

CROSS-CUTTING INCLUSIVE INNOVATIONS

Creating Consumer Awareness for Products or Services

Solutions for developing a business model when a product or service type is not known or habitually consumed by potential customers

HIGHLIGHTS

- It is challenging and costly to build demand and create habits around buying and using a product or service among low-income consumers, with affordability and availability also an issue
- Inclusive business models have used various approaches in awareness raising and measures to support consumers to embed products or services into their lives, including education, aspiration, bundling, recommendations, subsidies, and demonstrations.



"Take the poo to the loo" campaign <http://www.poo2loo.com/>

Summary

Stoves, toilets, financial services and health services all benefit consumers but may not actually be in demand amongst the target segment. These are markets where the potential customers of a product or service can be completely unfamiliar with this product¹ or any other similar product, and do not have the habit of using it in their daily routines. As a result, active market demand is minimal.

Many such products improve health, education, living standards, and wellbeing of low-income households. But simply making the product impactful, available, and affordable is not enough to achieve sales. With low demand, there is little chance of creating a sustainable self-financing value chain, or of addressing development challenges at scale.

Successful business models in these markets use a range of solutions to make low-income consumers aware of the benefits of such a product before they can begin to make sales, and to incentivize them to become familiar with the product. These approaches take into account that acceptance of the product is achieved when consumers have made adjustments to their lives to make regular use of the product, so that buying and using the product becomes habitual. Examples include educational initiatives, recommendations from influential individuals, making the product aspirational, demonstrations, bundling with more familiar products, and subsidies.

Challenges

A conventional definition of a consumer market² is that there is a common understanding among a group of consumers:

- About **how a product or service is used**, to the extent that it is a normal part of people's lives, and that they have developed a habit of both purchasing and also of using a product regularly
- That a product or service is **worth paying for** because it has a value to the consumer

Without these two elements in place a consumer market does not truly exist, and this is the most significant problem that enterprises innovating new models in such contexts have to address.

A first step to building demand is to understand needs. Outsiders can have perceptions about what low-income people need that can differ to what they actually want.³ Before seeking to develop the market for a new product, it is essential to consult with low-income people as to what their needs and wants are.

Raising awareness of the products and their benefits is the next challenge. Potential customers will be unfamiliar with the value proposition that this product offers because they may have had no exposure to the product or even the type of product. Once a low-income consumer is aware of a product, a decision needs to be made by the consumer that such a product is sufficiently beneficial to them to prioritize purchasing it instead of using this money for another purchase or activity. They also need to build use of the product into their daily routines such that buying and using the product becomes a habit.

High cost of raising awareness

Raising awareness is a key challenge for many inclusive business initiatives, especially for consumer products where margins are low because they are predicated on reaching high volumes quickly to reduce unit costs. Erik Simanis from the Center for Sustainable Enterprise at Cornell University's Johnson School of Management has had exposure to several examples of this and suggests that:⁴

Consumers at the bottom of the pyramid lack what anthropologists call a "cultural competence" for product consumption—they aren't accustomed to using and experimenting with products. The adoption of new products entails a steep learning curve for them. Consequently, sales and marketing efforts involve deploying a substantial number of people with sales skills and deep product knowledge—an expensive proposition.

Sectors where awareness is the primary challenge

Lack of awareness and demand is a major factor in markets for products such as fortified food, home solar products, insurance, many sanitation products and some health services. This paper focuses on the markets listed, but the problems are long-standing and familiar to other players who seek to promote, for example, uptake of improved seed or bed nets. The slow uptake of bed nets treated with insecticide can also be ascribed to the time it takes for consumers to develop the habit of using bed nets when houses are not designed to accommodate them, and of then learning the importance of using and re-treating the bed net regularly.⁵

Effective awareness building is insufficient on its own

Raising awareness and building acceptance are just part of delivering a value proposition to the BoP—affordability and availability must be addressed too. Acceptance is to some extent part of the awareness challenge because consumers must accept that a product is useful to them before they can build the habit of using a product. There is a strong overlap between building awareness and development of distribution when addressing availability. Recent innovations in rural distribution models have expanded the role of distribution and the distribution partners respectively. The distributor role is no longer restricted to

physical distribution of products and services alone, but may also include elements of awareness raising about new categories of products, and provision of several other inputs which influence a consumer's purchase decision, such as credit and post-sales service. The challenge of affordability is also one that has to be overcome once a consumer is aware of, and accepts, a product, but making a product affordable will not in itself overcome the challenge of lack of awareness.

As Table 1 shows, availability and affordability to end-consumers are covered in detail elsewhere.

Table 1. Key elements of a BoP value proposition

Element of value proposition	Awareness	Acceptance	Availability	Affordability
	How aware is the population of certain products and services and their potential benefits?	To what extent consumers accept certain products and services?	How readily available are products and services to local populations?	Can consumers afford products and services and/or have access to financing?
Reference Paper	This paper		See World Bank. 2015. Managing the last-mile of distribution to low-income consumers	See World Bank. 2015. Making products and services affordable for the low-income poor

Innovative Approaches

Rarely will one solution on its own address the challenge of awareness creation, but there are some common approaches that occur in various combinations (Table 2).

Table 2. Some common approaches used for addressing challenges in consumer awareness

Approaches to raising awareness	Summary of the approach
Educating consumers	The product is supported by education. This can be done by a public authority, non-profit, or community body, but from a business perspective a sales force can also undertake education as part of their marketing strategy.
Recommendation from influential individuals	Trusted members of the community such as health workers, or more affluent households that are looked up to, are engaged to explain and demonstrate the product (or service).
Making the product aspirational	Sometimes linked to influential individuals, this solution is more explicitly about creating an aspiration that will drive demand for the product. The product is marketed as a lifestyle choice not a necessity for the poor.
Demonstration and experiencing the product	Examples of the product are provided free or at subsidized cost so that consumers can see the product being used by others and/or experience the benefits themselves
Bundling with more familiar products	The product is included with other complementary products that consumers are already familiar with and therefore get to experience the new product
Initial subsidy	The product is heavily subsidized so that there are incentives for enterprises to invest in raising awareness until there is a demand for it

Educating consumers

Educating potential consumers on the benefits of using a product is a common approach in markets where awareness is a major challenge. This can be embedded within the activities of a sales force directly, in which case it may be referred to as high-touch marketing. This is done by companies selling stoves, solar systems and other energy products, fortified food and nutritional products, toilets and other products and services in the water and sanitation sector. A local and engaged salesforce is essential. Alternatively, non-governmental organization (NGO) partners, community groups and government bodies run education campaigns. These focus on the product category not the specific brand.

Example: Raising awareness of modern energy products

The benefits of products such as solar lighting and improved cook stoves are unknown to households that have only ever accessed solid fuel or kerosene and are not familiar with making a larger purchase in order to save money later. For example, solar home systems can save considerable household expenditure over a year compared to expenditure on kerosene while also reducing indoor air pollution,⁶ but a major challenge is making consumers aware of the many benefits of using such products compared to traditional methods.

In order to sell solar devices to poor families, enterprises have had to develop sales and distribution models that brought their sales force into close contact with customers in order for them to be able to explain the benefits of using solar power against more traditional options that the consumers were more familiar with. Because these sales usually require micro-credit this has made the value proposition even more difficult to communicate and made education an essential part of the marketing process.

Businesses selling solar home products such as Grameen Shakti, Sunlabob and ONergy create awareness of their products through local sales agents.⁷ Grameen Shakti, for example, trained over 1,200 local agents to go from door to door and demonstrate the effectiveness of these products.

To drive home the benefits of using the new product, and as part of a strategy to encourage habitual use of such a product, some enterprises are encouraging households to put aside the savings that they accrue over their purchases in respect to lighting.⁸

Example: Raising awareness of nutritional products

There are certain micro-nutrients that are essential for development in the first two years of life. A mother in a rural area will not be aware that the traditional food combinations, based on crops grown by her family, are unlikely to contain these micro-nutrients in sufficient quantities. Complementary foods and food supplements that are fortified with micro-nutrients are therefore beneficial products to procure to supplement the child's diet but face a huge task of building awareness and adoption.

For example, in Madagascar there is a fortified porridge product branded as Koba Aina marketed by Nutri'zaza. In order to grow sales, the enterprise needs to educate people who raise their children on a diet of breast feeding and rice that after a certain age these do not cover the nutritional needs of infants. Some infant food is sold directly door-to-door to embed education on the product. In another example, Danone Milkkuat "strong milk" fortified milk in Indonesia employs sales ladies who also provide advice on nutrition to mothers.

Recommendation from influential individuals

Influential individuals in the community can have a significant role in raising awareness of products and making them aspirational for the rest of the community. This is particularly important where adoption requires a significant change in attitudes, as is the case with adoption of toilets. It is widely acknowledged that word of mouth recommendations are extremely influential on the purchasing decisions of low-income consumers.⁹ Early adopters influence their neighbors. As product penetration rises, assuming quality is high, word-of-mouth marketing can supplant some of the more intensive initial activation.

The approach can be driven by focusing on changing the behavior of influential individuals. WaterSHED, an NGO in Cambodia that was spun out of a donor project, acts as market facilitator for rural toilets. In its business model, local chiefs have significant influence on consumer demand in target areas and hence are core stakeholders for demand creation and outreach.¹⁰

mHealth is a tool to make health services more efficient and effective, improving the health outcomes for any person with access to a mobile device.¹¹ But potential beneficiaries of this service may be unaware of the diseases themselves, and unaware of the mHealth option. Enterprises introducing mHealth business

models use health care providers or trusted health workers in a community to make the patients aware of the applications available.

Making the product aspirational

The approach outlined above is also often linked to a focus on messages that resonate with consumers' aspiration. Convenience, privacy, and safety of women and children are the primary reasons for toilet demand for example, whereas health benefits are not a major driver. This informs the marketing messages for toilets. The Selling Sanitation program in Kenya positions products as aspirational, with a zero-subsidy policy. The main adoption triggers focus on social status.

Strategies such as Community-Led Total Sanitation (CLTS), an innovative methodology for mobilizing communities to completely eliminate open defecation,¹² or UNICEF India's 'take the poo to the loo' campaign, focus on changing attitudes.¹³ These strategies recognize that providing toilets does not guarantee their use, nor result in improved sanitation and hygiene. By raising awareness that as long as even a minority continues to defecate in the open everyone is at risk of disease, the approaches create a community-wide desire for collective change, and thereby drives demand for low-cost toilets, among other solutions.

Demonstration and experiencing the product

Allowing people to see the product in use and experience it for themselves is a powerful way to raise awareness of a new type of product.

Enterprises that are selling **solar products**, for example, often give away samples of their product to allow potential customers to see them in action. Placing demonstration models of solar home systems in schools or community centers contributes to spreading the knowledge and illustrating the benefits.

ONergy in India is a social enterprise that is setting up a sales network for a variety of renewable solutions for domestic energy needs.¹⁴ The enterprise has established Renewable Energy Centers where people are trained to become micro entrepreneurs to then mentor other users. These centers are also sales points and locations for public demonstrations. Grameen Shakti also installs systems in public places for free to raise awareness.

Bundling with more familiar products

Bundling the new product along with a number of more familiar products is an innovative way of making consumers aware of a product. By 'practicing' how to use the product, and seeing benefits, this also builds acceptance of the product and customers building it into their daily lives and routines.

Naya Jeevan is an enterprise pioneering micro health insurance in Pakistan.¹⁵ Low-income people are almost completely un-served with **health insurance**, despite this being an affordable way for them to smooth over financial shocks occurring when they incur out of pocket medical expenses.¹⁶ The Naya Jeevan business model involves bundling insurance plans with high value health services designed to meet the needs of low-income markets. They also partner with large multinationals such as Unilever to provide health insurance to their informal and formal employees as a precondition for doing business with the company. Similarly, mHealth enterprises will sometimes engage their mobile service providers to push the mHealth solution to its subscribers bundled with other apps and services.

Initial subsidy

Product subsidy is sometimes part of an approach to improve awareness at the BoP. Targeted subsidies reduce the initial cost of a product, therefore reducing the risk to consumers or entrepreneurs where the value proposition of the purchase is not yet clearly established in their minds.

For example, in sanitation projects, targeted subsidies to reduce the price to low-income households are often part of the business model.¹⁷ For rural toilet business models, market activation interventions are typically grant-financed and are initiated based on the assumption that once the value chain is 'activated', the market facilitator can stop interventions after a set period of time (usually some years).

Other emerging approaches

Companies, NGOs and/or governments can collaborate to raise awareness and build acceptance of new products. For example, the Global Alliance for Improved Nutrition (GAIN) is an alliance that utilizes public-private partnerships to increase access to nutrients that are missing from some low-income people's diets.¹⁸

There are some fast moving consumer goods such as home cleaning products or chemical insect repellents that a low income group may be totally unfamiliar with. An approach to building familiarity and habitual use has been successfully trialed that involves socializing the products through user-groups or 'clubs' so that members of the club are enabled to experiment with the product in collaboration with other users with the guidance of a company representative. The new consumers thereby grow accustomed to using it and develop their own habits for including it into their daily routines.¹⁹

Text messages can be used to reinforce the habit of making use of a product that requires regular use, such as when a course of medicine has been prescribed.²⁰ Texting is also used by enterprises to follow up sales calls in order to reinforce messages and encourage re-purchase of a product.²¹

Progress

There are some markets where, over time and with significant investment and donor support, awareness of the benefits of products and consumer habits of using them has been achieved. Some pioneer enterprises selling home solar products, for example, have been operating for more than 20 years now. The biggest player in the market, Grameen Shakti²² has reached around 8 million people in Bangladesh by installing over 1.5 million units. Many other businesses reach between 100,000 and one million people and many enterprises that operate with a for-profit business model are financially viable businesses

In other markets with significant awareness challenges, some uptake in scale is being seen, but not yet delivery of positive financial results. For example in the market for food fortified with micro-nutrients, some good results are being achieved in sales. In South Africa and Zimbabwe, E'pap,²³ a fortified porridge sells one million units per month. Nutri'Zaza has an impact on 25,000 children (ages 6-24 months) today and is expected to reach 200,000 by 2016. However there is less evidence of financial return on investment. Models may generate significant revenues (for example US\$234,000 for Nutri'zaza and US\$3.3 million for Grameen Danone for 2014) but not yet achieve financial sustainability.

For some of the other examples outlined in this paper a lot more investment is needed in awareness raising of products and measures to support consumers to embed them into their lives. Most micro-insurance schemes have not scaled up significantly. Enterprises selling rural toilets are also struggling to reach financial viability, and where they are, the model is not reaching the poorest households.

Constraints and Drivers for Growth and Scale

Drivers for entering markets where consumer awareness is a challenge:

The **commercial drivers** are to find a new market that no one else is addressing and therefore avoid competition. This new market would also mean that the potential market size in terms of consumer numbers is very high. However as noted above the risks and costs attached to this are considerable. The

social driver for enterprises is seeking to introduce an innovation that will create a completely new option for low-income people to address their basic needs. Markets where product awareness is low are often ones where the development need is extensive, such as health and nutrition, or there is another agenda important to the enterprise such as reducing the environmental consequences of burning fossil fuels or wood.

Constraints to achieving progress and support available to address constraints:

Because of the slow uptake of products in such markets the low margin/high volume model that many consumer goods companies adopt may not work. This would push the company to a higher margin model, a consumer market which already has awareness, or failure to scale. The cost and time of raising awareness is a critical constraint.

In some markets a variety of funding sources are available to help enterprises to address these constraints. For example, there are carbon credits for products using low-carbon technologies and impact investment where social returns are more important than financial ones to help social enterprise to address the constraints in this market. One rationale for grant funding to early stage businesses in early stage markets is that creation of awareness of a product type is a public good, which cannot be done solely by individual firms. Access to these sources of funding may help an enterprise to achieve financial sustainability once demand for a product has been established. This could be one reason why emerging social enterprises that can more readily access grants or soft capital are making more progress than large companies with inclusive business ventures for whom awareness is a significant issue.²⁴

Roles and Implications for Government

Table 3 outlines some examples of how government can support the approaches that are adopted by enterprises in markets where consumer awareness is low.

Table 3. Role of government addressing challenges in consumer awareness

Approaches to raising awareness	Role of government
Educating consumers	Governments have a major role in educating people about their health and nutritional needs, including the role that safe water and adequate sanitation play in good health. For mHealth models, for example, governments have a role in educating people about health needs that can drive health-seeking behavior. In sanitation markets such as rural toilets, government has an overall facilitation role in the market. This can include the funding of awareness creation and demand generation, such as funding education activities for key individuals e.g., health officers.
Influential individuals	As noted in the ‘solutions’ section, elected leaders and traditional chiefs are influential people that can usefully be involved in a variety of business models to raise awareness of new products.
Demonstration and experiencing the product	Governments can contribute through public procurement of assets that demonstrate their use for the rest of the community. For example Governments may act as product promoters for productive energy sources by buying innovative green applications for their own facilities, such as water pumping stations ²⁵ .
Bundling with more familiar products	Government will not have a role in this approach in many business models as bundling refers to the sale of products, however one exception to this is provided in the micro health insurance market. In India for example, the Insurance and Regulatory Development Authority introduced a “forced familiarity” policy mandating all general insurers to have at least seven percent of their policies over the rural sector in order to accelerate the development of business models for the rural markets. ²⁶

Initial subsidy	<p>Subsidies are a useful tool for governments in many areas, and can provide incentives for enterprises and individual to address low awareness of new products. For example, targeted subsidies to low-income households to reduce the price of toilets can drive adoption of improved sanitation.²⁷ The potential distortion effects of such subsidies can be minimized by allowing a choice of provider and by ensuring that the subsidy does not distort the efficient operation of the value chain.</p> <p>Similarly, for solar home solutions some governments support enterprises raising awareness of these solutions, and driving the uptake and acceptance of rural electrification. This is done through subsidies on solar PV, zero-rated import duties or removed value added tax on renewable energy. In Bangladesh, the price of the system impacted household decision making - a 10 percent decline in the price of the system increased the overall demand for a solar panel by 2 percent.²⁸</p> <p>A problem to consider is how to wean consumers or producers from government subsidies once they are accustomed to having them, and how— in scaling up—the subsidies can be financed and sustained where necessary.</p>
-----------------	---

Endnotes

- ¹ In this document from here on the term 'product' can apply to both a product or a service for low-income customers
- ² Simanis, Erik. 2010. "Needs, needs everywhere but not a BoP market to tap..." In *Next generation strategies for the base of the pyramid*, ed. Ted London and Stuart Hart, New York: Pearson Education
- ³ Harrison, Tom and Parveen Huda. 2013. *Needs or wants?* London: Business Innovation Facility.
<http://www.inclusivebusinesshub.org/page/publications-inside-inclusive-business>
- ⁴ Simanis, Erik. 2012. "Reality check at the bottom of the pyramid." *Harvard Business Review* (June, 2012)
<https://hbr.org/2012/06/reality-check-at-the-bottom-of-the-pyramid>
- ⁵ Heierli, Urs and Christian Lengeler. 2008. *Should bednets be sold, or given free? The role of the private sector in malaria control.* <http://www.poverty.ch/documents/bednets.pdf>
- ⁶ World Bank. 2015. *Solar Home Systems, Providing electricity to off-grid households with decentralized systems.* Washington, DC: World Bank.
- ⁷ World Bank. 2015. *Solar Home Systems, Providing electricity to off-grid households with decentralized systems.* Washington, DC: World Bank.
- ⁸ Hystra. 2013. *Marketing Innovative devices for the Base of the Pyramid.* Paris: Hystra
https://static1.squarespace.com/static/51bef39fe4b010d205f84a92/t/51f237c4e4b07e4e5ac4e0f6/1374828484103/FuII_report_Maketing_for_the_BOP.pdf
- ⁹ Hystra. 2013. *Marketing Innovative devices for the Base of the Pyramid.* Paris: Hystra
https://static1.squarespace.com/static/51bef39fe4b010d205f84a92/t/51f237c4e4b07e4e5ac4e0f6/1374828484103/FuII_report_Maketing_for_the_BOP.pdf
- ¹⁰ World Bank. 2015. *WaterSHED, Hands-Off sanitation in Cambodia.* Washington, DC: World Bank.
- ¹¹ World Bank. 2015. *mHealth, Improving health processes through more accessible information.* Washington, DC: World Bank.
- ¹² Community Led Total Sanitation "Community Led Total Sanitation" Community Led Total Sanitation
<http://www.communityledtotalsanitation.org/>
- ¹³ United Nations Children's Fund, "Poo2Loo," United Nations Children's Fund <http://www.poo2loo.com>
- ¹⁴ World Bank. 2015. *Solar Home Systems, Providing electricity to off-grid households with decentralized systems.* Washington, DC: World Bank.
- ¹⁵ World Bank. 2015. *Naya Jeevan, Improving access to holistic health through health microinsurance.* Washington, DC: World Bank
- ¹⁶ World Bank. 2015. *Health Micro Insurance, Providing protection against health-related financial risks to low-income populations.* Washington, DC: World Bank
- ¹⁷ World Bank. 2015. *Market-led sanitation for rural communities, Creating demand and supply for affordable hygienic toilet facilities.* Washington, DC: World Bank.

-
- ¹⁸ Global Alliance for Improved Nutrition, "About GAIN!," Global Alliance for Improved Nutrition <http://2013.gainhealth.addison.com/about-gain.1.html>
- ¹⁹ Simanis, Erik and Duncan Duke. 2014. *Profits at the bottom of the pyramid*. Harvard Business Review. <https://hbr.org/2014/10/profits-at-the-bottom-of-the-pyramid>
- ²⁰ World Bank. 2015. *mHealth*. Washington, DC: World Bank
- ²¹ Hystra. 2013. *Marketing Innovative devices for the Base of the Pyramid*. Paris: Hystra https://static1.squarespace.com/static/51bef39fe4b010d205f84a92/t/51f237c4e4b07e4e5ac4e0f6/1374828484103/FuII_report_Maketing_for_the_BOP.pdf
- ²² World Bank. 2015. *Solar Home Systems, Providing electricity to off-grid households with decentralized systems*. Washington, DC: World Bank.
- ²³ World Bank. 2015. *Specially formulated fortified infant food* Washington, DC: World Bank
- ²⁴ Ashley, Caroline and Subathirai Sivakumaran. 2014. *Breaking Through: Inclusive Business and the Business Call to Action Today*. New York: Business Call to Action, United Nations Development Programme. http://www.businesscalltoaction.org/wp-content/uploads/2014/09/BCtAImpactReport_BreakingThrough.pdf
- ²⁵ World Bank. 2015. *Off-grid appliances for productive use* Washington, DC: World Bank.
- ²⁶ World Bank. 2015. *Health Micro Insurance, Providing protection against health-related financial risks to low-income populations*. Washington, DC: World Bank
- ²⁷ Arnold et al. 2014. "The Effect of India's Total Sanitation Campaign on Defecation Behaviors and Child Health in Rural Madhya Pradesh: A Cluster Randomized Controlled Trial" *PLoS Med* 11(8): <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1001709>
- ²⁸ World Bank. 2015. *Solar Home Systems, Providing electricity to off-grid households with decentralized systems*. Washington, DC: World Bank.