

Inclusive Business CHECKLIST



BUSINESS
CALL TO
ACTION

Creating willingness to pay: strategies to cultivate demand among Base of the Pyramid consumers

Will low-income consumers be willing to pay for products and services sold by inclusive businesses? However strong the product is, this key question depends on consumer awareness, product price, financing, distribution mechanisms, and much more.

A key challenge for any inclusive business looking to reach scale selling to the Base of the Pyramid (BoP) is ensuring that low-income consumers are willing and able to pay for their product or service. Will a 'great product' translate into actual sales?

Low-income consumers have little cash and cannot afford to take risks on unproven products. This is why inclusive businesses have to put considerable time, effort and innovation into building demand and willingness to pay. This Checklist outlines five strategies for companies to consider when they are looking to increase demand and sales.

1. Build consumer trust

Before spending on a new product, low-income people will want to be familiar with how it works and have confidence in its quality. This usually means 'high-touch engagement' is required – the product won't just sell itself, however strong its benefit.

- Can you engage local people to be agents for the business and help consumers to adopt the product? Will agents need to be direct employees, or will a commission basis work?
- What kind of training and awareness campaigns can you run locally?
- How can the product best be demonstrated? By a local sales force, existing customers, local NGOs, at markets or fairs?
- How can word-of-mouth be encouraged? Can you give current users stickers, leaflets or incentives to encourage them to tell their neighbours?
- What other options for 'testing' the product can the company offer?

Inclusive Business Checklists

provide a quick and simple way to determine how effective an idea, tool or model might be for your inclusive business project. They can be used by inclusive business practitioners, to develop and scale up business strategies. They are based on the real-world experiences of companies actively expanding opportunities for people at the base of the economic pyramid through their core business activities.

Access the other Checklists at
<http://bit.ly/HubChecklists>

Wizzit provides financial services to the unbanked population in South Africa through a team of local distributors called WizzKids that identify new customers in the community and help them through the registration process.



2. Use the brand name and networks of partners

- Is there a business partner that has a ready made network to distribute the product? What will they gain from a partnership and from growth of sales?
- Is there a business partner whose logo and branding will boost sales? Is the gain worth the cost of sharing revenue?
- Finding the right partner is critical, have you addressed all the potential pros and cons before going into partnership with another organisation?

See the **Take Your Partners Checklist** at <http://bit.ly/Takeyourpartners> for more information about partnering for success.

Envirofit has established a partnership with **Kaluworks**, a well-known kitchen brand in Uganda. The partnership opens new opportunities to penetrate the BoP market with their clean cook stoves.

3. Charging the price to others

- Is there another player in the market who would benefit from paying the cost of the product instead of the consumer?
- Will the government, employer, insurance company, other business pay for the consumer to access the product because it also helps them meet their goals?
- Are there other forms of 'co-pays' available?

Examples of inclusive businesses where the consumer doesn't pay for the product/service

BCtA initiative	Product/Service	Who pays instead of the consumer	Why they pay
Sproxil	SMS verification of medicines	Pharmaceutical company	Provides quality assurance and regulatory compliance for their drugs. Supports sales.
ClickMedix	Health check, e.g. ear screening	Health service provider	Increases flow of patients by identifying those that need treatment.
MicroEnsure	Micro insurance bundled with mobile airtime	Mobile phone operator	Boosts customer loyalty and increases sales of airtime.
Empower Pragati	Skills development and job placement	Employer, Government, Corporate sponsors	Employers access employees with appropriate skills. Government has a target to develop skills and boost employment. Corporate sponsors want to improve skills in areas of interest to their business &/or as part of CSR programs.
PUPA	Training in early childhood education	CSR budgets of corporate sponsors	Corporate sponsors want to support early childhood education as part of their CSR programs.
Various energy initiatives	Energy products using cleaner and renewable energy	Carbon credits	A switch from kerosene or three stone fire reduces global CO ² emissions.

This Checklist is based on the research done for the Business Call to Action's flagship report *Breaking Through: Inclusive Business and the Business Call to Action Today – Mapping challenges, progress and the way ahead*. Download the report from <http://bit.ly/BCtABreakthrough>.

This Checklist is written by Caroline Ashley and Lara Sinha, Editor and Manager of the Practitioner Hub respectively, and contributors to *Breaking Through*.

➔ **For further information and to view other Checklists, go to:**
Practitioner Hub on Inclusive Business: www.inclusivebusinesshub.org

4. Consumer financing

- Can you offer different financing options to the consumer? Can you sell your product on an instalment plan?
- Can you partner with a Micro Finance Institution or other credit provider?
- Is it possible to rent/lease your product to the consumer rather than sell it outright?
- Can your product be offered on a 'Pay as you go' basis, perhaps through mobile phone payments?

SolarNow have made their solar home systems affordable for rural customers in Sub-Saharan Africa by enabling consumers to pay in installments over 18 months.

Learn more about this approach in this interview: <http://bit.ly/SolarNowIV>

5. The value proposition of the product

- Is the quality of your product or service sufficient?
- Have you compared your product to other similar products in the market?
- Can you add value to your product by bundling it with other services or adapting its design and usability?

In India, **Datawind** provides a basic educational tablet. It has added value to its product by bundling it with other services such as internet access, other content and applications.



The Practitioner Hub is sponsored by Ashley Insight, a UK-based development consultancy that provides advisory and facilitation services to clients in Inclusive Business. Business Call to Action was launched by UNDP to accelerate progress towards the Millennium Development Goals (MDGs) by challenging companies to develop inclusive business models. The views presented in this publication are those of the authors and do not necessarily represent the views of Ashley Insight or UNDP, and do not constitute professional advice.

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