

Marketing nutrition for the Base of the Pyramid

Webinar 2: what delivery channels for nutrition products are effective for reaching consumers while underpinning business viability?

The Webinar will start shortly



All resources can be found on the event page: bit.ly/NutritionMarketing

Join the discussion on Twitter *#marketing4BoP*



Welcome to our conversation

Webinar 2: what delivery channels for nutrition products are effective for reaching consumers while underpinning business viability?

Panellists

Lucie Klarsfeld McGrath, Senior Project Manager, Hystra

Marti J. van Liere, Director Maternal, Infant and Young Child Nutrition at GAIN

Clémence Boule Martinaud, Nutrition Projects Manager at GRET

Professionals for Fair Development

Facilitator

Caroline Ashley, Editor, The Practitioner Hub for Inclusive Business



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POLL: Did you attend last week's webinar?

Yes

No



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Join the discussion

Type your questions in 'Chat' to everyone at anytime

Provide your feedback afterwards

Join the discussion on Twitter *#marketing4BoP*



Presentation slides and webinar recording will be available on the webinar page, along with useful links

bit.ly/NutritionMarketing



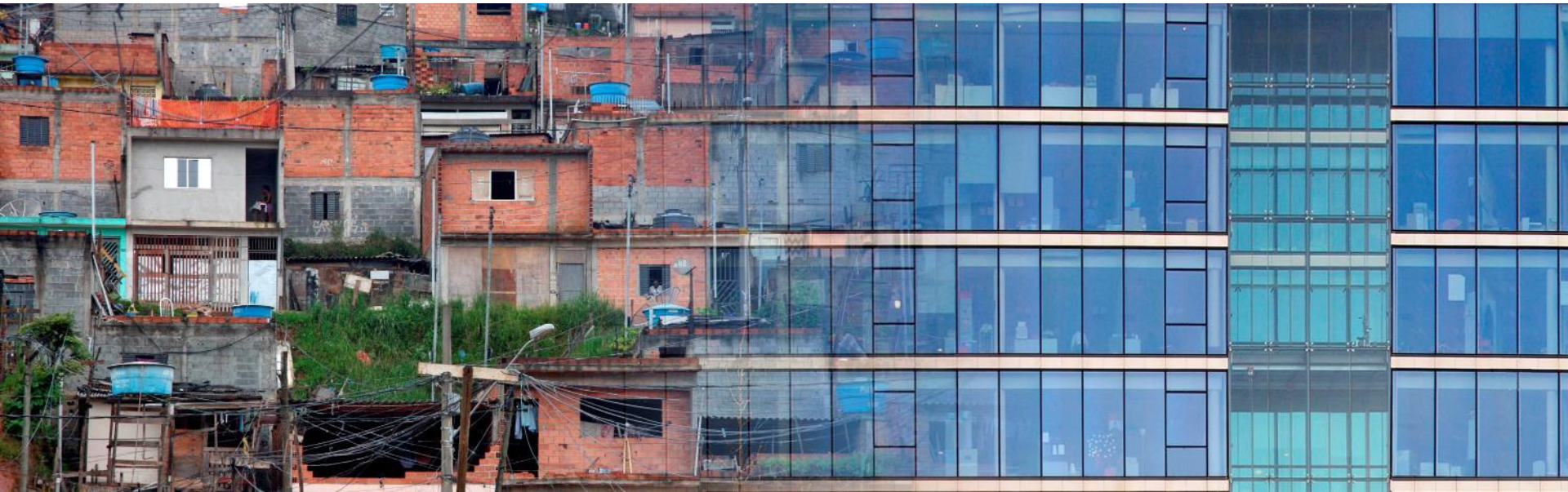
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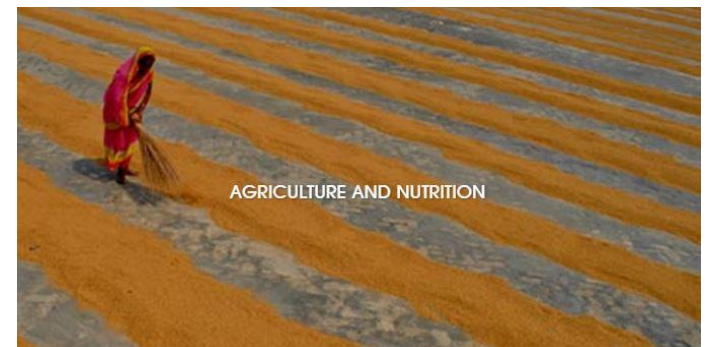
Hystra is a global consulting firm specialized in inclusive business and Base of the Pyramid (BoP) markets

We design and implement *hybrid strategies*, i.e., innovative business models with a game-changing social impact



ABOUT GAIN

- **The Global Alliance for Improved Nutrition** is an international organization, launched at the UN in 2002.
- GAIN is driven by **the vision of a world without malnutrition**. We believe that everyone in the world should have access to an affordable, healthy and nutritious diet, with a specific focus on vulnerable groups such as **children, girls and women**.
- GAIN has 3 **key thematic areas** : large scale food fortification, nutrition for women and children, and agriculture and nutrition
- GAIN is recognized as a **leader in multi-sector approaches**, bringing governments, businesses, and NGOs together to increase availability, affordability and consumption of nutritious foods addressing diet quality problems that none of them can solve on their own.



About GRET, Professionals for Fair Development

- **International NGO governed by French law** that has been actively fighting poverty and inequalities since 1976
- **771 professionals on 150 projects per year** led in 28 countries of intervention and 13 branch offices
- GRET acts on a range of 7 complementary themes including « **Health: nutrition & social protection** »
→ 20 years of experience more specifically in maternal and child health (www.nutridev.org)
- **GRET works on long-term prevention of malnutrition** by improving feeding, hygiene and healthcare practices, mainly with women of childbearing age and children under the age of two
- Four pillars of intervention :
 - ✓ **provision of appropriate fortified food produced locally with the local private sector;**
 - ✓ awareness-raising on appropriate practices in terms of feeding, maternal and child healthcare and family planning;
 - ✓ improvement of the quality of health services
 - ✓ development of social health protection systems and nutrition-oriented safety nets.



Laafi benre - Nutrifaso

Marketing Nutrition for the BoP

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

January 19th, 2017



Methodology: we reviewed 49 academic articles, interviewed 32 experts and conducted 7 in-depth case studies

Interview of 32 experts

- **NGOs:** HKI, GRET...
- **Companies:** Danone, Grupo Moderna
- **Academic world:** LSHTM, Cornell University...
- **Programs:** WFP, A&T...

Review of 49 academic articles

- American Economic Review
- The Lancet
- The Food and Nutrition Bulletin
- The Quarterly Journal of Economics ...

7 in-depth case studies

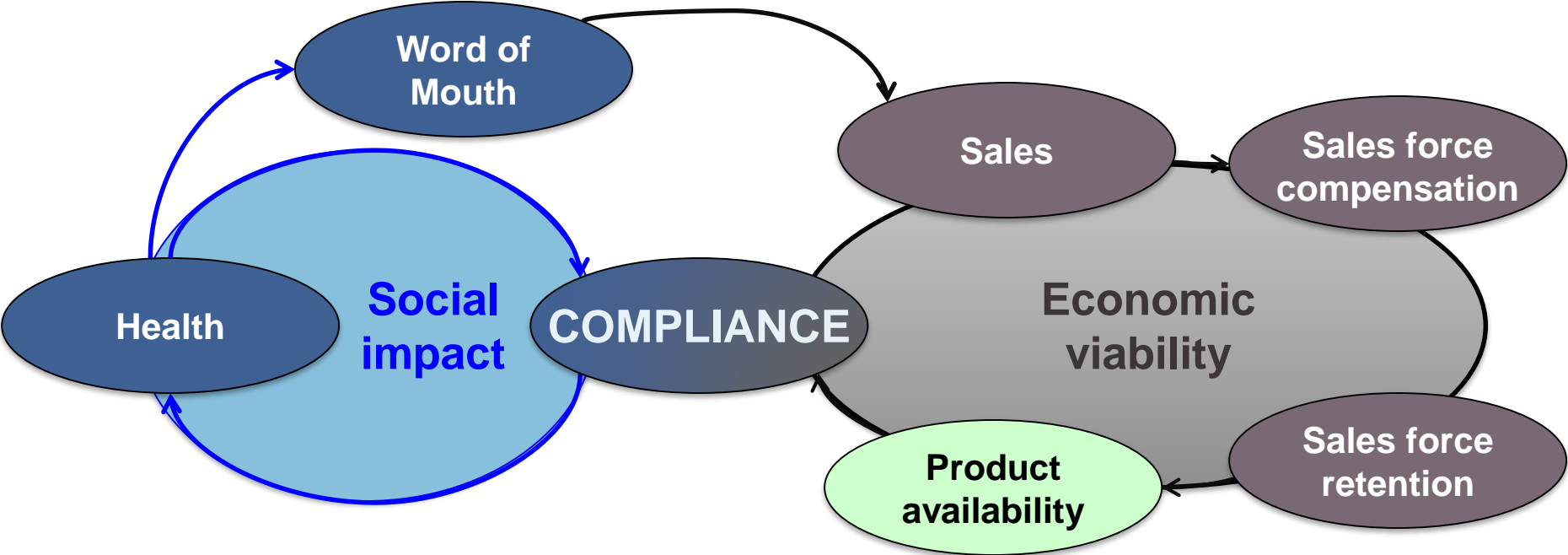


8 Key lessons learnt

8 lessons learnt



Ensuring product availability is key for compliance and hence for impact



Selling nutritious foods at the base of the Pyramid

1. Cannot be done via traditional retail as products need too much explaining
2. Needs traditional retail to reach as many BoP clients as possible
3. Requires a dedicated salesforce / promoters to explain the product benefits



Lesson 5 In rural and mature markets, traditional retail is the most cost efficient distribution channel

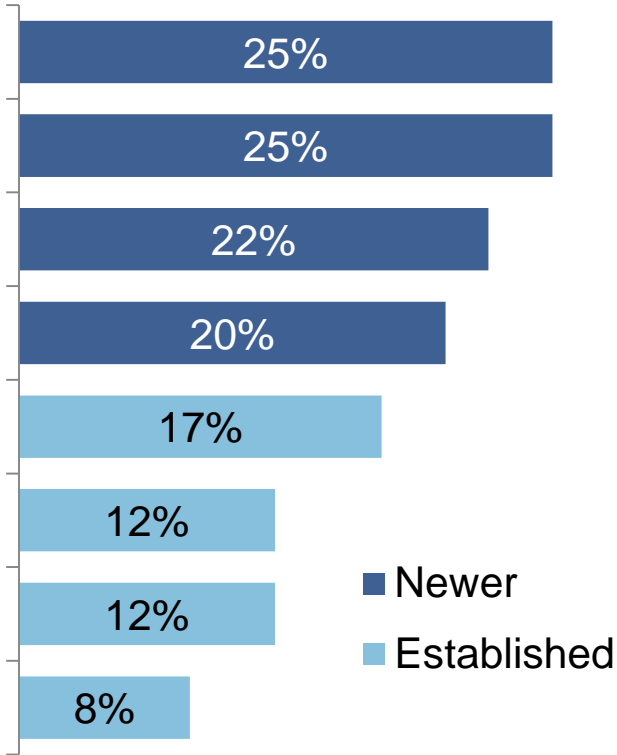
Informal traditional retail is the most efficient channel to bring goods to the BoP



Retail requires a combination of push (incentivizing retailers to take on the product)...

BoP local companies must offer better margins to retailers than established companies

Retailers' margin (% product price)



Successful companies have built win-win partnership with selected (not all) retailers

- Shelf display material



- Regular visits
 - No stock-outs
 - Strong relationships
- Loyalty programs
 - Gifts for best retailers



...and pull with an adequate balance of Below The Line and Above The Line marketing

ATL marketing

Goal: Raise awareness

- ✓ Reaches all value chain actors at once, from wholesalers to clients
- ✓ Gives credibility to the brand



BTL marketing

Goal: Educate and trigger trial

- ✓ Reaches areas without TV
- ✓ Allows immediate first try and client feedback

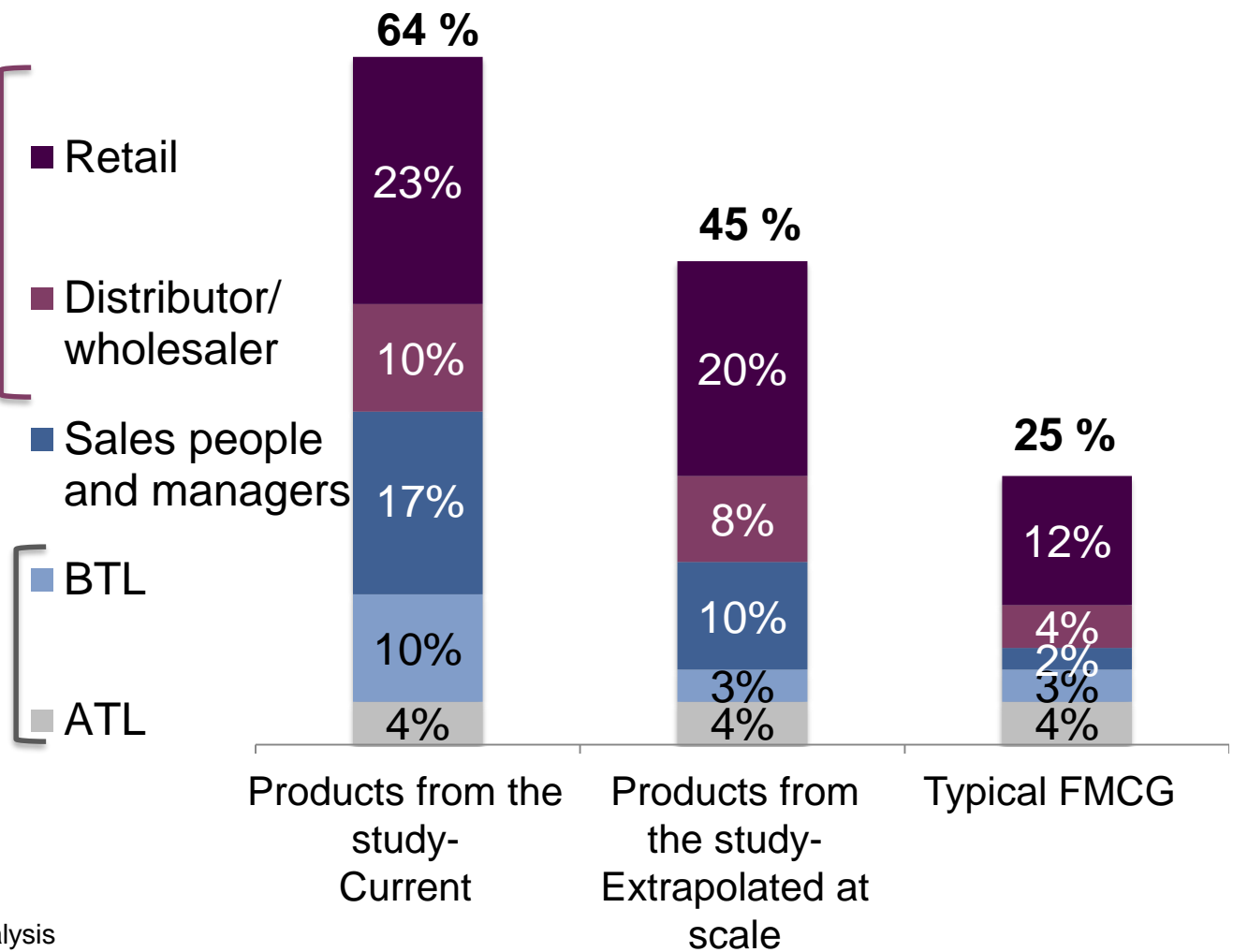
Costs*: 1 week campaign
2 broadcast per day
30 seconds spot = 1 to 3 FTE promoters working one year

*Does not include production cost of TV campaign
Includes yearly compensation, training and materials

This need for push and pull is expensive until companies reach scale

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

- Distribution margin: 31-68%** depending on
 - amount of marketing taken on by distributor
 - market maturity (and need for push)
- Salesforce: 13-21%** depending on sales productivity
- Marketing: 8-19%** depending on cash available




*Source: Case studies, Hystra previous analysis
 For extrapolation: costs from the best practice in each category, considering target volumes of sales

Poll

In urban markets, a direct sales force:

1. Is an un-necessary expense as products can be sold through retail
2. Can be cost-effective at product launch to create demand
3. Can be cost-effective over the long run to maximize compliance

A person wearing a bright red jacket and a matching hat is walking away from the camera down a narrow, unpaved dirt path. They are carrying two large, dark-colored buckets, one in each hand. The path is flanked by simple, light-colored buildings with red window frames. To the left of the path, there is a body of water, possibly a pond or a small canal, with some debris and vegetation along its edge. In the background, more buildings and utility poles with wires are visible under a blue sky with scattered white clouds. The overall scene suggests a busy, informal urban market or a residential area in a developing region.

Lesson 6 In urban markets, door-to-door can create demand and build client loyalty

We have seen 2 successful direct sales force models

Leverage pre-existing trusted network

- Already selling other products
- Working part-time for new product

Caveat: such networks rarely exist



45,000 CHWs already selling health products in communities, leveraged to distribute MNPs

Hire specialized, full time sales force

- Dedicated to market development
- Distinct from physical delivery team

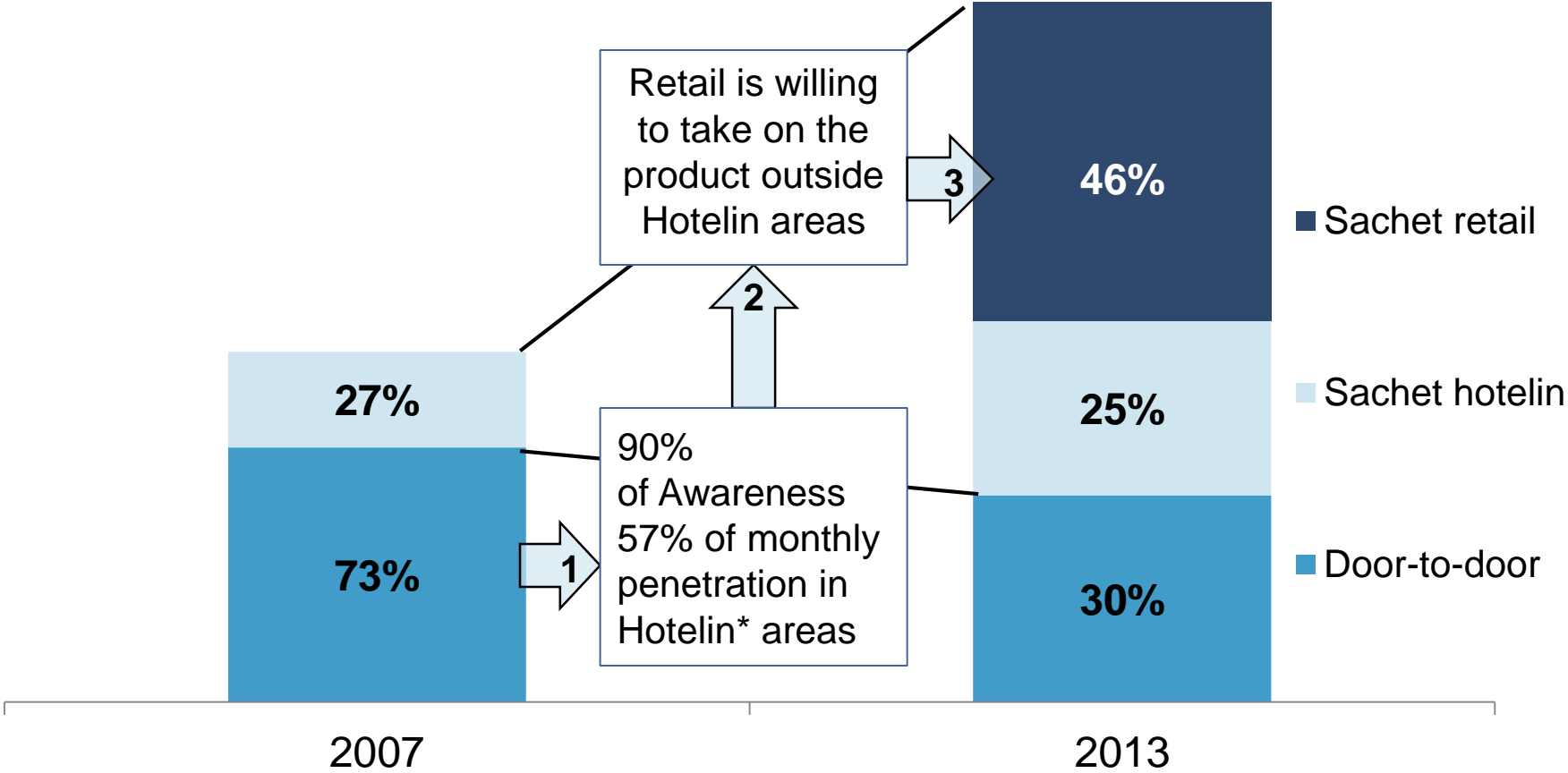


Managers help animatrices to sell porridge in new areas



Door-to-door is an effective way to build a brand

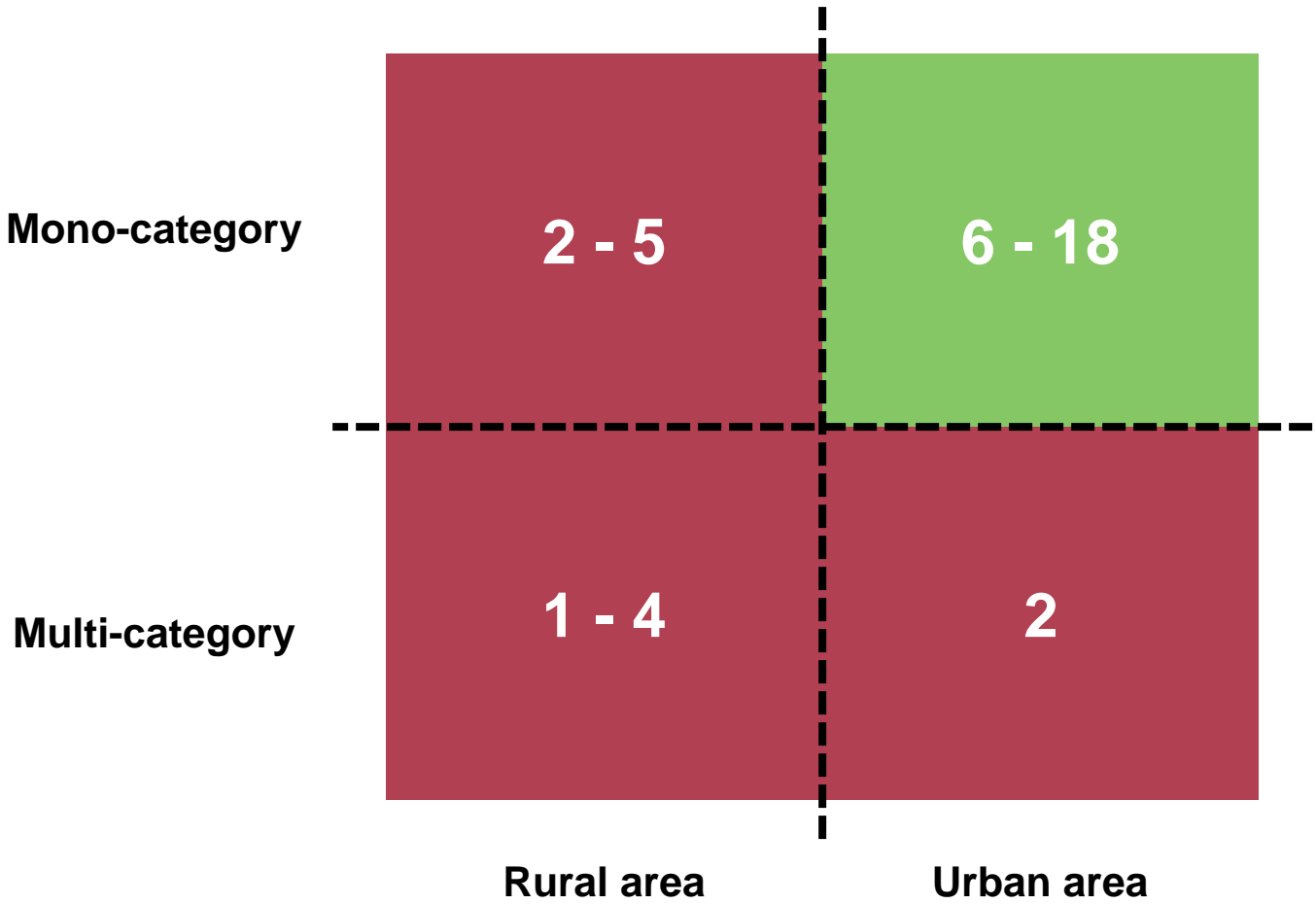
Nutri'zaza sales break-down in volume



*Hotelin: "baby restaurants"

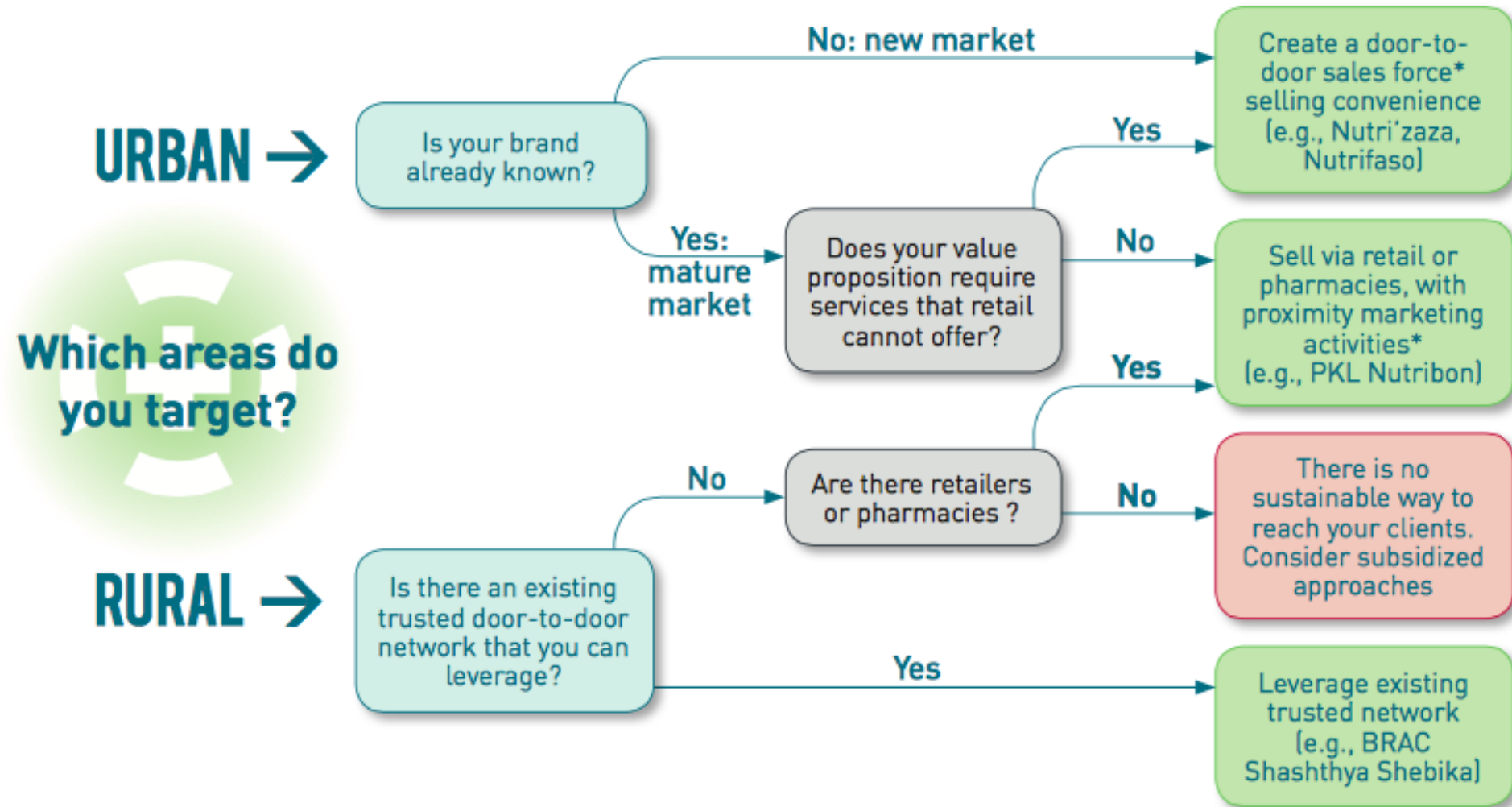
Door-to-door salesforce is best suited to sell one category of products only, in urban area

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



*Source: Case studies, Hystra previous analysis of microdistribution organizations

The adequate distribution strategy depends on presence of retail, and maturity and density of your market



*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)

Poll

The average salesperson of a performing direct salesforce of nutritious products in a developing country can sell:

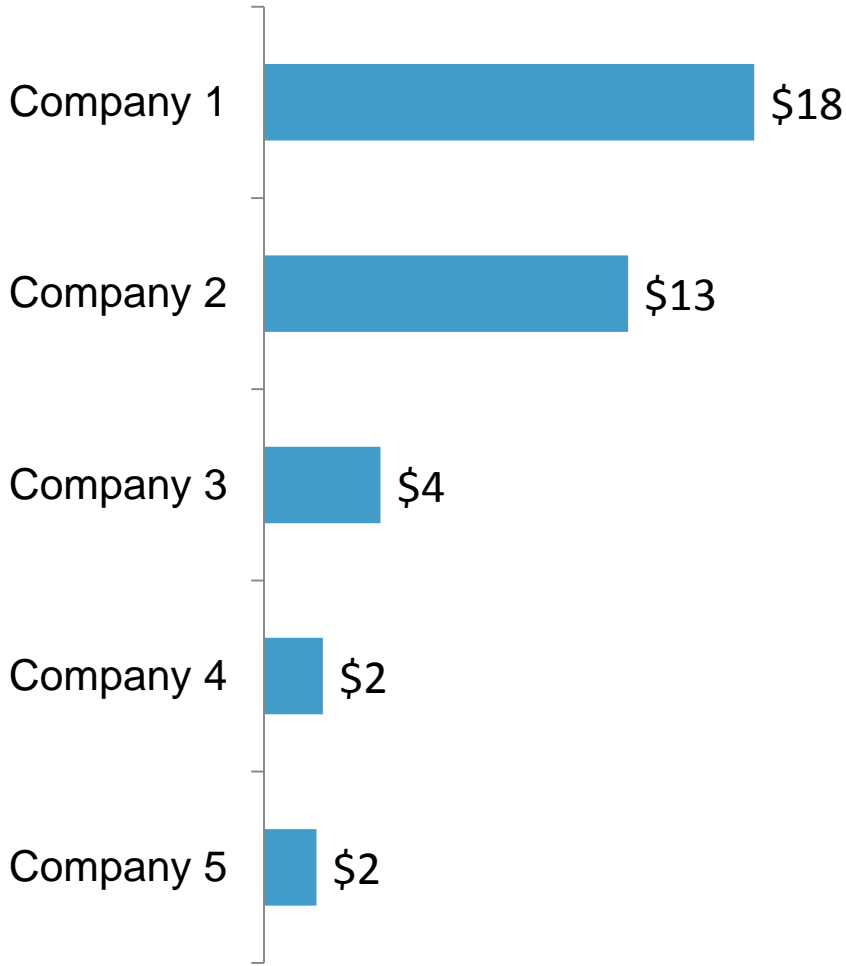
1. ~2,000\$ of products per year per salesperson (~\$170/month)
2. ~10,000\$ of products per year (~\$850/month)
1. ~20,000\$ worth of products per year (~\$1,700/month)



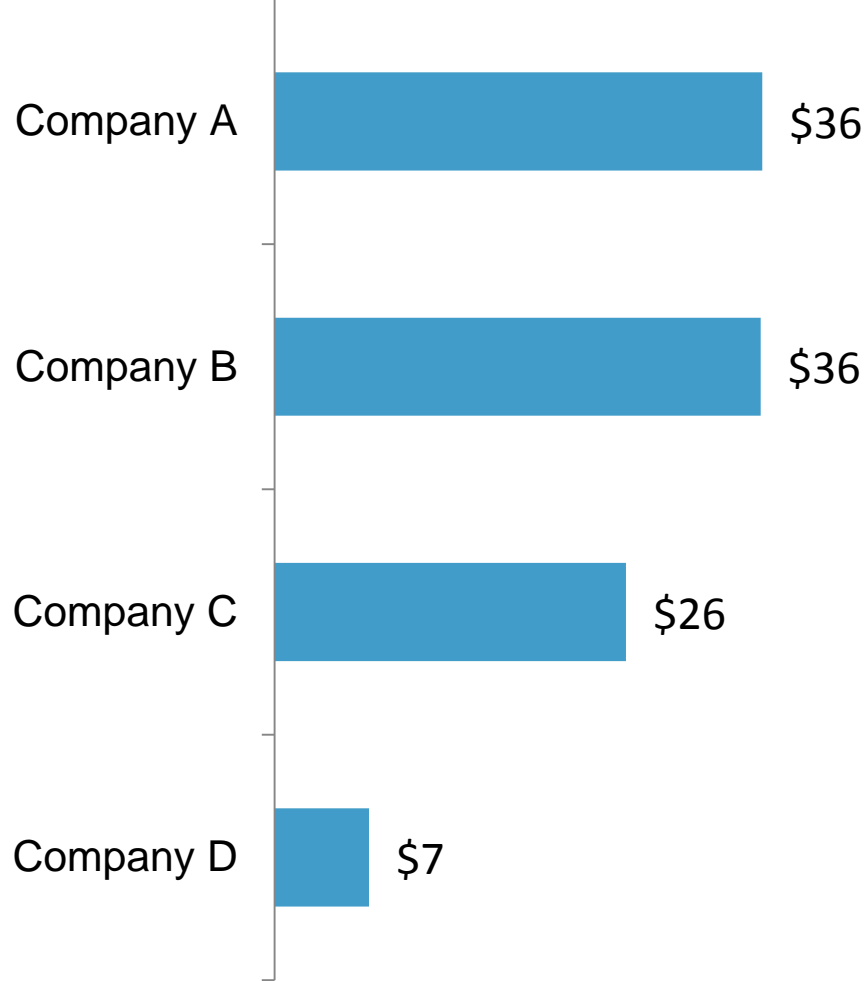
Lesson 7 Optimizing salesforce productivity requires following private sector best practices... and innovating frugally

Examples show wide ranges of salesforce productivity across businesses

**Sales per FTE salesperson – Door-to-door
(in \$k per year)**

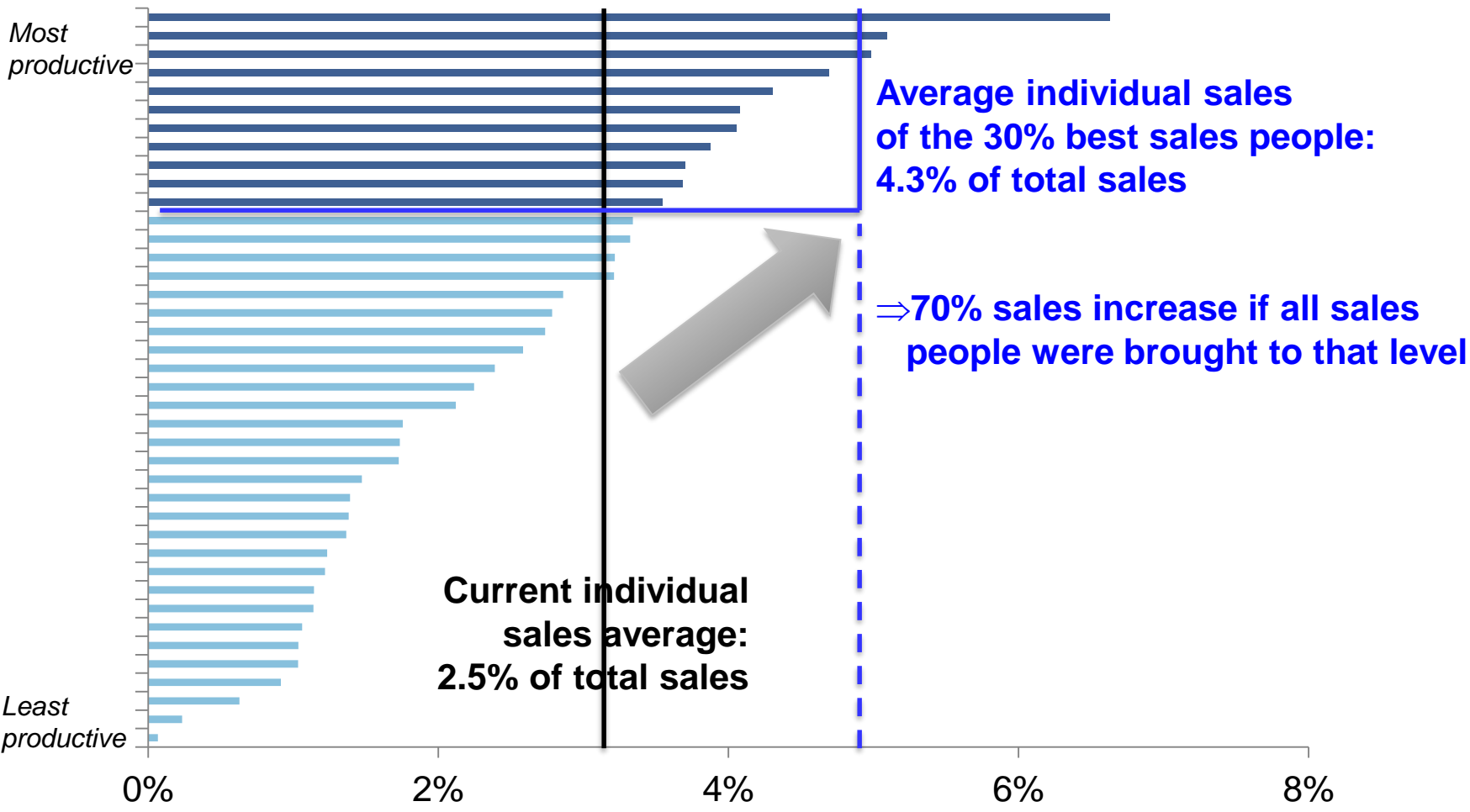


**Sales per FTE salesperson – Retail
(in \$k per year)**



This range also exists with a same sales force, showing vast opportunities for improvement

Sales break-down per salesperson in % of total sales



Routes followed by sales force should be optimized based on market potential analysis

Territory and population mapping



Semilla assesses possible location before setting up new micro depot

BRAC ensures that each Shashthya Shebika has at least 200 potential households in her area

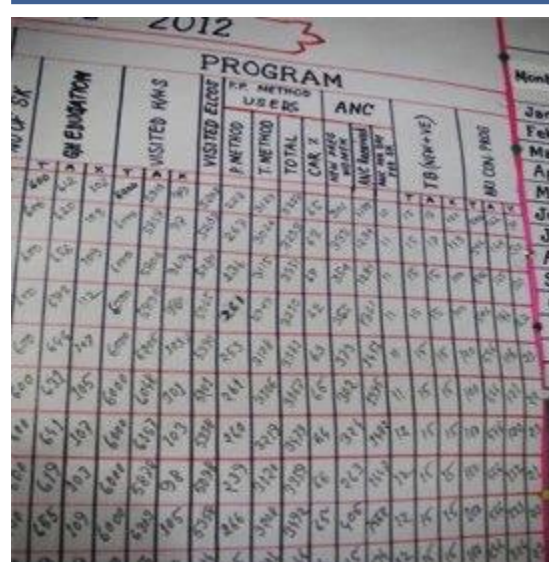
Assigning routes to the sales forces



PKL defines specific routes that sales agents must follow

Milkuat, defines each week sales objectives, with shops and schools to visit

Monitoring sales force activities



BRAC tracks every activity and sales of Shashthya Shebikas allowing close follow up for the least performing. This also avoids stockouts.

ICT can effectively combine cost-efficient CRM, monitoring and motivating sales force

Living goods (complete CRM & monitoring)



Living Goods sales ladies:

- Use mobile as a link with their customer
- Receive instruction/reminder by SMS

Milkvat (Operations improvement)



Milkvat sales managers

- use BB groups:
- To share best practices
 - To have feedback from the field

Nutri'Zaza (Punctual monitoring)



Nutri'Zaza animatrices uses OrangeMoney to reduce cash handling and allow their manager to monitor their activity

Instilling a strong sense of purpose and comradeship is important as sales is a hard and solitary job

Semilla



Meetings every day, before and after the route, to brief and debrief the day and do team building activities



Natura



Consultants



- Are Natura clients
- Embody Natura values
- Best performers hire and coach other consultants

Relationship managers



“After my monthly consultant meetings, I never leave before hugging each 50 of them”

- Long tenure
- Role model
- Progression path for consultants

VALUE PROPOSITION

#1 Marketing nutrition is not (only) about health

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

MARKETING & COMPLIANCE

Effective promotion leverages trust and aspirations **#3**

Constant reminders and incentives drive compliance **#4**



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

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

In rural and mature markets, traditional retail is the most cost efficient distribution channel **#5**

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

SUSTAINABILITY

DISTRIBUTION

Discussion

Any questions? Type them in 'chat'

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Type your questions for Lucie, Marti and Clemence to 'everyone' in 'chat'



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