduce stunting from 43% to 39%, ensure exclusive breast-feeding for the first 6 months (65%), and reduce anemia (from 72% to 62%). The Bangladesh Pushtikona project comes in support of this last objective. Renata is also selling Pushtikona through their network of doctors and has produced and aired mass media promoting breastfeeding and home fortification of complementary foods with MNPs. Renata has also sold MNPs nationally to UNICEF and BRAC for free distribution to the ultra-poor, and to other NGOs (e.g., SMC) socially marketing MNPs through donor funded projects.

¹ SKU: Stock Keeping Unit: specific item of a product line, e.g., a specific brand of yogurt in one specific format and with one specific flavor is one SKU – the same yogurt with a different flavor will be another SKU.

Product/service offering and value proposition

- Shashthya Shebikas' mandate is to provide the following essential services to their communities: detect 10 common ailments and provide treatment by selling essential medicine, provide basic healthcare (contraceptive pills, condoms, sanitary napkins, soap and reading glasses) at discounted price at the doorstep of their community members, and be available 24/7 to provide free health services (nutrition education to mothers of children under 2 years of age, family planning counseling, detection of Acute Respiratory Infection cases, detection of TB DOTS and treatment provision, etc.)
- The Pushtikona Sprinkle sachet, at a unit price of ~\$0.03, is one of the 21 SKUs Shashthya Shebikas sell. Pushtikona is a micronutrient powder containing 15 vitamins and minerals recommended for children aged 6 months to 5 years. Pushtikona must be mixed with semi-solid food given to the child. The recommended dosage is one sachet per day for two months, then a four-month gap (hence there are two cycles in a year).

Promotion and compliance strategy

- Shashthya Shebikas are the first healthcare reference point in their village: trust from community members is the first driver of sales, and is leveraged to push new products such as Pushtikona sachets. Shashthya Shebikas are trained about micronutrient benefits but not on specific strategies to sell them. They introduce their products during their doorstep visits to village households (at least one visit per month). People typically buy several sachets at once (10 on average) to last until the next visit of their Shashthya Shebika.
- Shashthya Kormis – Managers of 10-12 Shashthya Shebikas – also conduct monthly health forums with the villagers (6-7 households at the time) to deliver basic health education. As they cover 2,000-3,000 families, each Shashthya Kormi sees each household at least once every 6 months.
- Shashthya Shebikas have well adapted support materials. Their flyers are full of pictorials, which are easy to understand by the end user, explaining the use of the product and health practices associated with it (e.g., on Pushtikona, the flyer includes visual explanations on how to position the child when feeding him, how to cook and mix it, etc.)
- So far BRAC was mainly focusing on raising awareness on the importance of micronutrients and is now planning to set up compliance mechanisms, such as:
 - » Selling box containing sachets for a month (while continuing to sell individual sachets)
 - » Giving incentives to Shashthya Shebika to track everyday consumption
 - » Providing calendar to tick the date when sachets are given
 - » Rewarding mothers who feed well their child with gifts or awards
 - » Awareness building of the community people through social mobilization.

Sales and distribution

- BRAC purchases medicines and health commodities at a discount from various manufacturers and suppliers (selected through a bidding process). Suppliers deliver the products to BRAC warehouses, and then BRAC dispatches those to the district, sub-district and local branch offices, on a monthly basis. To keep things lean, there is almost no dedicated logistics and delivery organization. Local staff transports the goods as they attend monthly meetings or trainings at regional or district levels.
- Prior to starting work in a new sub-district, the BRAC team maps essential information about infrastructure and population in this area. Territories are then allocated to each Shashthya Shebika, so that she can cover in average 200-300 households within a perimeter of a few kilometers.
- Shashthya Shebikas generally have their monthly meetings at the sub-district or local branch offices, where they can purchase a new stock of products, which they sell at a mark-up. They earn in average \$3.4-\$4.8 in monthly commissions (15-25% margin on \$14-21 monthly sales) for working about 2 hours a day. In addition to their commission, they may obtain some occasional remuneration for specific achievements – for example in tuberculosis control or natal care.
- In 50 sub-districts out of 61 (within 16 districts), sales are more successful thanks to specific programs strengthening behavior change such as the partnerships with FHI-360 or Alive & Thrive Initiative ensuring:
 - » Counseling Coaching and Demonstration on IYCF (Infant and Young Child Feeding) practice
 - » Special work force for IYCF activity named IYCF promoter (Pushti Kormi)
 - » Incentive upon the performance of Shashthya Shebikas that enhance their mobility for IYCF activities.

CASE STUDIES

Results

- **Scale:** 14.5m sachets were sold in 2012, 9m in 2011. On average each Shashthya Shebika sells Sprinkles sachets to 6 different mothers per year (a study revealed that on average 50% of the Shashthya Shebika have 1 MNP client, 25% have 2 clients and only 5 % have 4 clients, of the total ~52 households with small children visited per month in their area). These mothers who repeatedly buy ~40 sachets in total over 3-4 months, do not follow the recommended dose of 60 sachets for 2 months, twice a year between 6 and 59 months (the product is recommended for children until 5).
- **Social impact:** While the efficacy of Pushtikona is being researched by the International Food Policy Research Institute (IFPRI), BRAC tracks actual health impact during a multi-year monitoring study. 49% of Pushtikona buyers report seeing results on their child (out of which: increased appetite 57%, child growing well 44%, and child being sick less often 34%). Interestingly, where sales of MNPs were accompanied by breastfeeding and complementary food promotion, both practices improved at higher rates than where these practices were promoted alone, along with higher sales of MNP compared to where they were marketed without promotion of these practices (according to an IFPRI evaluation).
- **Financial sustainability:** Pushtikona sales represent ~\$420k revenues annually. The project is financed via a combination of on-going support from donors (including \$200k from GAIN over 3 years), and the willingness of the manufacturer (Renata) to accept lower margins on this product than on its traditional ones. Piggybacking on the existing network of BRAC (rather than building a new distribution network from scratch) also limits costs.

Future plans

Cover 4 million children from 6 to 59 months by 2016, scale up to reach pregnant and lactating women with MNPs (currently not adapted to them) and catalyze sustained access to MNPs by a growing population.

Nutritional information (provided by the manufacturer):

Micronutrient content in Pushtikona

Vitamin A (µg RE)	400.0
Vitamin C (mg)	30.0
Vitamin D (µg)	5.0
Vitamin E (mg a-TE)	5.0
Thiamine/Vitamin B1 (mg)	0.5
Riboflavin/Vitamin B2 (mg)	0.5
Vitamin B6 (mg)	0.5
Vitamin B12 (µg)	0.9
Folic Acid (µg)	150.0
Niacin/Vitamin B3 (mg)	6.0
Iron (mg)	10.0
Zinc (mg)	4.1
Copper (mg)	0.6

Exchange rate for this case study: 1 USD = 78 BDT

Sources:

Phone interview with Dr. Kaosar Afsana (Director of BRAC health program) & Dr. Raisul Haque (Senior Program Manager at BRAC-Health), July 29, 2013.

Visit to BRAC Healthcare Program and Renata Bangladesh (Pushtikona manufacturer): including interviews with Dr. Raisul Haque, Himangishumohon Mondal (District Manager - Health, Narsingdi District), Narayan Ghosh (Sub-district Manager - Health, Polash sub-district), Lukman Ahmad (Program Organizer, Health), February 18-19, 2013.

Pushtikona Uptake Survey, conducted in June-July 2013.

BRAC annual report 2011

Contact person for the project: Dr. Raisul Haque, Programme Coordinator, Health Nutrition and Population Program, BRAC: raisul.h@brac.net

DANONE DAIRY INDONESIA MILKUAT

www.milkuat.co.id

Dairy based beverage for children 3-14, sold via multiple channels in Indonesia



KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **A comprehensive and coherent marketing strategy keeps the product top of mind.** The red color packaging for all SKUs, attracting the eye, and the mascot of the Milkuat Tiger (symbol of bravery in Indonesia) who promotes strong values, the use of above-the-line (media campaigns) with targeted messages for both potential buyers (mothers and children), the use of below-the-line in general trade, modern trade and schools with general educational message on issues surrounding nutrition and healthy lifestyle, have allowed Milkuat to reach the first rank in top of mind brands among 42% of children (2nd best: 18%) and preferred brand for 57% (2nd best: 14%) of them. 78% of calls on Milkuat hotline are children wanting to speak with the Milku tiger...
- **Product availability is ensured everywhere children and mothers go.** Available in general trade, modern trade, and school canteens, by surfing on existing distribution networks supported by a dedicated sales forces, the product is within reach of 80% of the 45 million children aged 3-14 in Indonesia (i.e., 36 million children).
- **Loyalty awards motivate repeat sales¹.** An instant gratification and collectible promotion items in the form of letter stickers attached on every bottle of Milkuat, that the children can fill up a collection map/album with to win a trip, has resulted for three years in a row in a 30% increase of sales during the 3 months of the promotion (3,000-4,000 complete maps received by Danone in 2013).
- **Cross-subsidizing the main product with a premium product solves the affordability issue.** Tiger bottles sold in modern trade shops have a gross margin that is at least 15% higher than that of the main product. This allows the main product price to remain stable at IDR 1000 (the "magic price" that children can afford) in spite of the volatility of the price of key inputs (fresh milk, minimum wage, fuel, and electricity).
- **Cellphones are used for immediate feedback and best practice sharing.** All sales supervisors have access to Blackberry groups allowing them to connect, report on their daily work, send pictures, discuss competitor movements or level of sales, share best practices... Each regional director of Milkuat is part of the Blackberry group as well, which allows them to stay connected with the field and give immediate feedback on their team's work.
- **A comprehensive HR policy keeps employees' motivation high (and churn low).** In addition to a competitive salary (including bonus on sales), Danone Indonesia has a strong focus on employees' retention (from the supervisor level up, who are Danone employees while the direct sales force is employed by distributors). To strengthen team spirit, the top management involves the whole sales team in designing the strategy and conveys the message that attitude is at least as important as direct performance (variable incentives depend on both). In addition, every hierarchy level wears the same uniform when they are in the field and all have their director's direct phone number (they do not need to go through the hierarchy). Finally internal promotion is the norm: supervisors can become area supervisors, executives and regional managers. With this comprehensive strategy, Danone Indonesia sales team has achieved the highest motivation score of the company worldwide (in the Danone survey done every two years) and a turnover below 5% per year.

² Caveat: these marketing practices are forbidden in many countries for children up to 2 or 3 years.

CASE STUDIES

PROJECT DESCRIPTION

History of organization

Danone Dairy Indonesia aims to provide products that fulfill the consumers' nutritional needs. Danone contributes to consumer research to gain information on the nutrition condition in Indonesia. The Nutripack Study and National Health Study (Riskesdas) is a large-scale research targeted to find out the health problems and nutritional conditions in Indonesia, conducted in collaboration with leading institutions in Indonesia. The research showed clear micronutrient deficiency, especially Iron and Zinc. Danone took initiative to contribute to reduce this micronutrient deficiency by fortification of Milkuat recipe with micronutrients such as Vitamins and Minerals. Danone Dairy launched Milkuat in 2004 to "Contribute everyday to healthier Indonesian children through nutritious dairy products and education". Milkuat's format as well as its marketing and sales strategy was specifically designed to answer the challenge of children's poor nutrition intake outside of home, where they consume 70% of their food and when the choices are fully in their hands. Indeed, in Indonesia, all children are given pocket money (in average less than \$0.5 per day) to buy snacks that will keep them going throughout the day, notably at school. A study of the Indonesian Food and Drug Administration (conducted in 2006-10) revealed that 45% of snacks offered at school presented some risks to health, from microbiological contamination to dangerous amounts of food additives or other substances. Hence Danone's idea to provide children with an affordable and healthy dairy based beverage, as safe snack in a sealed individual package, not necessitating a cold chain to avoid expiry issues: Milkuat.

Product/service offering and value proposition

Danone Dairy Indonesia offers the following products:

- Milkuat original bottle of 70mL comes in different fruit flavors, sold in single bottles at IDR 1000 (less than \$0.1). The product is enriched with vitamins and minerals, and is now also available in pouch that can be frozen. 70mL pouches and bottles represent 80% of Milkuat sales, with volumes increasing consistently year on year since launch.
- In 2011, Danone launched Milkuat premium range: Tiger bottle (looking like the brand mascot) and Carton pack, fortified with iron, zinc and other micronutrients. Tiger bottle is available in two sizes: 95 mL for IDR 2000 and 170mL for IDR 3000. It grew from 0 to almost 15% of total sales in less than 3 years. In mid-2011, Danone launched 125mL carton box (tetra). It is now 5% of total sales.
- A 90 mL bottle was initially sold IDR 1500, but the product never took off in spite of 3 successive launches mainly because the price positioning of IDR 1500 was not right for children – it has now been discontinued.

Promotion and compliance strategy

The main sources of awareness (shelf-display 83%; TV 71%; schools 61%; word-of-mouth 44%) can summarize the overall marketing effort of Milkuat. The product has a strong visual identity personified by Milkuat Tiger who promotes strong values and by red color of the packaging (a symbol of bravery in the local context). Danone provides Milkuat shelf displays or devices such as chiller and permanent acrylic display to retailers and school canteens in order to have strong visibility and attract children's eyes. Danone also uses above-the-line (media campaigns) with messages targeting each of the two potential buyers (mothers and children) and below-the-line marketing in schools with animations (games etc.) including general educational message on issues surrounding nutrition and healthy lifestyle.

Sales and distribution

Danone Milkuat has the biggest ready-to-drink distribution network in Indonesia with 27% of numeric distribution where the product is available (canteens or small retailers where children are used to buying their snacking products everyday, as well as modern trade where mothers shop for their children). 80% of children in the target group are within reach of the distribution networks (36m out of 45m children aged 3-14 in Indonesia). Danone sales team is composed of over 900 sales people in contact with the various levels of the distribution chain: pre-sellers (covering wholesalers and large retailers in dense areas), canvassers (covering large retailers in less dense islands) and motorists (visiting school canteens and end outlets). They are supervised by a total of close to 100 supervisors and managers (who also help extend the distribution network even further). At all levels, sales people and their supervisors have a fixed salary plus a variable share, based on their sales results as well as their adherence to company processes (sending sales reports, wearing Milkuat uniform etc.).

DANONE DAIRY INDONESIA MILKUAT

Results

- **Scale:** In 2012, Milkuat achieved 1.75 billion “moments of consumption” (i.e., units sold). On the main product (Milkuat 70mL bottle), Milkuat has a 74% market share, in spite of competitors lower price per mL (IDR 1000 for 80 mL). Milkuat pouches represent 56% of the market (the next competitor is at 24% market share for a product of same volume and price).
- **Social impact:** Milkuat has 3.7 million daily users (out of 13.1 million monthly users) who get 30% of their RDA in essentials vitamins and minerals from Milkuat (while avoiding the risks linked to street or school food that they would have consumed otherwise). No health impact study has been conducted so far.

In partnership with the Ministry of Education, Persagi (Indonesia’s Nutrition Association) and BPOM (Indonesia’s National Food and Drug Administrator), Milkuat has set up a classroom Nutrition Education Program in 2,500 primary schools involving more than 500,000 children in 2012-2013 with the objective of raising awareness of healthy nutrition among the children, their parents, their teachers and canteen owners. Preliminary results of the impact study (comparing reported behavior 3 months before and 3 months after being exposed to the program) indicate that children lowered their consumption of ice-lolly (snack with much sugar) by over 30% overall, while milk based beverage consumption close to doubled (remaining at only a third of that of ice lolly, though). Children also reduced their fried food consumption and increased their higher protein product intake (e.g., soy cake sausages).

- **Financial sustainability:** Milkuat is profitable thanks to the premium products subsidizing the 70mL pouch and bottle (with a net margin of at least 15% more for the premium products).

Future plans

- **Existing products:** Sales of Milkuat premium products are growing faster than those of the basic products – Milkuat expects that premium products, today 20% of sales, will represent 55% in volume in 2016.
- **New products:** Two new products are in the making: a 140mL bottle of the existing product to better answer the drinking need of a tasty refreshment (compared to a 70mL format), and a product specifically designed for breakfast with “slow release calories” to better sustain children energy throughout the day if taken at breakfast.

CASE STUDIES

Nutritional information (provided by the manufacturer):

MILKUAT TETRA

NUTRITION INFORMATION

Serving Size : 180ml

Amount Per Serving		
Calories 150kcal	Energy From Fat 30kcal	
		%RDA
Total Fat	3.5g	5%
Protein	3g	5%
Total Carbohydrates	27g	9%
Sugar	24gr	-
Sodium	125mg	5%
Vitamin A		30%
Vitamin B2		30%
Vitamin B1		30%
Vitamin B3		30%
Vitamin B5		30%
Vitamin B6		30%
Vitamin B9		15%
Vitamin B12		30%
Vitamin D		30%
Calcium		30%
Phospor		30%
Zink		20%
Iron		20%

* Percent Daily values are based on a 2000 calories diet. Your daily values maybe higher or lower depending on your calories needs.

MILKUAT TIGER

NUTRITION INFORMATION

Serving Size : 170ml

Amount Per Serving		
Calories 110kcal	Energy From Fat 15kcal	
		%RDA
Total Fat	2g	3%
Protein	3g	5%
Total Carbohydrates	19g	6%
Sugar	10g	-
Sodium	150mg	7%
Vitamin A		20%
Vitamin B2		20%
Vitamin B1		20%
Vitamin B3		20%
Vitamin B5		20%
Vitamin B6		20%
Vitamin B9		15%
Vitamin B12		20%
Vitamin D		20%
Calcium		40%
Phospor		35%
Zink		20%
Iron		20%

* Percent Daily values are based on a 2000 calories diet. Your daily values maybe higher or lower depending on your calories needs.

Exchange rate for this case study: 1 USD = 10264 IDR

Sources:

Interviews with Gift Samabhandhu, Marketing Director Danone Dairy Indonesia (until August 2013), August 1 and 26. Interview with Raimond Bing Lesnussa, September 6, Sales Director Danone Dairy Indonesia, 2013

Milkuat: meeting the needs of Indonesia school children, blogpost from May 24, available at:

<http://downtoearth.danone.com/2013/05/24/milkuat-meeting-the-needs-of-indonesias-schoolchildren/>

Internal Danone documentation

Contact person for the project: Isabella Silalahi, Marketing Director Danone Dairy Indonesia: isabella.silalahi@danone.com

KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **e'Pap holistic value proposition answers consumers' preferences well.** e'Pap is designed and formulated as a holistic and affordable food solution to fight malnutrition at any age or health status in African countries. One portion of e'Pap a day provides micronutrients that are biologically absorbed, many of which are found in a healthy and well-balanced diet. e'Pap combines health benefits with answers to consumer preferences. It offers convenience (pre-cooked instant products, long shelf life), fits well in the traditional maize-based African diet, and comes in varied flavors and at an affordable price.
- **e'Pap customer segmentation targets various age groups.** As a holistic nutrition solution focused on addressing micro nutrient deficiencies (hidden hunger), e'Pap is proposed across the life span of a person (from pregnant and lactating mothers and infants from 6 months to old age). For marketing and systematic (targeted) sales activities the following consumer segments are identified: pregnant and lactating women, children, and working adults, elderly, convalescent. Malnutrition within these consumer groups is widespread.
- **Leveraging institutional sales has built a strong brand awareness and credibility.** The strongest marketing tool is word-of-mouth. The impact and a 13-year presence in the marketplace supported by longstanding relationships with NGOs has built strong awareness and credibility of e'Pap among potential clients.
- **Making the deal attractive for distributors helps expand into new markets.** Main distribution is through an extensive network of NGOs. e'Pap is sold through a system of community focused importers to 15 African countries. They distribute e'Pap within their region or country. These relationships are crucial for e'Pap's growth on the African continent. A focused product offering as well as a lean and mean organisation structure have a positive impact on e'Pap cost structure, allowing them to offer attractive margins to distributors.

PROJECT DESCRIPTION

History of organization

e'Pap started as a project in 2001 while Basil Kransdorff and his wife Rose were helping an NGO to find a nutrition solution that would help HIV patients improve their nutritional status. A healthy, well-balanced diet was often the only advice but was not affordable to poor people. The goal was to develop an affordable, fortified food solution that would provide all the critical micronutrients needed on a daily basis.

Basil worked with leading scientists and nutrition experts to design what became e'Pap, an affordable pre-cooked instant porridge fortified with 28 micronutrients. The positive impact of e'Pap on the first group of malnourished HIV patients was quick and spectacular. Its reputation increased day after day thanks to word-of-mouth that came from the impact, and more and more malnourished customers were using it to improve their nutritional status. Today more than 1m e'Pap meals are consumed per month in 15 African countries.

Until lately most of e'Pap has been sold to public institutions and faith-based NGOs. To further grow the business to give malnourished people access to e'Pap, first steps have been undertaken to develop a direct sales system to the BoP market. Additionally, this would create jobs in poor communities.

Product/service offering and value proposition

e'Pap is a pre-cooked cereal made from unrefined maize and soy fortified with 28 micronutrients. It fits the African diet as maize-based food is the traditional staple. Line extensions include e'Drink, e'Spread and e'Soup also delivering the 28 micronutrients.

CASE STUDIES

What sets the product apart is the formulation objective focusing on nutrient repleteness. This refers to a nutritional status where bodies optimally absorb the correct daily requirement of vitamins and minerals based on a healthy, well-balanced diet. The RDA (daily required amount) of micronutrients is equally important as the absorption rate (bioefficacy). The e'Pap technology intends to mimic the "food-state" which should allow effective biological absorption of the micronutrients.

e'Pap is sold to end-users in 50g or 500g sachets with different dosage recommendations depending on age, activity level and health status. e'Pap is pre-cooked and is mixed with cold, warm water or milk. It is available in four different flavours: original, vanilla, banana and strawberry. The e'Drink is available in three different flavours: vanilla, banana and strawberry. The e'Spread is a peanut butter fortified with the same nutrients and the e'Soup is available as beef, chicken, vegetarian and vegan soups also fortified with the same nutrients. All products are gluten-free and lactose-free. They have halaal, kosher and food safety certifications.

Promotion and compliance strategy

e'Pap is mainly promoted by word-of-mouth. Many inspired volunteers run e'Pap feeding schemes. Other ways of marketing are slogans on the products "e'Pap cares for you", on the bales "e'Pap, Smart food for smart people", on presentations "e'Pap An African Solution". Additionally there are regular articles in papers and magazines. Basil is also a speaker and lobbyist at local and international forums.

Sales and distribution

e'Pap produces and sells 600 tons p.a. to both institutional clients (NGOs, clinics) and through commercial channels (distributors, retailers, small vendors). Given the diversity of customers, there are different sales systems in place, adjusted to local conditions. Basil and the e'Pap team have more than 13 years track record in selling e'Pap in Southern Africa. They have built a distributor system with general importers who are responsible for their regions or countries. Another distribution channel are large corporates who use e'Pap for their own employee wellness program or for their corporate social responsibility activities.

Results

- **Scale:** More than 1m e'Pap meals are consumed each month. Present production capacity is 4 times higher (2.4 MT/year).
- **Social impact:** Using e'Pap improves nutritional status rapidly. Beyond multiple anecdotal evidence on improved nutritional status, e'Pap efficacy has been clinically assessed in two studies evaluating e'Pap effect on tuberculosis and HIV patients (adults and children) and young children. After being fed with e'Pap for 2 months, positive results on patients were measured on both anthropometric criteria (body mass index, hand-grip strength, hair, skin) and chemistry measures (all micronutrient) criteria.
- **Financial sustainability:** e'Pap producer reaches break-even at 25% of its production capacity. Financial discipline is crucial for sustainability, also for social entrepreneurs.

Future plans

e'Pap focus is on generating more clinical evidence of its impact on nutritional status of malnourished people, to demonstrate a better efficacy of medical treatment in combination with an improved nutritional status. e'Pap would like to collaborate with retailers that sell into the BoP market, transporters, and in general companies that want to have an impact on malnourished communities in which they operate.

Nutritional information (provided by the manufacturer):

	UNIT	Per 100g e'Pap Porridge Powder	Per 50g e'Pap Porridge Powder	Per 25g e'Pap Porridge Powder
Energy	kJ	1479	739.5	369.75
Protein	g	14.2	7.1	3.55
Glycemic Carbohydrates	g	52.5	26.3	13.15
of which Total Sugar	g	10.1	5	2.5
Total Fat	g	7.2	3.6	1.8
of Which Saturated Fat	g	1.3	0.6	0.3
of which Trans Fat	g	<0.008	<0.008	<0.008
of Which Monounsaturated Fat	g	1.7	0.9	0.43
of Which Polyunsaturated Fat	g	4.2	2.1	1.05
Total Dietary Fibre	g	10.6	5.3	2.65
Total Sodium	mg	390	195.0	97.50
VITAMINS				
Vitamin A	mcg	900	450	225.00
Vitamin B1	mg	1.2	0.6	0.30
Vitamin B2	mg	1.3	0.7	0.33
Niacin .B3	mg	16	8	4.00
Vitamin B6	mg	1.7	0.8	0.40
Folic Acid B7	mcg	400	200	100.00
Vitamin B12	mcg	2.4	1.2	0.60
Biotin B9	mcg	30	15	7.50
Pantothenic Acid B5	mg	5	2.5	1.25
Vitamin C	mg	100	50	25.00
Vitamin D	mcg	15	7.5	3.75
Vitamin E	mg	15	7.5	3.75
MINERALS				
Calcium	mg	220	110	55.00
Chromium	mcg	35	17.5	8.75
Copper	mg	1.4	0.7	0.35
Iodine	mcg	150	75	37.50
Iron	mg	17	8.5	4.25
Magnesium	mg	150	75	37.50
Manganese	mg	3	1.5	0.75
Molybdenum	mcg	50	25	12.50
Phosphorus	mg	400	200	100.00
Selenium	mcg	200	100	50.00
Zinc	mg	12	6	3.00

Exchange rate for this case study: 1 USD = 10 ZAR**Sources:**

Field visit in South-Africa, August 21-24, 2013. Interviews with Basil Kransdorff, CEO, Rose Kransdorff, David Lasker (distributor in Zimbabwe), Edward Malu (Ndumo distributor)

Rudolph M, Kroll F, Beery M, Marinda E, Sobiecki J-F, et al. (2013) *A Pilot Study Assessing the Impact of a Fortified Supplementary Food on the Health and Well-Being of Crèche Children and Adult TB Patients in South Africa*. PLoS ONE 8(1): e55544. doi:10.1371/journal.pone.0055544

John Heinrich, CEO South African National Tuberculosis Association (2009) e'Pap nutrition, Santa Gauteng report March 2009, not published

Contact person for the project: Basil Kransdorff, CEO: basilb@diafrica.com

NAANDI COMMUNITY WATER SERVICES (NCWS)

Naandi.org

Distribution of purified water through a village kiosk network in India



KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **Offering a simple but committing service helps ensure compliance.** NCWS sells water via monthly pre-paid cards with a fixed validity (30 cans, valid for 30 days), which incentivizes users to come and consume their allotted daily volume of safe water (supply days not used are lost after the validity is over. However, within the validity period, the user can take the lost day's quantity).
- **Purchase is triggered by free trial at launch for sufficient time.** Wherever possible, NCWS starts operating the Water Center at a small scale before the official launch for those who are interested in trying the water. The Water Center Assistant (WCA, i.e., the Water Center operator) is supposed to follow up with these families to make sure they consume NCWS water consistently during this trial phase to reap the benefits of clean water. Typically 50% of those who benefit from this free first trial stay with NCWS and decide to buy NCWS water after the free trial period.
- **High penetration rate and compliance is ensured by involving communities at each stage of the project.** Pre launch: a Water Center is only established when there is considerable awareness and education activities (door to door and group meetings on the importance of safe water etc.), to ensure that a large share of the village is willing to pay for the service. At launch: Local leaders do speeches, and NCWS makes sure that at least 100 (and optimally 200) people attend. Post-launch: Once the Water Center is built local promoters continue the education and promotion work for a few months. Past this time, the WCA keeps track daily of usage patterns and volumes, which allows spotting drop-outs. NCWS Territory Officers (in charge of overseeing 10-15 Water Centers) then regularly visit customers, and in particular the drop-outs, to understand why they stopped using the product and re-enlist them if possible
- **NCWS uses incentives to overcome seasonal drops.** In winter, the number of cards sold typically drops by 15-20% (not because of dropouts but mostly because several households share a card instead of each buying their own, as household members drink less). To avoid this drop, one of NCWS region offered free participation to a lucky draw for a gold coin to all households who used their monthly card completely (i.e., for 30 cans in 30 days) during the winter months. With this system, there was no reduction in the number of cards sold during these months.

PROJECT DESCRIPTION

History of organization

Founded in 1998, Naandi, which means “a new beginning” in Sanskrit, is one of the largest and fastest growing social sector organizations in India working to make poverty history. Naandi aims to build sustainable models within the social sector that deliver critical services efficiently and equitably to underserved communities. They focus on child rights, sustainable livelihoods and safe drinking water. Naandi has more than 400 employees and hundreds of community workers working in 13 states of India, helping more than 1 million underserved people.

Naandi began providing safe drinking water to communities in 2005 with a single mission to improve life and health of people and communities by giving access to healthy water every day through installation of community owned safe drinking water projects. Naandi's community safe drinking water programme installs and operates water centers that can reliably and cost-effectively address water contamination issues. On the path of sustainability Naandi set up an implementation organization, Naandi Community Water Services Pvt. Ltd. (NCWS), which became in 2010 a social for-profit venture between Naandi Foundation and danone.communities. NCWS carries out the technical aspects of the work and brings the best expertise to assembling and installing the water treatment unit, ensures that the output water meets Indian water quality standards,

addresses operational issues, and manages user fee collection. Naandi plays a facilitator role, ensuring overall coordination, organizing financing, community mobilization and sensitization. Financing of the Water Center is done through a mix of grants (donors include Frank Water, Global Water Challenge, Uranium Corporation of India Ltd (UCIL), Bharat Dynamics Ltd (BDL) and Rural Electrification Corporation Ltd.(REC)), village contributions (by individuals or communities) and state authorities' investments (over 300 Water Centers installed to date are financed by the Government, including via tenders). In any case, the village has to provide the premises in good state (leveled, cleaned of shrubbery etc.), a water source and the electricity connection (each of these entails expenses, e.g., the electricity connection will need a deposit which the panchayat arranges for). The model was replicated in 5 Indian states (Andhra Pradesh, Karnataka, Rajasthan, Haryana, and Punjab) and was in 2010 the largest non-governmental water provision scheme of the country.

Since its incorporation as a social business, NCWS has reorganized its activities for improved sustainability by increasing penetration through better distribution channels, expansion to new areas, price hike, providing cans in smaller quantities and increasing the validity period wherever requested, handing over some Water Centers to the community and consolidating operations by "clusters" of 35-50 Water Centers within a limited area, easily overseen by a limited number of staff. While previously NCWS would build a Water Center in any village where a donor was willing to provide the necessary funding, today NCWS only does so where Water Center operational sustainability is very likely to be achieved, i.e., where a target of over 250 regular household users is realistic. In August 2013, it counted over 416 Water Centers serving over 600k users (counting 1.8L/pers/day) and 2.1m potential beneficiaries (calculated as total villagers living in areas serviced by a kiosk).

Product/service offering and value proposition

NCWS offers purified water (under the brand iPure) for drinking or cooking at an affordable price, which represents approximately 2% of annual households budget (INR 0,1-0,2/L or ~ \$0.002-0.004/L). Customers buy a 30-day pre-paid card for a supply of 12 or 20L per day per household. "Supply days" not used during these 30 days are lost. For convenience NCWS sells at cost (INR 190 ~ \$3.2) 12L or 20L containers. 5 to 10% of users are getting water home delivered at on average 1 to 1.5 times the price at the Center.²

Promotion and compliance strategy

- Consumer life cycle management:
 - » Pre-launch: Strong awareness effort at the start with door-to-door in-depth interviews of potential consumers, and focus group discussions by NCWS staff.
 - » Launch: Celebration event with local authorities and communities. In most places, symbolic enrollment fees (of INR 1 to 10, or less than \$0.2) help create a sense of joining.
 - » Post-launch:
 - 1) Continuous village education through a Community Organizer, who enlists additional clients for the first 6 months
 - 2) Recurrent promotion and education activities demonstrate the link between safe water, hygiene and health and enroll new clients: 2 "focus activities" with 4-6 team members from NCWS per cluster (of 35-50 villages) per month, such as panchayat meetings, schools sensitization events, activities with SHG or primary health centers
 - 3) 8-10 smaller promotion activities per cluster with 1-2 NCWS team members, such as interacting with clients at the water center or visiting households, in particular to re-list drop outs and add new users
- Focus on continued service so that clients can access water whenever they need it
 - » 48-hour repair in case of machinery issues (a Basic Toolkit is available with the technician and critical spare parts are available at the cluster level. The WCA is taught how to do this basic maintenance, while NCWS technical experts are available in case of bigger issue – 1 per 15-30 Water Centers)
 - » Some water stock to be able to offer clean water even in case of breakdown (5,000-10,000L per Water Center, corresponding to 250 to 500 cans, or a couple of days of reserve)
 - » WCA from the village: everyone knows him or her which avoids any issue of absenteeism, as his or her neighbors would demand their water
- Compliance reinforced by the use of 30-day pre-paid cards (payable in cash at the beginning of the month; supply days not used are lost after the validity is over. However, within the validity period, the user can take the lost day's quantity).

³ In some Water Centers, there is no delivery taking place, while in a few others up to 50% of cans are home delivered every

day, at prices that vary depending on distance to the plant and can reach in exceptional cases 5 times the price at the plant.

CASE STUDIES

Sales and distribution

NCWS has a range of preferred suppliers for every component of the Water Center (buildings/ pre-fab, water tanks, machines, consumables), to maintain costs low and ensure flexible provision throughout the different states.

In terms of human resources, NCWS Water Centers have:

- 1 WCA per Water Center (2 if Water Center sells more than 250 cards/month) who operates the machine, sells the water and keeps track of sales. WCAs are selected by NCWS sales team (interviews and mathematical tests; basic qualifications required) after public advertisement and/or referral from the local authorities. Monthly salary can vary depending on seniority and sales
- 1 Community Organizer conducts 12 months of marketing activities (3 months pre launch and 9 months post launch)

They are supported by:

- 1 Territory Officer (TO) in charge of 10-15 kiosks doing bi-weekly to monthly checks, cash collection and promotion
- 1 Cluster Head (CH) in charge of 3-5 TOs, managing 30-35 Water Centers
- 1 State Head (SH), supported by a financial officer

Between 50 and 60% of customers come daily at the Water Center which is open 8 hours/day, early mornings and end afternoons. Others are supplied by local entrepreneurs or a daily home delivery service set up by Naandi which is picking up in most states, helping to increase penetration. Delivery fee is often equal to the price of the can (INR 2-3) and can go up to INR 12/can for remote clients.

Results

- **Scale:** In 2013, NCWS counted 416 Water Centers and over 600k consumers (2.1m potential). Older sites reach penetration of over 50% in their own village, and can be limited by Water Center capacity (1 Water Center can only produce enough water for around 300 households given low electricity availability).
- **Social impact:** Anecdotal evidence of impact on fluorosis, and lowering of diarrhea cases, clients saying “once you try NCWS Water, you cannot drink general water anymore” but no statistical survey conducted yet.
- **Financial sustainability:** At the kiosk level, break-even depends on the number of users, as well as the maintenance and electricity costs (today it requires around 280 users per kiosk). In FY2012-13, NCWS realized water sales of over \$800k in revenues (not counting individual revenues generated by delivery entrepreneurs), plus \$70k in can sales. While 100% of Water Center-level operational expenditures are recovered, other field costs and overheads are not. NCWS has improved its net margin by over 10 percentage points per year since 2010 and is moving towards sustainability, with sales growth of 7% and successful cost reductions of 3% in FY2012-13.

Future plans

- NCWS targets to cover 1,000 villages by 2017-18 (i.e., 2m consumers)
- Currently the main operational focus is on improving penetration rates (notably by encouraging wider distribution by way of hiring or purchasing transport for door-to-door delivery), and on reducing operational costs through better local operations of the machine. In addition, NCWS will close Water Centers that are not sustainable, and increase price wherever possible to improve its sustainability.

Exchange rate for this case study: 1 USD = 60 INR

Sources:

Field visits in Haryana with Haryana state head Bhanu Prakash on Aug 19, 2013, and in Andhra Pradesh with Durga Prasad V, South States Financial Officer, and Territory Officers, Krishna Murthy T. and Balaram K. on Aug 21, 2013. Interview with clients, TOs and cluster head.

Interview with Anoop Ratnaker Rao, CEO, Srinivasulu G, Head of Finance, and Surya Kiran Tatineni, South states Head, Aug 20, 2013

Naandi Water Community Services case study, *Access to Safe Water for the BoP*, 2011, Hystra, available online at:

www.hystra.com/safe-water

Contact person for the project: Anoop Ratnaker Rao, CEO: anoopr Rao@naandi.org

GRET – NUTRIFASO

Nutridev.org

Locally made fortified infant flours sold via retail and new channels in Burkina Faso



KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **Gret works through retail in both urban and rural areas but with different sachet sizes, and uses door to door in peri-urban zones.** *Retail in urban and rural areas:* Different sachet sizes enable to meet the needs of mothers from different economic strata: the middle class prefers 400g sachets (for a week) while in poorer area daily sachets (60g) are the best sellers. *Door to door in peri-urban areas:* Monthly subscription cards for home delivery of ready-to-eat porridge in informal settlement, show promising results: mothers find it easier to pay at once for 2 to 4 weeks rather than have to look for change every day.
- **Two marketing strategies have created high awareness of the product and generated first sales.**
 - » *In urban and rural areas:* Below-the-line marketing targeting all decision makers – health agents and mothers at health centers, all family members at community events (fathers, neighbors and mother-in-laws also play a role in choosing what the children eat) – allows to then sell via retail.
 - » *In urban areas:* Sales of ready-to-eat porridge under common brand “Laafi Benre” conducted by sales ladies going door-to-door with conspicuous carts and wearing uniforms creates strong brand awareness.
- **Gret leverages existing infrastructure as much as possible.** Gret trains existing local flour producers to improve the quality of their flour, and the program sells whenever possible via existing traditional retail channels.

PROJECT DESCRIPTION

History of organization

Nutrition program Nutridev was founded in 1994 by Gret and IRD (Institut de Recherche pour le Développement). The goal of Nutridev is to define and launch pilot programs, then validate and scale up sustainable strategies to prevent malnutrition among underprivileged population and particularly children below 2 year-old.

In 2005, Nutrifaso, the Burkina Faso chapter of Nutridev, was launched. The aim was to support existing flour producers in 1) improving their products by modifying the recipe and adding mineral and vitamins, 2) extending their distribution networks to more shops (grocery stores, mom and pop shops and pharmacies) and health centers, 3) supporting them on advertising and communicating on their products (including name of product and packaging) and 4) simultaneously helping them increase their production capacity to serve the new demand. By 2013, Gret had supported over 20 local infant flour producers under 6 different brands in both urban and rural areas. These producers are either existing companies or women groups that Gret trained and equipped to produce a quality flour. Gret created a label regrouping the 6 brands, “Strong babies’ porridge”, and advertises them together. In addition to retail, Gret developed a new distribution channel of kiosks and mobile saleswomen (with carts) serving ready-made infant meals in urban areas, catering to women who feed their babies on their way to work or who stay at home. Finally, Gret-supported producers are also supplying donor-funded free distribution programs that today represent about half of the yearly production.

CASE STUDIES

Product/service offering and value proposition: The 6 different flours promoted by Gret mainly consist of local cereals fortified with a vitamin and mineral pre-mix to meet international infant nutrition standards, and are sold:

- In urban and rural areas, in packs of 60g (2 doses, complementing breastfeeding to reach 100% of recommended vitamins and minerals for one day) to 1kg. Unidoses did not take off, as mothers would usually cook enough porridge in the morning for the day and hence were not interested in buying food for only one meal. At consumer price, it costs between \$3 and \$10 (depending on the flour brand and packaging) to feed an infant for a month with the recommended amount of two porridge servings per day. Commercial distribution reaches a penetration between 5% and 20%, while institutional support (free distribution to the poorest) can push penetration up to 20-30% of 6-24 month infants in rural areas who are fed at least one bowl a day of fortified porridge.
- In peri-urban areas, ready-to-eat preparation “Laafi Benre” (1 portion of 100mL for FCFA 50-0.1\$ corresponding to half the recommended dose per day) is distributed door-to-door by a saleswoman 6 days a week. It is available for individual purchase as well as with 2- or 4-week consumption cards (respectively 13 or 26 days at FCFA 650 or 1300). This new system was only started in 2012 and represents less than 5% of sales today, but shows promising results for the future.

Promotion and compliance strategy

- **Above-the-line:** Gret has done one national TV campaign promoting 5 of the 6 brands under the common label “Strong babies’ porridge” (sales increased by 30% during the campaign which encouraged some wholesalers to start distributing the flours) and does local radio ads whenever possible to promote the local brands.
- **Below-the-line:** Promotion of infant flour is organized at retail sites and in crowded locations both in urban and rural areas (markets and health centers). Promotion activities include advertisements and displays explaining the product composition and their health benefits for children, free tastings, distribution of free samples, “buy one, get one or two free” offers, etc. The main partners involved in this strategy are the local enterprises that produce the flours and the retailers. In rural areas, product promotion by community workers and/or Gret’s or their partners’ “animateurs” is coupled with nutrition education activities.

Sales and distribution

- **Grocery stores:** Gret supports producers in expanding their retail network, as wholesalers might not be willing to take in local flours when they are used to only buying imported products (in urban areas) or not any infant specific products (in rural areas). Gret’s “animateurs” (and/or that of its local NGO partners) hence sometimes play a role of sales people promoting the product to local shops and making sure stocks are replenished regularly, a role that Gret encourages producers to take on internally. Products are available in 885 outlets throughout the country. In Ouagadougou alone, they are sold in 485 retail shops and 98 pharmacies.
- **Kiosk & Carts (door-to-door):** Ready-to-eat porridge is marketed door-to-door by four saleswomen and served in ladles with a volume of 100 mL (for one meal, made with ~30g of flour) to children in four suburbs of Ouagadougou. Each day, saleswomen sell ready-to-eat porridges made of two different fortified porridge brands to offer mothers more choice (and sell at the same time sachets of at least 5 brands for mothers who prefer to buy the flour).

Results

- **Scale:** Gret has supported over 20 producers, which together produce close to 15T of infant flours per month, corresponding to 500k meals per month, or over 16k meals per day, half of which is sold via commercial channels and half of which is distributed via institutional programs. It is difficult to estimate how many children ever consumed this flour as reliable, long term data on daily consumption is hard to obtain.
- **Social impact:** Mothers declare that their children grow better or gain weight (which can be their perception, or in some cases is measured in health centers during monthly visits), and that their children become more active and less often sick. The new monthly card system experimented in peri-urban areas of Ouagadougou holds good promises in triggering compliance and increasing impact. In addition, the women who work in the woman groups supported by Nutrifaso or as saleswomen in urban areas are given the opportunity to earn a minimum salary.
- **Financial sustainability:** Some of the local producers supported by Gret are fully financially sustainable (e.g., some in Ouagadougou barely receive support anymore, except for some promotion activities) while others still clearly need Gret’s assistance to make ends meet (such as women group who have been trained to produce the flour but are not selling enough yet to sustain their own salaries).

Future plans

- Extend activities in Burkina Faso:
 - » Reinforce existing producer network so that they can self-sustain once Gret involvement ends, increase their sales by 10% per year via additional promotion and marketing support to stabilize their production and sales throughout the year
 - » Continue to lobby the World Food Program and other NGO distribution campaigns to purchase fortified flours from local producers rather than imported products
 - » Expand “Laafi Benre” (door-to-door sales of ready-to-eat porridge) in urban areas
 - » Cover the rest of the territory with 1 production unit per province (preferably larger entrepreneurs who have better chances of becoming self-sustainable in the long term)
 - » Enter partnerships with more NGOs to pool resources and achieve greater impact
- Extend the strategy to other countries (Mali, Niger...) in the region.

Exchange rate for this case study: 1 USD = 500 Francs CFA

Nutritional information (provided by the manufacturer):

Céréalor

Ingredients:		
Corn, soy, groundnut, milk powder, sugar, iodized salt, minerals, vitamins and BAN enzyme		
Average composition for 100 g of flour:		
Energy and macronutrients:		
Energy	414.3	kcal
Crude proteins	15.0	g
Digestible proteins	12.0	g
Lipids	9.8	g
Minerals:		
Sodium	334.2	mg
Potassium	576.3	mg
Calcium	327.5	mg
Chlorine	529.8	mg
Phosphor	282.0	mg
Iron	26.2	mg
Magnesium	151.2	mg
Copper	691.9	µg
Iodine	212.9	µg
Zinc	11149.2	µg
Manganese	1553.3	µg
Selenium	34.1	µg

Vitamins:		
Vitamin A	607.7	µg éq. retinol
Vitamin C	25.8	mg
Vitamin D	107.4	UI
Thiamine	410.3	µg
Riboflavin	465.6	µg
Vitamin B6	652.0	µg
Nicotinamide	6027.2	µg
Vitamin B12	0.6	µg
Folic Acid	105.9	µg
Pantothenic acid	1129.2	µg
Vitamin E	19.1	UI
Vitamin K1	41.9	µg
Biotin	14.3	µg

CASE STUDIES

Natavie

Ingredients:

Millet, sorghum, groundnut, soy, monkey bread powder, sugar, iodized salt, minerals, vitamins and BAN enzyme

Average composition for 100 g of flour:

Energy and macronutrients:

Energy	401.1	kcal
Crude proteins	15.6	g
Digestible proteins	12.5	g
Lipids	9.4	g

Minerals:

Sodium	303.2	mg
Potassium	539.5	mg
Calcium	340.5	mg
Chlorine	458.0	mg
Phosphor	313.8	mg
Iron	30.0	mg
Magnesium	310.2	mg
Copper	779.3	µg
Iodine	209.7	µg
Zinc	10611.4	µg
Manganese	2684.7	µg
Selenium	30.2	µg

Vitamins:

Vitamin A	493.1	µg éq. retinol
Vitamin C	30.6	mg
Vitamin D	105.0	UI
Thiamine	369.5	µg
Riboflavin	359.7	µg
Vitamin B6	448.7	µg
Nicotinamide	6658.7	µg
Vitamin B12	48.1	µg
Folic Acid	89.0	µg
Pantothenic acid	617.1	µg
Vitamin E	17.5	UI
Vitamin K1	17.3	µg
Biotin	9.8	µg

Sources:

Field visit in Tapoa region, September 2-4, 2013. Interviews with Soma Adama, adjunct coordinator, in charge of information, education and communication for the Gnagna and Gourma regions, Sept 2-4. Interview with Mathieu Ouédraogo, in charge of food security at ACF in Diapaga, Sept 2, 2013. Interview with Diarratou Zeba, in charge of Promotion and compliance strategy and communication, and Azeto Ouadraogo, sales lady, Sept 4-6, 2013. Field visit in Ouagadougou peri-urban areas, Sept 5, 2013.

Bruyeron, Denizeau, Berger and Trèche: *Marketing Complementary Foods and Supplements in Burkina Faso, Madagascar and Vietnam: lessons learnt from the Nutridev program* (2010). Food and Nutrition Bulletin, 2010, 31(2), S154-S167

Website: www.nutridev.org/spip.php?rubrique31

Contact person for the project: Claire Kaboré, Nutrifaso Project Manager: Kaboré@Gret.org



KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **Baby restaurants (named “Hotelin-Jazakely”) offer convenient solution for mothers in the form of ready-to-eat porridge sold via door-to-door or at the baby restaurant.** The product “Koba Aina”, a ready-to-cook fortified flour (used in the preparation of the ready-to eat porridge), is quite similar to the traditional meal (“Vary sosoa”) and is very popular among children. In addition, mothers trust that added minerals and vitamins are good for their children. Consequently they are ready to pay 2.5 times the price of the regular unfortified rice flour to feed their children with Koba Aina. Koba Aina remains at least 3 times less expensive than other industrial products available on the market.
- **Below-the-line (proximity) marketing has built a very strong brand for Koba Aina.** Daily presence of sales ladies selling Koba Aina inside the baby restaurants and door-to-door, combined with free weekly weigh-in organized at the baby restaurants and more traditional promotional tools (packaging with slogan and mascot, branded clothes for salesforce...) have built a very strong brand awareness. In the neighborhoods visited by sales ladies, less marketing efforts are required because children are asking for Koba Aina.
- **Baby restaurants and sales agents have rooted Koba Aina in their neighborhoods and initial success now allows sales to grow via retail.** The word has been spread from baby restaurant neighborhoods, and now retail accounts for 63% of Koba Aina sales.

PROJECT DESCRIPTION

History of organization

Nutridev program was founded in 1994 by Gret and IRD (Institut de Recherche pour le Développement), in partnership with local institutions. The goal of Nutridev is to define, launch pilot programs, then validate and scale up sustainable strategies to prevent malnutrition among underprivileged population and particularly children between 6 and 24 months.

Nutridev launched its Malagasy project “Nutrimad” in 1994 with 2 components: rural and urban. After a three-year diagnosis phase, educational campaigns on nutrition were organized through health workers in rural areas. In urban areas, in addition to awareness campaigns, a new concept of baby restaurants (Hotelin-Jazakely) was tested in Antananarivo (2002), then duplicated in other urban areas. Nutrimad urban component has been turned into a social business named Nutri'zaza in September 2012. In addition to Gret, investors include TAF (the local producer of Koba Aina), SIDI and I&P (two French impact investment funds), and APEM (an association promoting entrepreneurship in Madagascar).

Product/service offering and value proposition

Nutri'Zaza sells Koba Aina, a local industrially produced infant flour made of corn, soy, rice, sugar, peanuts and fortified with vitamins and minerals. Koba Aina offers a complete meal matching local habits (in terms of preparation, food form...) and that especially answers mothers' concern on the fact that product composition should match the future food that a Malagasy child will eat (rice from Madagascar). Children and mothers like the taste of “Koba Aina”.

Koba Aina is provided into two forms:

- Porridges sold door-to-door or at the baby restaurants by sales ladies (150 Ar, \$0.07). Porridge sales account for 30% of total consumer sales volume. 80% of these sales are made through door-to-door, 20% at the baby restaurants.
- 35g sachets of pre-cooked flour (for one meal) requiring 5 minutes of cooking, sold at baby restaurants (150 Ar) or in grocery stores (200 Ar, \$0.09). Sachet sales account for 70% of total consumer sales volume. 90% of these sales are made by grocery stores, 10% at the baby restaurants.

CASE STUDIES

Promotion and compliance strategy

- **Product:** A Mascot has been created to easily communicate about the brand and its values (quality, nutrition, local identity). The mascot is a bag of rice from Madagascar with a smiling face. The name Koba Aina (“Flour of life”), the slogan (“I love my child, I give him Koba Aina”) and other communication axes have also been chosen in adequacy with mothers’ perceptions and expectations regarding infant food.
- **Communication:** Sales ladies are the main communication vector. Nutri’Zaza gives them Koba Aina branded hats and t-shirts ensuring easy identification in the streets. And most importantly, their daily arrival is announced by children shouting “Koba Aina” in the streets, and keeps the product and brand in the top of consumers’ mind. Awareness rate reaches extremely high level of 90% in and around baby restaurants areas.

Baby restaurants are located in busy streets and are painted in conspicuous colors, with cartoons and health messages displayed on walls. Baby restaurants are places where sales ladies can organize free weigh-ins or animations.

Initially, Nutri’Zaza used below-the-line promotion (through animations on main markets and door-to-door promotion) to create brand awareness and communicate its product’s benefits. Then, TV and radio advertising, coupled with nutrition education messages, enabled to generate additional sales by informing consumers of product availability in new neighborhoods.

- **Compliance:** Baby restaurants (animations, free weigh-in) and sales ladies fieldwork have deeply rooted Koba Aina in the routine of their neighborhoods. The convenience offered by the daily door-to-door delivery system is a strong way to improve long-term adoption.

Sales and distribution

Sales ladies earn on average 100k Ar (~\$45/month) selling through two channels.

- **Baby restaurant network** (25 % of sales volume): in the 40 restaurants that are located in very poor neighborhoods, 1 or 2 sales ladies (60 in total) prepare and sell ready-to-eat porridge. Most of porridge sales actually take place in the daily early morning round when they carry an 8 kg thermos of warm porridge through three-hour walk in the slums. On average a sales lady sells porridge to 70 infants per day, mostly from D category (people living with ~ \$0.4/day). The commission on their direct sales ranges (depending on their results) from 17% to 20%.
- **Grocery stores** (41% of sales volume): grocery stores buy the product 150 Ar (\$0.07) from sales ladies and sell it 200 Ar (\$0.09), mostly targeting C category (people living with ~\$1.2/day). The margin grocery stores make is significantly higher than for competing products, however sales volumes are still much lower. Sales ladies get a 17% commission on their sales to retailers (who make an average 25% margin).

Nutri’Zaza also sells to social institutions (34% of sales volume) unbranded Koba Aina for 150 Ar. It allows reaching E category (people living with less than \$0.19/day) through free or subsidized channels.

Results

- **Scale:** From February to September 2013 Nutri’Zaza sold around 1.4m meals to around 34,000 active consumers and another 800k to social institutions.
- **Social impact:** 17% of infants in baby restaurants neighborhoods are regular consumers (more than 25 meals/months as per a study conducted by Gret).
- **Financial sustainability:** Nutri’Zaza received investments of \$509,000 (GRET: 34%, SIDI: 22%, I&P: 22%, TAF: 20%, APEM: 2%). Nutri’Zaza also received a \$1.2m grant from AFD. Nutri’Zaza’s forecasted annual turnover for 2013 is \$217,000 for a budget of \$367 000. A business plan has been developed on 5 years and the break-even will be achievable with a network of around 100 baby restaurants.

Future plans

- By 2018 Nutri'Zaza wants to set up 60 new baby restaurants, hire 200 sales ladies, reach 150,000 children per year and reach break-even.
- Nutri'Zaza is working on the launch of a new product targeting wealthier population (A & B categories) to compete with Farilac, one of the market leader on this segment. Nutri'Zaza aims to "cross subsidize" classic Koba Aina thanks to this premium product, improving the overall sustainability of the company.

Exchange rate for this case study: 1 USD = 2200 Ar

Nutritional information (provided by the manufacturer):

Koba Aina

Ingredients:		
Corn flour, soy flour, groundnut, rice flour, caster sugar, iodized salt, tricalcium phosphate, Nutridev1 vitamin and mineral complexes		
Energy: 359,92 kcal / 100 g		
Average composition for 100 kcal:		
Crude proteins	5.5	g
Digestible proteins	2.75	g
Lipids	2.33	g
Sodium	74.0	mg
Potassium	109.0	mg
Calcium	60.0	mg
Chlorine	81.0	mg
Phosphor	45.0	mg
Iron	6.25	mg
Magnesium	25.0	mg
Copper	120.0	µg
Iodine	51.0	µg
Zinc	2270.0	µg
Manganese	340.0	µg
Selenium	5.7	µg
Linolenic acid	60.0	mg
Linoleic acid	400.0	mg
Histidine	34.0	mg
Isoleucine	86.0	mg
Leucine	197.0	mg
Lysine	126.0	mg
Methionine+cystine	71.0	mg
Phenylalanine+Tyrosine	152.0	mg
Threonine	106.0	mg
Tryptophan	21.0	mg

Valine	114.0	mg
Ascorbic acid	6.0	mg
Vitamin A	114.0	µg eq.retinol
Vitamin C	30.6	mg
Vitamin D	25.0	UI
Thiamine	80.0	µg
Riboflavin	80.0	µg
Vitamin B6	100.0	µg
Nicotinamide	1380.0	µg
Vitamin B12	0.12	µg
Folic Acid	19.0	µg
Pantothenic acid	160.0	µg
Vitamin E	4.3	UI
Vitamin K1	3.3	µg
Biotin	0.65	µg

Sources:

Field visits in Antananarivo, 26-29 August, 2013. Interview with Nutri'Zaza team

Contact person for the project: Mieja Vola Rakotonarivo, CEO: mieja@iris.mg

PROTEIN KISSÈE-LA

www.pkl-ci.com

Selling fortified infant flours via any possible retail channels in Côte d'Ivoire



KEY MARKETING, SALES AND COMPLIANCE INNOVATIONS

- **PKL is answering mothers' concerns about food diversity with a variety of flavors.** The Nutribon products, sold in 50g and 200g packaging, are available in 4 different tastes: spinach, potato, apple and strawberry.
- **The marketing strategy targets all actors of the distribution chain.** TV and mass media campaigns help convince wholesalers and retailers to take on the product, pharmacists receive merchandising support to better display the product, and below-the-line marketing (road shows, free tasting, etc.) targets final clients directly.
- **Distribution makes the product available everywhere in different forms to fit various purchasing power.** PKL makes the product available "around the corner" thanks to a multichannel distribution strategy (supermarkets, pharmacies, small shops), and in various formats to cater for various daily purchasing power.
- **PKL is strengthening all its organizational processes for its scaling up.** The company has created solid processes at headquarters level (quality control, standardized HR processes, ICT for stock and sales monitoring etc.) before scaling up.

PROJECT DESCRIPTION

History of organization

Established as a local Ivorian company in 1994 by Malian entrepreneur Marie Diongoye Konaté, PKL launched the fortified infant flour Farinor (the product that was to make its success) in 1998. The company then diversified into maize and soy flours for industrial use (50% of its revenues today), other fortified food for infants with various fruit and vegetable flavors and added micronutrients (under the Nutribon brand: potato, spinach, strawberry and apple, that together with Farinor make 32% of PKL revenues) and fortified flour for adults (18% of revenues). The company went through ups and downs as the history of the country unfolded; the recent political crisis in 2011 forced the company to retreat its distribution and marketing activities mainly back to the Abidjan area, but PKL is now on its way to re-enter the rural market, with a true commitment to providing nutritious infant food to families who do not have access to any such food today. In 2009, GAIN decided to support this goal with a 5-year, 2m\$ grant.³ PKL is ISO 9001 certified, and is fully code compliant in both labeling and marketing practices.

Product/service offering and value proposition

PKL has developed an entire range of products for children between 6 and 24 months old. The initial formats were 200, 250 and 400g boxes (50g of the product corresponds to a child's RNI for one day, when combined with breastfeeding) sold to the public for FCFA 950 to 1400 (\$1.9-2.8), made of different cereals, available "around the corner" (i.e., in every mom and pop shop, supermarket and pharmacy in Abidjan). With GAIN's support, the company developed 50g sachets (sold FCFA 200 or 0.4\$ a sachet, retail price) fulfilling a child's daily RNI (2 servings), at an affordable price for most families (5-6% of daily wage for a family with two basic jobs in Abidjan), and with 4 different flavors. Within 18 months of launch (including 6 months of military-politic crisis) these sachets represented 20% of the company's sales in the infant food segment.

⁴ GAIN supported PKL on its Nutribon brand to 1) improve product formulation according to GAIN guidelines, 2) increase production capacity, 3) ensure Code compliance of marketing and labeling, 4) improve food safety and Quality Assurance and Quality Control practices. GAIN also supported Helen Keller International (HKL) in the development and execution of an awareness raising campaign for improved infant feeding practices, including the option of using fortified porridges. HKL and PKL worked together to ensure adoption of a local Ivorian version of the International Code of Marketing of Breast Milk Substitutes.

Promotion and compliance strategy

PKL's marketing strategy is to kickstart demand with limited media ads (large billboards and TV ads for 2-4 weeks a year), crucial to convince new distributors (wholesalers, shops and pharmacies) that PKL is a serious and trusted company and the product is in demand. At the same time, PKL carries out "commando operations" (music and games entertainment, with free samples and trials, at market places) to raise awareness about the product and trigger first purchase from final consumers. PKL makes sure that its products are then easily available everywhere close to consumers, trains resellers (pharmacists, retailers) of its products and lets word of mouth do the rest of the job. This is reflected in PKL's clients awareness sources: 31% of people know PKL products through friends and neighbors, while 25% discovered it via health professionals such as pharmacists and pediatricians and only 14% heard of it via media.

Sales and distribution

PKL's sales force covers the various channels through which the brand is sold, from its manufacturing plant in Abidjan industrial zone:

- **Pharmacies (40% of infant food sales):** 5 "medical delegates" cover the 500 pharmacies of Abidjan and its surroundings by car or taxi to promote PKL products and make sure orders are passed when stock is needed (delivery is ensured by the centralized pharmacy wholesale system).
- **Small shops (30% of sales):** 11 sales agents share 6 small trucks and 5 motorbikes (for the smaller streets where cars cannot go) to replenish the stocks of 100-200 shops each in Abidjan.
- **Supermarkets:** 4 sales agents and 3 promoters ensure orders from wholesalers and verify the assortment and stocks in 50 supermarkets (only in Abidjan, 30% of sales).
- **Markets:** 7 promoters do product demonstrations in market or in front of small shops.

Results

- **Scale:** As of 2013, PKL holds an estimated 25-30% market share of the infant food market in the country, with 150-200 tons sold per year (corresponding to around 11k individual portions a day).
- **Social impact:** Random checks and satisfaction studies conducted every two years by PKL show evidence of parents happy and proud of their children's looks and health. PKL pricing for individual sachets at FCFA 200 led competing brands to lower their prices to match that of PKL, making the product category more widely affordable in the country.
- **Financial sustainability:** PKL should reach sales of over \$3m in 2013, a third of it in infant complementary food. The company is profitable thanks to the margins it earns on its other businesses. The infant food business itself is expected to break even in 2016 thanks to increased production capacity and product sales.

Future plans

In 2014, PKL will launch new facilities that should allow multiplying its existing production capacities by five. PKL plans to use this extra-capacity to go further inside the country with an extended sales force. PKL has also plans for new distribution systems such as "baby bars" where mothers could feed their babies with certified quality food and receive general advice on baby nutrition and health.

CASE STUDIES

Exchange rate for this case study: 1 USD = 500 FCFA

Nutritional information (provided by the manufacturer):

Nutribon

Ingredients:

Corn flour, soy flour, groundnut, sugar, milk powder, vitamins and mineral salts, dehydrated potato powder

Average composition for 100g:

Energy and balance:

Energy	387	kcal
Proteins	10.0	g
Lipids	2.0	g
Carbohydrates	82.0	g
Fibre	2.0	g
Vitamin B1	1.0	g
Vitamin B2	1.0	g
Vitamin B6	1.0	g
Pantothenic acid	4.0	µg
Potassium	610.0	mg
Sodium	200.0	mg

Growth:

Vitamin A	2668.0	µg eq. retinol
Vitamin D	400.0	UI
Vitamin E	10.0	UI
Niacin	12.0	UI
Biotin	0.016	µg
Zinc	16.6	µg
Iodine	0.18	µg

Resistance and vitality:

Vitamin C	60.0	mg
Vitamin B12	1.8	µg
Folic Acid	0.3	µg
Iron	23.2	mg
Calcium	266.0	mg
Manganese	2.4	µg
Copper	1.12	µg

Sources: Field visit in Abidjan, July 23-26, 2013. Interview with Marie Diongoye Konate, Founder and CEO, Simeon Koffi, Sales and Marketing Director; Frank Adingra, Sales Manager; Aminata Drogba, Quality Director, clients, retailers, pharmacists, medical delegates and sales people.

Contact person for the project: Marie Diongoye Konaté, CEO: pklsoja@pkl-ci.com

About HYSTRA

Hystra is a global consulting firm that works with business and social sector pioneers to design and implement inclusive business approaches that are profitable, scalable and eradicate social and environmental problems. 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 conducted in-depth sectorial studies on clean energy, safe water, affordable housing and ICT-based business models for development, analyzed winning marketing strategies in micro-distribution, designed new models to serve low-income communities with home improvement packages, irrigation pumps, solar lights, safe water, and improved nutrition products, prepared business plans for pioneering inclusive businesses and supported the creation of a social impact fund. In five years Hystra has worked in close to 20 countries serving over 35 clients, including large corporations, international aid agencies, foundations, and governments, to support business models that change the lives of low-income communities across the globe.

Authors

Olivier Kayser, Hystra Managing Director
Lucie Klarsfeld, Hystra Project Manager
Simon Brossard, Hystra Consultant

Contributors

Nicolas Martin-Bouyer, Hystra Consultant



For more information and to download this full report as well as Hystra reports on Marketing for the BoP, Energy for the BoP, Safe Water for the BoP and ICT for the BoP, visit www.hystra.com.

Please direct queries about this report to Lucie Klarsfeld, lklarsfeld@hystra.com