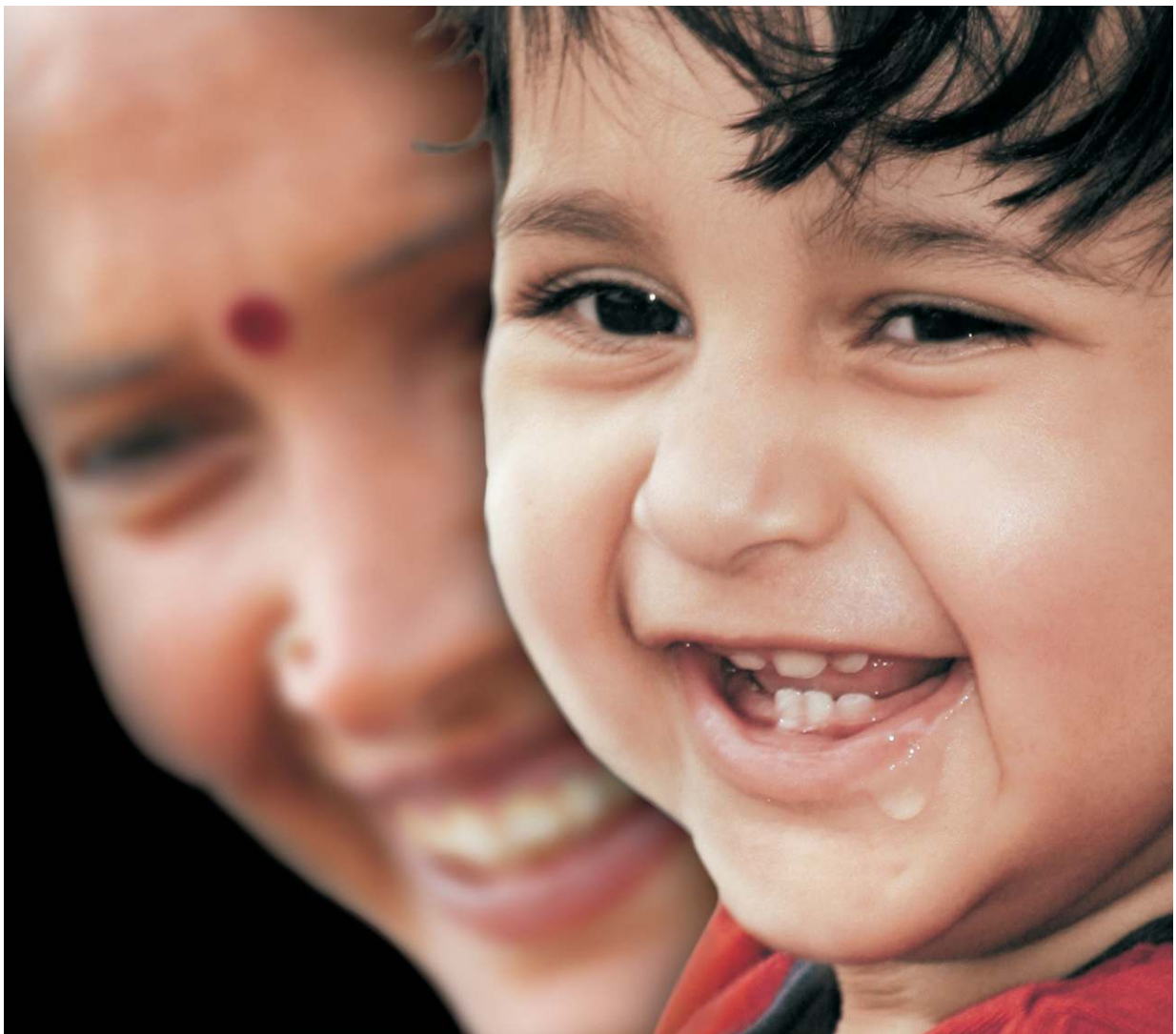


FACT SHEET-INDIA

Aqua+ 'Creating a Social Enterprise Delivering Safe Water to the Base of the Pyramid (BoP)'



About the Publication

This fact sheet is based on the pioneering work of Antenna Technologies, Technology and Action for Rural Advancement (TARA), its partners and community groups working on ground.

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1

PROVIDING SAFE DRINKING WATER TO THE BOP

1.1 THE DRINKING WATER PROBLEM IN INDIA

It is estimated that around 37.7 million Indians are affected by water borne diseases annually. A good part of this population constitutes the productive workforce. About 73 million working days are lost due to water borne diseases each year and 1.5 million children are estimated to die of diarrhea alone¹. Although drinking water investments constitute 3% of the total budget, with 85% of the urban and 75% of the rural population having access to public water supplies², the problem of unavailability of affordable solutions and lack of awareness still prevents a large percentage at the Base of the Pyramid (BoP) from gaining access to safe drinking water. Traditionally, the point of use market has been dominated by ultraviolet purifiers and filters. However, these solutions are unaffordable to a majority of the population at the BoP. There is also a percentage of this population who are completely oblivious to the need for safe drinking water.

1.2 ABOUT TECHNOLOGY AND ACTION FOR RURAL ADVANCEMENT (TARA)

Technology and Action for Rural Advancement (TARA) is a 'social enterprise', part of the Development Alternatives (DA) Group, set up in 1985 at New Delhi. Its vision is the creation of sustainable livelihoods on a large scale, in pursuit of which, TARA develops and promotes "scalable solutions for people and the planet".

As an 'incubation engine', TARA's organizational objectives have been defined around impact in the areas of Employability, Entrepreneurship, Clean Technology, Basic Needs, Natural Resource Management and Institutional Strengthening. A mix of projects and revenue based activities deliver a range of replicable enterprise based business models, community development packages and capacity building solutions in five sectors- one of them being Water, Sanitation and Hygiene (WASH) wherein, the focus is primarily to ensure the provision of WASH related basic needs for the base of the pyramid.

The organization very early on during its inception realized that the lack of access to clean drinking water, sanitation and hygiene is a huge problem in India.

SHAJI'S STORY

Shaji Thattayil, a retired technician from Pathanmthitta, Kerala, always thought that the water that he and his family consumed was safe, till one monsoon when his wife got hospitalized with complaints of stomach ache, diarrhoea and vomiting. He attributed it to food poisoning for a long time till he noticed a pattern in its occurrence. He took a sample of the water that the family consumed and got it tested at a local lab and it confirmed the presence of bacteria that when validated with lab culture examinations proved to be the cause for concern. It was at this time that Shaji met a representative from TARA along with personnel from a local organization, who introduced him to what according to him is a "Magic Drop", a 50 mL bottle by the name of ISS Jal Suraksha. In Shaji's words: "They told me to put 2 drops of the solution in one litre of water, wait for half an hour and the water will be safe to drink. I did not believe them when they told me this, but then I thought the product does not cost much, it is only Rs. 30 and has been accredited for use by laboratories in India, so I decided to give it a shot. They even demonstrated its benefits using a water testing kit. The first time I used it, I found an amazing difference in the way the water tasted. It did not taste hard anymore. It tasted like mineral water that we buy from markets, not to mention at exorbitant prices. I bought it regularly from the same local organization. Within the first 3 months of use, I noticed a massive change in my wife's health. She did not fall ill anymore. Our household medical expenses have reduced with time adding to savings in income. As a product, it is convenient to carry, and therefore an ideal solution for even ones travel needs. All in all I am very happy with the product. I have even recommended it to my friends and they have experienced the same results. I am very thankful to TARA for introducing me to the product".

Shaji's household is one among the 110,000 households in India who are enjoying the benefits of Aqua+ (productized as ISS Jal Suraksha in Kerala). The number of households benefitting from the product is increasing everyday thanks to the work of TARA and its partners.



1.3 AQUA+ “THE MAGIC OF 2 DROPS”

In view of the situation, TARA in 2010, partnered with Antenna Technologies, Switzerland, to supply safe drinking water through an enterprise mode. The partnership kicked off with a workshop in Dhaka, Bangladesh organized by Antenna Technologies, wherein they had invited partners from various countries to talk about their individual experiences on the project.

Shortly after this workshop, Antenna Technologies provided TARA with the WATA Technology to produce liquid chlorine. Instead of beginning production immediately, TARA decided to take a step-by step approach to design the model. The objective was to come out with a safe drinking water product that was reliable, accessible and affordable to consumers. The project kicked off with a market study to understand the demand, product design needs, pricing and distribution channels. In this way TARA gained an understanding of the consumer needs for safe drinking water, their behaviors, health spends and willingness to pay.

At the end of the market study TARA came out with a prototype product which was a 50 mL bottle of Sodium Hypochlorite Solution (Liquid Chlorine) and branded it Aqua+. One bottle of Aqua+ has the ability to purify 500 litres of water, thus bringing down the cost of purification to INR 0.08 per litre a month. One bottle of Aqua+ is enough to meet the needs of a family of five members for a month. Aqua+ provides its users with a unique value proposition offered by none other in the existing market. It is affordable, unlike the water filters that have not been able to penetrate the base of the pyramid. It is easy to use (Add 2 drops of Aqua+ per litre of water, wait for 30 minutes and the water is safe drink) and easily and readily available to the consumers, unlike the chlorine tablets distributed by the government.

Initially, one bottle was priced at INR 20 (USD 0.33) and had a shelf life of 40 days. Since then, continuous efforts have been made to improve the product through dedicated market evaluation and laboratory testing. The final product released in 2013 has a shelf life of six months and is priced at INR 42.



Figure 1-1: The Product-Aqua+

2

SETTING UP AQUA+ AS A BUSINESS — THE EVOLUTION

TARA acquired the technology to produce liquid chlorine from Antenna Technologies in 2010. Following this, TARA designed a strategy to test viable business models to deliver affordable and reliable safe water through chlorination and identify replicable dissemination approaches for the base of the pyramid. Captured below is the evolution of the project through key activities conducted between 2010-14.

The organization very early on during its inception, realized that the lack of access to clean drinking water, sanitation and hygiene is a huge problem in India.

Year 2010-11

2.1 MARKET STUDY

During this period, early trials for the project were initiated in 10 slums of Delhi. The slum areas of India are characterized by lack of access to safe drinking water and poor hygiene conditions, ideal to test a project of this nature. The market study revealed that the primary concerns of consumers at the base of the pyramid revolved around the health of their families and the expenses incurred as a result of water borne diseases. Testing of water samples in these areas proved the urgent need for a water purification solution. The study also revealed that awareness levels in this segment were generally low. Most people were consuming water directly from the source and lacked awareness on its implications. There were others who were aware of the importance of safe drinking water and at the same time did not have the disposable income to afford water filters as that owned by their better off counterparts.

The key outcomes of the market study were that the BoP cannot be treated as one homogeneous group; however the similarities in the group are more than the differences. These can be divided into four characteristics:

- Social - There exists low levels of literacy and gender imbalance within the target consumer group
- Economic - The average monthly income of the target consumer group ranges from INR 4000 to 6000 (USD 67-100). This group also has low disposable income and risk taking ability
- Behavioral - The focus of this group was more on water availability with water safety given very low priority. However, they are aspirational especially due to their exposure to TV, radio and cell phones
- Technical - Water quality testing proved that the water in the areas had bacterial contaminants responsible for water borne diseases

Having made this assessment, TARA created a framework with which to reach the end customer. The three components of the framework and the requirements of each are defined below:

- *Technology/Product*-should be locally relevant, affordable not necessarily cheap; should offer a risk-free proposition to the customers; priced keeping in mind the available disposable incomes of the target group
- *Delivery/Supply Chain*-Should use an efficient channel that makes the product easily available and accessible to the last mile; sufficient margins should be reserved for stakeholders in the supply chain
- *Social Marketing/Demand Creation*-Should be locally relevant; simple and continuous; should use a mix of Above the Line (ATL) and Below the Line (BTL) communication; will benefit from the participation

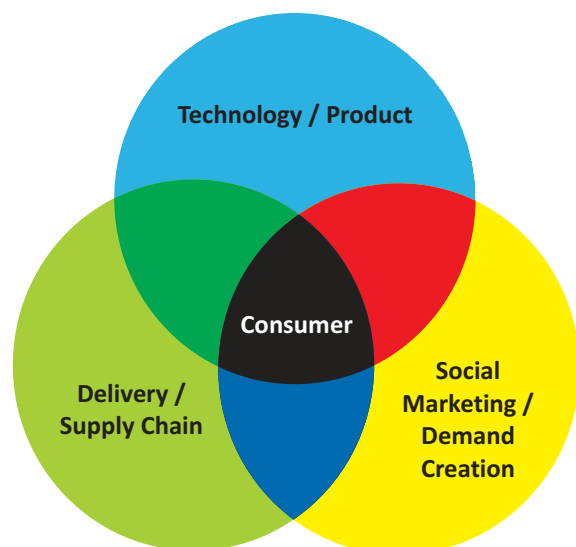


Figure 2-1: Framework to reach end consumer

of decision makers or influencers in the community

Using this framework TARA developed three (3) business models.

2.2 BUSINESS MODEL DEVELOPMENT

The three models developed by TARA include:

1. TARA as production centre

TARA would manufacture the chlorine bottles and reach its target market through doctors, shopkeepers and medical shops. Doctors here can play a dual role – awareness generating agents and retailers of chlorine bottles. The local NGO partner will help in identification of entrepreneurs and in social marketing.

2. Technology Transfer with entrepreneur selling Aqua+

This is a franchise model where an entrepreneur is selected from the area of intervention. The entrepreneur would manufacture and supply chlorine bottles in the area through doctors, shopkeepers and medical shops. Here again doctors can play a dual role – awareness generating agents and retailers of chlorine bottles. The local NGO partner will help in identification of entrepreneurs and in social marketing.

3. Technology Transfer with entrepreneur selling purified water using Aqua+

Here again, the entrepreneur is selected from the area of intervention. However, in this model, the entrepreneur will manufacture chlorine-treated water that will either be supplied in containers/cans or purchased directly from the shop by customers.

The viability of these business models was to be tested on ground to understand the pros and cons of each and one model out of them was to be selected. This selection would be based on success parameters, the most important of them being the model's potential for replication.

2.3 PRODUCT DEVELOPMENT

The final product was a 50mL bottle of Sodium Hypochlorite solution that could treat 500 litres of water, which for a family of 5 members is sufficient for 1 month. 2 drops of the product was sufficient to purify one 1 litre of water (Add 2 drops of the solution to one litre of water, wait for

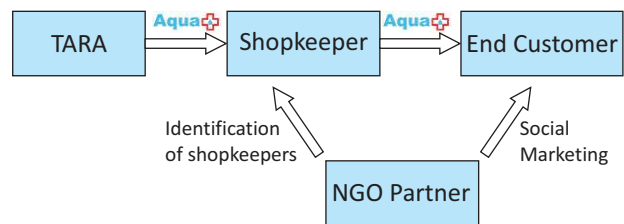


Figure 2-2: Business Model 1-TARA as Production Centre

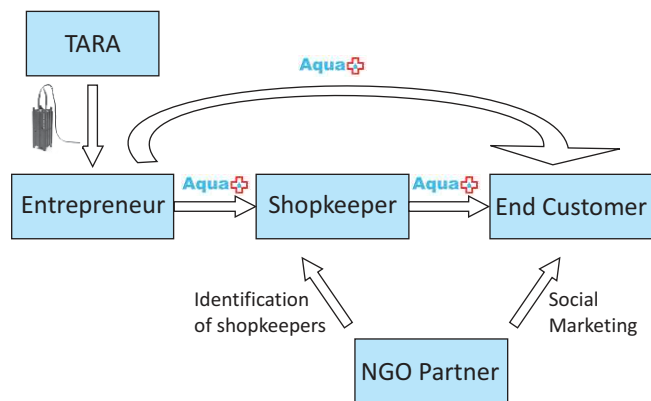


Figure 2-3: Business Model 2-Technology Transfer with entrepreneur selling Aqua+

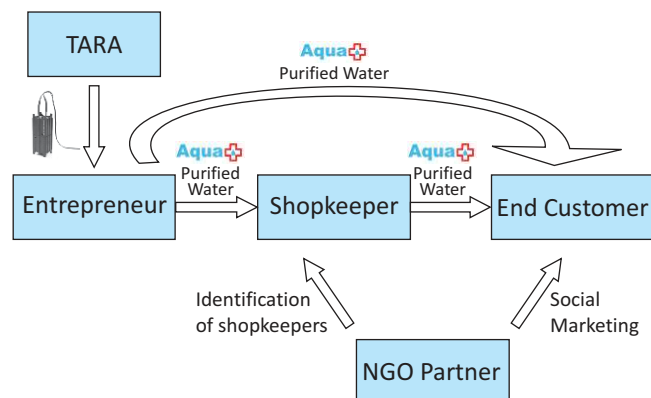


Figure 2-4: Business Model 3- Technology Transfer with entrepreneur selling purified water using Aqua+



Figure 2-5: Aqua+ Bottle Label

their interest in distributing the product. Consumer responses to the product were keenly observed. The field team provided consumers with a sample of the product. Consumer feedback was collected after one month of product use. The feedback resulted in changes being made to product pricing, packaging, shelf life and promotional tools. The field experience established the consumer's price perception and willingness to pay. Based on this, the price of the product was increased to INR 30 (USD 0.50). It also established that there was a need for clearer messaging on the bottle label. The shelf life of the product had to be increased so that it did not expire before it reached the end consumer and promotional tools had to be modified.

The importance of social marketing as a tool to boost product sales by increasing the awareness levels of customers was recognized. At this stage, the need to firm up the price, campaign plan, production quantity and supply and distribution framework was also recognized.

TARA checked for viability of the 3 business models developed at the beginning of the project and chose the first business model because of its potential for large scale replication and discarded the second and the third business models as there was market data that proved that they would not work. Some of the reasons included inability to maintain quality, imperatives to cost that will need TARA to increase the price of the product, inability to scale, etc.

Year 2012-13

2.5 SHIFT OF FOCUS FROM 'PRODUCTION ENTREPRENEUR' TO 'SALES ENTREPRENEUR'

One of the outcomes of the field experience was a structural shift in the business or entrepreneurship model. The previous business model focused on creating production entrepreneurs. In the new one, the key focus was on creating sales entrepreneurs who would be responsible for selling the product in their respective localities. The prime reason for this shift was to centralize production and therefore address quality control issues. The other was to be able to achieve volumes, scaling up the sales of Aqua+.

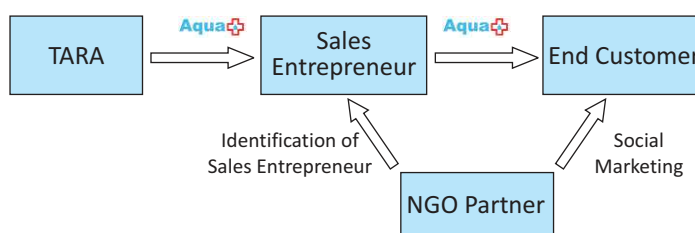


Figure 2-10: Sales Entrepreneur Business Model

Following this shift, TARA's focus was to expand sales by increasing penetration in the existing market and spreading to new geographical areas.

2.6 THE NEW BUSINESS MODEL

At the core of the new business model was partnering with organizations that have a strong grass-root connect. This was based on the premise that it would be easier to tap into existing delivery channels than to create new ones. The model called for tying up with NGOs, commercial distributors and social enterprises for the dissemination of Aqua+. The partner organizations (also called channel partners) had to have the following characteristics:

- Existing, wide distribution network with strong grass root connect
- Willingness to invest in business and perceive it as a business and not a project
- Ability to finance promotional activities and establish a distribution network from the margins of the sales
- Willingness to foresee this as a long term partnership with ability to reach scale

To support the Channel Partners, TARA offered the following support:

- Technical training on Aqua+ to the feet on the ground
- Free of cost – Information, Education and Communication (IEC) material (stickers, posters and fliers)

- Free of cost – Sample bottles of Aqua+
- Free of cost – Business promotional tools for retail shops
- Brand building support for social marketing activities

It was in this context that TARA started reaching out to potential channel partners in different states of India. In 2012, TARA tied up with Ideal Safety Systems (Kerala) who, shortly after that initiated the sale of Aqua+ in their region.

It was evident when the business model was designed that the distribution channels would be different for each organization, i.e. each organization would develop their own distribution model and use different channels e.g. Self Help Groups (SHGs), health workers, doctors, chemists, etc. to reach the end consumer. Social marketing was identified as critical to convincing those at the base of the pyramid on the utility of the product and was identified to have significant impact on its sales. It was established that partner organizations would use different means to carry out social marketing and promote the product. Given that those at the base of the pyramid lack access to conventional advertising, tactics used would include word of mouth, distribution of fliers, handbills and stickers, banners along roads, signboards at point of sales, street performances, etc. It could also include product demonstrations and samplings at water points, market places, village centers and other such places where people tend to congregate.

A case study in Section 5 throws light on Ideal Safety System’s distribution and social marketing strategy.

2.7 MARKET STUDY TO VALIDATE FINDINGS

In 2012, to validate the findings on ground, TARA partnered with Ipsos Research Pvt. Ltd., a globally renowned research consulting firm. TARA with the help of Ipsos conducted a detailed market study with the following objectives:

- To understand triggers and barriers of repeat purchase of Aqua +
- To understand incremental utility in purified water in life of slum dwellers and positioning of Aqua+
- To explore the perception of retailers on the product
- To understand players and their margins in value chain of various products

The study proved the presence of:

- Potential sales channel(s) for sustainable marketing of Aqua+ among slum dwellers
- Potential to capitalize on consumer emotions to design Social Marketing toolkit for Aqua+
- Potential to increase sales by introducing product variants (Aqua+ in different sized bottles) and product extensions (additional products e.g. Aqua+ branded water storage devices to increase product utility and reach of the Aqua+ brand name.)

The key outcomes of the study are elaborated in Section 6.

The study also revealed new insights on consumer perception of packaging and price. This resulted in improvements being brought about in the product label (Figure 2-11). The price of the product was increased from INR 20 (USD 0.33) to INR 30 (USD 0.50) keeping in mind the need to ensure sufficient margins for delivery channels after assessing the consumer’s willingness to pay. The existing promotional tools were revised and new tools were released at this stage. The initial product had a shelf life of 50 days from the date of

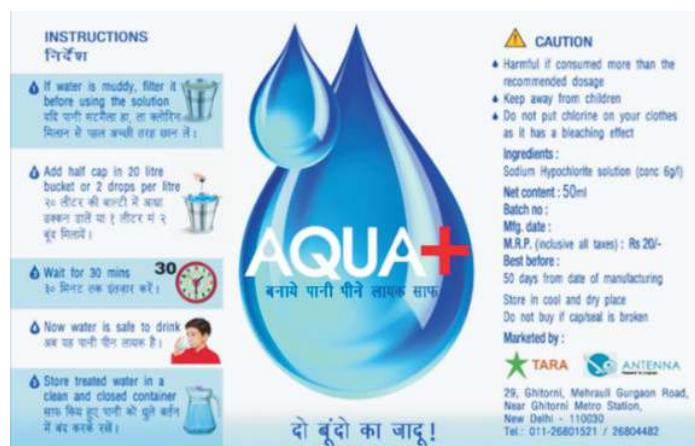


Figure 2-11: Product Label

manufacturing. In 2012, Antenna Technologies provided TARA with a recipe for the stabilization of chlorine. TARA tested it in their laboratory; however there was no breakthrough of any kind reported at this stage in this reference.

At the end of 2012, TARA’s focus was still on creating new partnerships, in line with scaling up Aqua+ production and expanding distribution to new geographies. The following year was to see the testing of new delivery channels born as a result of the study conducted by Ipsos. In addition, TARA also was considering the possibility of transferring Aqua+ to a special purpose vehicle for sustainable marketing and sales in a commercial manner.

The capacity of the production unit at TARA about this time was approximately 25,000 bottles a month. TARA’s plan for 2013 was to increase bottling capacity and distribution logistics, link the production of Aqua+ to income generation activities in the community and if the demand exceeds 25,000 bottles a month, expand the production operation through “Franchisee model”, under TARA’s quality control.

Year 2013-14

2.8 STRENGTHENING DELIVERY CHANNELS AND CREATING NEW ONES

TARA’s distribution strategy is to tap into the existing distribution networks through partners rather than create new ones. In 2013, TARA further refined its strategy to make it two-fold. This strategy is as follows:

- Reach out to NGOs and Social Enterprises*-to capitalize on the established trust for entry level customer acquisition.
- Reach out to Govt. Channels*-to tap into the government channel of Accredited Social Health Activists (ASHA) and Anganwadi workers, in order to provide the solution to households.

People trust both these channels and this trust will help to increase product sales and establish reliability.

Since 2012, TARA has been setting up delivery channels for the dissemination of Aqua+ in slums and villages. This started out with TARA’s first partner, Ideal Safety Systems (ISS), Kerala. In 2013, Servals Automation Pvt. Ltd (Chennai) was added to this list. In 2014, TARA reached out to several potential partners. The names of these partners and their locations are plotted on the map in Figure 2-12. In 2014, PAHEL (Faizabad) joined the list of partners. This list is set to grow every year expanding Aqua+’s reach to different parts of the country.

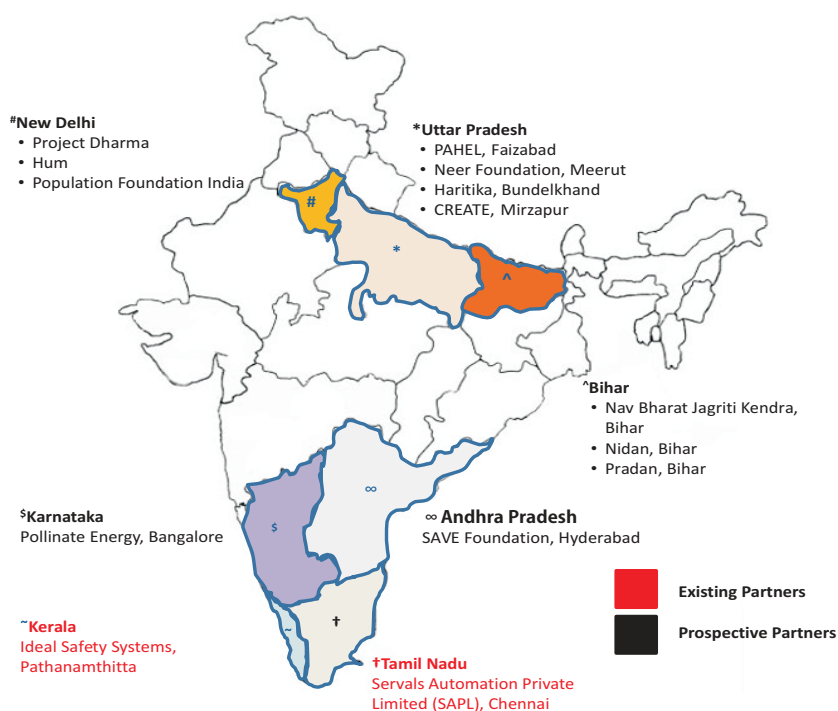


Figure 2-12: Channel Partners

2.9 FIRING UP PRODUCT AND PRODUCTION SYSTEMS

In 2012, TARA initiated work on the stabilization of the liquid chlorine. Testing has been underway since then. In 2013, TARA was able to increase the shelf life of the product from 50 days to 6 months. This was expected to allow scaling up of operations and expansion to other geographical locations. In addition, TARA obtained a quality

certification for the product from Aqua Diagnostics, Bangalore, around this time. In 2013, TARA also filed for the trademark registration of Aqua+.

The price of the product till 2012 was INR 30 (USD 0.50) per bottle. Unfortunately, the margins at this price were not sufficient to allow for a stream-lined and efficient delivery network. Therefore, the price was increased to INR 42 (USD 0.70) per bottle. Interaction with the community has shown that the revised price is still acceptable.

With the addition of channel partners, it became critical to increase the production capacity to cater to the increasing demand. Till 2012, Aqua+ was produced at a small unit in New Delhi. In 2013, an enhanced production facility was setup at TARAGram, Orchha (Madhya Pradesh). TARA has also made investments to procure machines and equipment to increase the production capacity at TARAGram, Orchha.



Figure 2-13: Bottling of Chlorine at the new Production plant

2.10 DESIGN OF THE SOCIAL MARKETING TOOLKIT

Since aggressive marketing efforts were being put in the commercialization of Aqua+, TARA in 2013, continued its partnership with Ipsos Research Pvt. Ltd. to design and develop the Social Marketing toolkit for the promotion of Aqua+. Ipsos conducted another market study to finalize the contents of the toolkit. Based on a workshop that was held in May 2013, three new social marketing concepts were developed. These concepts were then tested in the target community for their acceptance, likability, credibility and other factors. One of these concepts was widely accepted by the target community. Based on this concept, posters, stickers and other Information, Education and Communication (IEC) material were developed. The redesigned IEC materials have better impact and reach in the community. In 2014, the toolkit was released. It contained promotional material and other collaterals required for channel partners to create demand for Aqua+ among different customer segments in their respective regions.

2.11 COMMERCIALIZATION OF THE PRODUCT

Based on the success of the pilot distribution, TARA in 2014 has setup a new for-profit company called *TARAlife Sustainability Solutions Pvt. Ltd.* This new company is set to scale-up the sales of Aqua+ in India.

In summary, early trials gave us the following insights:

- There was an unmet demand for affordable, reliable and accessible safe drinking water solutions/products
- The solution/product had to be linked to disposable incomes, in order to get the market share at the base of the pyramid
- It was imperative to club social marketing with product sale to ensure consumers were aware the importance of safe drinking water, as this was mandatory to inspire purchase of the product

3

CRITICAL SUCCESS FACTORS

The insights summarized in the previous section led us to adopt the 5P theory to organize our work. This is explained in detail in this section.

3.1 PRODUCT

Aqua+ provides its users with a unique value proposition offered by none other in the existing market. It is affordable, unlike the water filters that have not been able to penetrate the base of the pyramid. One bottle of Aqua+ is priced at INR 42 and has the ability to purify 500 litres of water which for a family of 5 members is sufficient for 1 month. Thus, the cost of purification is reduced to INR 1.5 per day (i.e. INR 0.08 per litre). It is easy to use and easily and readily available to the consumers, unlike the chlorine tablets distributed by the government. Critical to the success of the product was the enhancement of its shelf life from 50 days to 6 months, informative packaging with instructions in Hindi and English which ensures that the end user can easily use, store, and handle the product and lastly a carefully designed logo with emphasis on appeal and brand recall.

3.2 PRICE

Aqua+ has been priced keeping in mind the affordability and disposable incomes of the target consumer group, therefore enhancing its acceptability amongst consumers who cannot afford to purchase overpriced products by competition in the market. Interaction with channel partners revealed that the initial price (INR 20) did not meet their margins. It was therefore increased iteratively and is now pegged at INR 42. The increase has been instituted while ensuring both, the needs of the channel partners and acceptability by consumers. In Kerala, provisions have been made by local self governments to subsidize the product for the poor by providing them the first bottle free of cost and subsequent bottles at market price. This has encouraged uptake of the product by people in the region.

3.3 PLACE

The success of the product was in the identification of areas where the target customer group resided. This was very early on in the project, identified to be slums and urban and rural villages where people do not have access to safe drinking water as well as do not have the disposable income to afford offline filters. Field research proved that even if Aqua+ was made available in local shops, dispensaries etc., the chances of a customer purchasing it would be very low unless the sales efforts were complemented by door to door sales and social marketing. In order to address this, the project team decided to take the support of existing delivery channels e.g. local NGOs who could ensure better market penetration as a result of their presence in the local communities.

3.4 PROMOTION

A number of promotional tools and campaigns have been developed to reach out to the target segment of the society in a successful manner. The first set of promotional tools included stickers, posters and fliers and other IEC communication material. This has been redesigned over time to ensure better impact and reach in the community. The project's success can also be attributed to TARA-Ipsos collaboration to design a social marketing toolkit that has all the promotional tools and other collaterals required for channel partners to promote Aqua+ in their respective regions.

3.5 PEOPLE

TARA leveraged the support of existing delivery channels e.g. local NGOs who could ensure better market penetration as a result of the trust they had built with the local communities they worked. These delivery channels also have the ability to collaborate with distribution networks such as local health workers, community groups and organizations that can facilitate door to door sales of Aqua+ combined with social marketing, essential to raise awareness on its benefits and use. TARA also identified a potential wherein they could collaborate with student volunteers, village and slum level entrepreneurs who have a good understanding of the community they live in, and therefore can convince those in the community on the benefits of the product.

4

BUSINESS ECONOMICS

The economics of setting up an Aqua+ business has been summarized in this section.

4.1 OVERALL INVESTMENT

Over the last 4 years (2010 – 2013), Antenna Technologies has received funds from SDC to develop Safe Drinking Water Programme in developing countries. In India, some of these funds have been invested in TARA to setup a sustainable and scalable business model to provide safe drinking water to the 'Bottom of Pyramid' customers. The total investment that has been made by Antenna/SDC in TARA is USD 152,327. This investment has been made in a phased manner and the details are provided below:

	2010	2011	2012	2013
Investment made	USD 20,000	USD 50,000	USD 42,327	USD 40,000

These investments have been crucial in not only developing and testing the product (Aqua+) but also developing and scaling the whole business model around it. Since TARA is part of the Development Alternatives Group, a 30 year old social enterprise, a lot of infrastructure and intellectual capital already existed. This includes testing laboratories, land for setting up production unit, trained technical professionals, dedicated R&D facility, etc. All these have been capitalized to help incubate the Aqua+ business model.

The incubated model is now hived-off into a for-profit company called TARAlife Sustainability Solutions Pvt. Ltd. TARA has made an investment of USD 99,800 to form the company and provide it with resources to scale the operations in India. Apart from this, TARA has also been able to raise investments worth USD 50,000 from social investors. This investment is being used for strengthening the existing delivery channels and creating new ones, improving the product and production facility and constantly improving the social marketing toolkit for demand creation of Aqua+.

4.2 PRODUCTION UNIT

TARA has setup a production unit in Orchha, Madhya Pradesh to manufacture Aqua+. The current capacity of the unit is 80,000 bottles per month. TARA has invested a total of USD 14,000 to setup the manufacturing unit. Since TARA already owned the land, this investment was made solely to procure the machines and equipment required to manufacture the chlorine and ensure quality control. The details of the production unit are provided in Section 7.

4.3 PRODUCTION AND OPERATION COSTS

Each bottle of Aqua+ has an MRP of INR 42 (USD 0.70). This includes the cost of manufacturing the product (within the TARA system) and the cost of distribution (outside the TARA system). The cost of manufacturing can be classified as direct costs and indirect costs. The direct costs include cost of production such as cost of raw material, labour cost, quality control, etc. The indirect costs include managerial costs, social marketing costs and other organizational overheads such as administration, accounts, etc.

A certain margin has been set aside to cover distribution costs. This gets divided between the channel partner and the "last mile delivery". The margin for each member of the value chain varies from case to case.

From the time TARAlife Sustainability Solutions Pvt. Ltd. has become operational, TARA has initiated calculation/monitoring of the other expenses that are required to run the business. The major cost heads that TARA is monitoring are Cost of Goods Sold (COGS), Salaries and Wages, Marketing costs and Overhead costs such as administration, legal, accounts, etc.

5

UNDERSTANDING THE IMPERATIVES OF SCALE

This chapter provides an overview of TARA's success with one of its delivery channels-Ideal Safety Systems, Kerala.

5.1 AQUA+ IN KERALA-THE FIRST SUCCESS

The commercialization of Aqua+ started in October 2012 with the first partner in Kerala, Ideal Safety Systems (ISS). When TARA decided to select its first partner in the state of Kerala, the decision was made purely on the basis that a state like Kerala that currently scores the highest on human development indicators such as health, literacy, etc. can certainly set an example for other states in the country, i.e. if TARA was able to get those at the base of the pyramid in Kerala to adopt Aqua+ as a solution for their drinking water needs, it will go down as an example for the governments of other states to adopt the same.

ISS commercialized the product under their own name: ISS Jal Suraksha. Their initial reach was in 3 districts of Kerala namely Ernakulam, Kottayam and Pathanamthitta. Till date, they have sold about 1,10,000 bottles and reached out to about 50,000 households. From this initial success, TARA and ISS have now got the go-ahead from the Kerala state government to expand in all 14 districts of Kerala.

5.2 IDEAL SAFETY SYSTEMS-THE DISTRIBUTION CHANNELS

ISS's distribution channels include:

Gram Panchayat-Local Self Government institution

A Gram Panchayat is a local self-government institution at the village or small town level in India. There are about 265,000 gram panchayats in India of which Kerala has close to 978 gram panchayats. In the beginning of 2010, ISS conducted a survey in which they collected samples of water from a cross section of villages in Ernakulam, Kottayam and Pathanamthitta. The survey established the presence of high levels of bacterial contamination in drinking water supplies, a serious risk to public health. More than 70% of the population in these villages did not have access to safe drinking water and the incidence of acute diarrhoeal diseases and other water borne infections was high, especially among the poor sections of the community. This was sufficient to convince the gram panchayats on the urgency and need to provide safe drinking water to this deprived population.

The Gram Panchayats provided funding to the local Primary Health Centers in the district to purchase and stock Aqua+. Further, Accredited Social Health Activists (ASHAs) or grassroot level community health workers were to deliver these bottles to individual households (the first bottle free of cost to raise product awareness and subsequent ones to



Figure 5-1: Ideal Safety Systems, Kerala, India



Figure 5-2: Konni Gram Panchayat president displaying a bottle of ISS Jal Suraksha



Figure 5-3: ISS Jal Suraksha Promotional Campaign at Konni Panchayat, Pathanamthitta

be sold). Till date, using Gram Panchayats as a delivery channel, ISS has supplied ISS Jal Suraksha to more than 150+ households. Also, every month new gram panchayat's keep getting added to the existing network.

Community Development Society (CDS): Kudumbashree – Women Self Help Groups (SHGs)

The Community Development Society – Kudumbashree (meaning Family Prosperity), an innovative community based women-oriented initiative (SHG model) is one of the largest women-empowerment projects in the country (launched by the Government of Kerala in 1998). With 3.7 million members, covering 50% households in Kerala, Kudumbashree is set apart from the usual SHG model of empowerment by universality of reach and scope of community interface in local governance.

ISS has been working with CDS since January 2014, in the 3 districts to make ISS Jal Suraksha available to the BoP. The deal involves provision of ISS Jal Suraksha to CDS at a certain percentage of the marked price. A part of the sales revenue goes towards funding promotional expenses and the remaining towards contributions for CDS funds. The Kudumbashree workers conduct household visits to make the product available and to raise awareness about its benefits amongst the community.

National Service Scheme (NSS) – Student led Community Initiative

National Service Scheme (NSS), evolved and introduced by the Government of India in 1969, aims at developing amongst students a sense of participation in nation building through social work. Today NSS has more than 3.2 million student volunteers (over 18 years of age) from over 298 Universities and 42 Senior Secondary Councils and Directorate of Vocational Education all over the country.

ISS tied up with the NSS of Catholicate College, Pathanamthitta. The NSS in this college has played an active role in a variety of community development initiatives in the communities surrounding the university, earning them good reputation and trust. ISS planned on leveraging the credibility the team has already established within these communities as a result of their work, for the sale of ISS Jal Suraksha. The students are given a target to cover 500 households per month (100 bottles per student per month). ISS sells the product to them at a certain percentage of the market price. A small percentage of the revenue goes towards covering logistic costs and the balance goes as contribution towards the NSS association fund. The students sell Aqua+ through door to door campaigns, interacting with mostly women, understanding their existing practices in water treatment; making them aware about water borne diseases, their outcomes; and finally presenting them with a bottle of ISS Jal Suraksha, along with directions for use. During an interview, students recounted that their

"You cannot taste the chlorine when you consume water treated with Aqua+ - This is the opinion of most people in the villages where we distribute Aqua+. This according to them is what makes Aqua+ different from the other chlorine disinfectants such as that supplied by the government."

- Ms. Vijaya (Kudumbashree Worker, Thoniyamala Village, Pathanamthitta)



Figure 5-4: Kudumbashree Workers at Kadaminnatta Panchayat displaying a bottle of ISS Jal Suraksha

"During our household visits we tell people 'Boiling water will cost you nothing less than Rs. 1.5-2.5 per day added to it the pollution, effort and time associated to the process..."

...Aqua+ on the other hand costs you nothing more than Rs. 1 per day and is an easy and clean option for your water purification needs"

- As quoted by an NSS Volunteer

"Most people are very happy with the product. I even know of people who have recommended Aqua+ to their neighbours who in turn contacted us for the product"

- As quoted by an NSS Volunteer



Figure 5-5: NSS students of Catholicate College, Pathanamthitta with their mentor Dr. Sunil

motivation to work was more for the social cause than for the money they earned. Following this initial success, ISS has started adding other colleges in Kerala to their existing network. This will guarantee expansion of the product's reach in Kerala.

5.3 ADDRESSING THE CHALLENGES OF LAST MILE DISTRIBUTION

The strategies adopted by TARA to address the challenge of last mile distribution at the Base of the Pyramid have been elaborated through the use of the 4A framework:

Availability

TARA very early on in the project understood that although there existed a market of more than 167 million households for Aqua+, the challenge would lie in ensuring that the product reaches these households. Field research proved that even if Aqua+ was made available in local shops, dispensaries etc., the chances of a customer purchasing it would be very low unless combined with door to door sales and social marketing. In order to address this, the project team decided to take the support of existing delivery channels e.g. local NGOs who could ensure better market penetration as a result of the trust they had built within the local communities they worked. These delivery channels also have the ability to collaborate with distribution networks such as local health workers, community groups and organizations that will facilitate the door to door sales of Aqua+ combined with social marketing, essential to raise awareness on its benefits and use. TARA also identified a potential wherein they could collaborate with slum and village level entrepreneurs, who are familiar with their neighborhood and are eager to reap the benefits of local distribution for economic benefits combined with a good cause.

Acceptability

TARA has conducted intensive field research to understand consumer behavior, associated emotions, practices and resulting needs. This has helped in evolving Aqua+ into a product that satisfies both, the distinct needs of the consumers as well as the actors involved in the distribution and sale. Acceptability of the product has been enhanced by projecting it as a low cost, easy to use and daily use product for water purification with tangible economic benefits such as reduction in household medical expenses at minimal cost.

Social marketing has emphasized how Aqua+ is more acceptable than alternative choices such as boiling, relying on government supply of chlorine tablets or the use of filters. Acceptability for Aqua+ has also seen a rise with endorsements by the local or state government. The participation of reputable locals (village level entrepreneurs) as marketing and sales agents for the product has also increased its acceptability amongst consumers. TARA, in the future, is also considering coming up with product variants (e.g. different sized bottles, toy shaped bottles) and product extensions (branded buckets and bottles) in order to be able to cater to different market segments and to further increase the acceptability of the product.

Solution	Cost (per year)	Cost (per day)
Boiling	INR 1300 (USD 21)	INR 2-3 (USD 0.03-0.05)
Filter	One time investment of INR 3000 i.e. USD 50 (INR 500 i.e. USD 8.33 for change of filter every 6 months)	INR 11 (USD 0.18)- inclusive of change of filter twice a year
Aqua+	INR 480 (USD 8)	INR 1.3 (USD 0.02)
No intervention	INR 6000 (USD 100)	INR 16-20 (USD 0.27-0.30)

Affordability

Product purchase is dependent on value propositions offered by the product along with the consumer's ability and willingness to pay. In terms of value proposition, Aqua+ is competitively priced compared to its more expensive counterparts. It has been priced to ensure that it is well within the disposable incomes of the target consumer group and has sufficient margins reserved for channel partners in the value chain. It also complies by the mandate set by WHO in 2010 on the right of every human being to have access to affordable water, the cost of which should not exceed 3 percent of household income.

Awareness

In terms of awareness generation and campaigns, Aqua+ has leveraged distribution channels already existing on ground including Accredited Social Health Activists (ASHA), Kudumbashree Workers, National Service Scheme (NSS), Slum level Entrepreneurs and Registered Medical Practitioner's (RMP). These channels have already established trust within the community they exist and can hence achieve reach and impact. They are therefore ideal channels for promotion and social marketing of the product. Aqua+ awareness programmes that combine water testing, give enough reason to most consumers to make a lifetime investment in the product.

The BoP segment is not homogenous, but similarities exist in their needs and aspirations. The creation of a social marketing toolkit has proved to be very useful in tapping consumer emotions with reference to health, therefore turning push into pull by converting a latent need into a felt need. The toolkit also ensures that the same messages go into the community, even if conveyed by different partners existing in different regions across the country.

5.4 KEY RISKS AND CONSTRAINTS

The key risks and constraints identified have been elaborated below:

Risks

Some of the key risks identified by TARA are classified under broad headings of Market, Implementation and Financial risks:

Market Risks: There are several cheap variations of the product available in the market that could beat Aqua+ on price, offer better margins, and at the same time, mislead consumers on the aspect of quality. The water filter market is also rapidly innovating to better serve the BoP segment. TARA is looking at mitigating these risks by enhancing the emphasis on brand building and instilling brand recall amongst consumers. The emphasis on product quality will be established time and again. TARA's aim is to position Aqua+ in the water purification market similar to what Xerox and Coke have done in the photocopy and aerated beverages space. Another major risk is the consumer mindset on water purification. Currently, a large percentage of population are unaware of the need for water purification and consumes water directly from the tap without purification. TARA's social marketing efforts will help mitigate this risk.

Implementation Risks: In order to sustain demand, it is absolutely critical to ensure that the product is readily and easily available to the end consumer. TARA is constantly innovating and fine-tuning the distribution strategy to ensure this. Since TARA is dependent on partners to distribute Aqua+, it is critical to ensure that new partners are added to mitigate the risk of some partners backing out.

Regulatory Risks: Chlorine is an established form of water purification. However to increase product acceptability and establish government ties, it is important to obtain the Bureau of Indian Standard (BIS) certification. The Bureau of Indian Standards (BIS) is the national Standards Body of India working under the aegis of Ministry of Consumer Affairs, Food & Public Distribution, Government of India. One of the major functions of the bureau is the formulation, recognition and promotion of the Indian Standards. TARA is in the process of acquiring this certification for Aqua+. The first step in this would be to create a standard for the liquid chlorine. Once this is done, the next step would be to acquire the ISI mark. TARA is also in the process of acquiring a certification from Food Safety and Standards Authority of India (FSSAI). These certifications are some of the most recognized certifications in India. They will help increase product acceptability amongst consumers and therefore add to revenues. It will also encourage procurement of the product under programmes facilitated by multilaterals such as UNICEF.

Constraints

Some of the constraints identified by TARA are classified below:

Production and Quality Control: To cater to the increasing demand for Aqua+, TARA has setup a production facility at TARAGram, Orchha, Madhya Pradesh. This has provided TARA with critical insights on how to setup a production unit. However, the import of WATA devices to India still remains a challenge. TARA is figuring out ways to reduce the paper work so that the consignment gets released easily. There were some issues with the functioning of Maxi-WATA devices which TARA will rectify by organizing technical training sessions by Antenna staff.

NGOs as Partners: TARA's experience tells us that NGOs are rather development focused and are not the best partners for selling Aqua+ in the community. Going forward, TARA will tie-up with social enterprises who are already selling products to the BoP.

Certifications: The absence of the trademark registration has always posed as a roadblock in protecting the brand name. TARA has filed for the trademark registration of Aqua+. TARA can now put ™ sign on the Aqua+ bottle.

Price: The price of the product till the last phase was INR 30 (USD 0.50) per bottle. Unfortunately, the margins in this price were not sufficient for a stream-lined and efficient delivery network. The challenge was to make the last mile distribution viable, at the same time ensure profitability and availability without endangering affordability. TARA has now increased the price of the product to INR 42 (USD 0.70) per bottle. The price increase is intended only to make last mile delivery more viable and the receipts from this will entirely go to the distributors. The interaction with the community has revealed that the revised price is still acceptable. The issue of affordability is also being addressed by considering product variants such as smaller bottles or vials.

6

UNDERSTANDING THE NEEDS OF THE MARKET

TARA very early on understood that in order to achieve scale it was essential to conduct an in depth analysis of the needs of consumers as well as that of those who can deliver the solution i.e. Aqua+ to this target group. In order to do this, TARA engaged with Ipsos Research Pvt. Ltd., a globally renowned research consulting firm. TARA, with the help of Ipsos, conducted a detailed market study with the following objectives:

- To understand triggers and barriers in repeat purchase of Aqua +
- To understand incremental utility of purified water in the life of slum dwellers and positioning of Aqua+
- To explore the perception of retailers on the product
- To understand players and their margins in value chain of various products

The research method adopted was in-depth interviews and mini-group discussions. The study was restricted to 6 slums in New Delhi, India. The team had a total of 35 interactions. 13 interactions on the demand side were with the Aqua+ users and non-users in the community and 22 interactions on the supply side were with the retailers/wholesalers, registered medical practitioners, private water tanker owners, slum level entrepreneurs and water authorities in India. The section below summarizes the outcomes of the study.

6.1 ASSESSMENT OF DEMAND SIDE STAKEHOLDERS

The respondents included both Aqua+ users and non-users. The specific objectives of the study with respect to the demand side were to:

- Assess the awareness and understanding of water purification methods
- Understand the motivation, needs and implied costs for consuming purified drinking water
- Understand the importance of health and wellness in a consumer's life
- Identify the preferred source of supply for Aqua+

The findings are categorized based on respondent perception of product and behavior patterns that determine usage. This is provided below:

a) Product Findings

It was observed that:

- Users had a positive perception of Aqua+
- Most Aqua+ users felt Aqua+ purified water was soft and light, and compared its taste to a popular mineral water brand
- Credibility was the key trigger for purchase
- People were more interested in using the product during summers and rainy seasons

b) Usage Findings

It was observed that:

- Boiling, cloth filtration and sedimentation are some of the methods used for water purification
- An insignificant proportion had installed water filters at home
- Water purification was resorted to only when someone in the family fell sick
- There were low levels of self-risk perception among the slum dwellers. This was primarily driven by the limited choices and information provided to them
- Existence of 'This is what it is, This is how it will be' syndrome among the target group
- Clarity, taste, smell and appearance determined purity of the water

- Family especially child health, was a key trigger to adopt water purification solution - Ipsos recommended that this could be one the main drivers of the social marketing campaign
- The slum dwellers had aspirational views about clean drinking water by virtue of their association as maids, cooks, etc. with rich and middle class households.
- Decision makers e.g. husbands, in-laws, etc. had an important role to play in product uptake and use
- People were easily influenced by the beliefs and perceptions of those surrounding them. In such a situation, social marketing can leverage the use of the word of mouth channels to propagate the usefulness of Aqua+
- On an average people spent anywhere between INR 125- 4000 (USD 2- 67) per month on doctor's consultation fees. Added to this is the opportunity cost of losing out on their daily wages.

The Ipsos study also came up with new avenues for social marketing of the product. The study reiterated the previously established importance of continuous engagement with the target community. To design an effective social marketing strategy and roll out a successful campaign, the Ipsos team has helped TARA identify behavioral patterns of consumers with respect to their awareness, understanding, motivation and needs. In doing so, the Ipsos team has emphasized that TARA should:

- Capitalize on consumer emotions of fear, insecurity and trust
- Find ways to project Aqua+ as a water purification product for everyday use with sensory benefits associated to taste, odour and color
- Leverage its potential benefits with respect to child health and as a measure against water borne diseases

All these findings were to be used in designing an efficient social marketing strategy and toolkit.

	NGO	Pvt. Tankers	RMPs	Retailers/ Wholesalers	Youth
Reach/Width	Yellow	Green	Red	Green	Yellow
Penetration/Depth	Green	Red	Green	Red	Green
Support with Advertisements	Yellow	Yellow	Red	Red	Red
Influencing Capability	Green	Red	Green	Yellow	Green
Sustainability	Yellow	Yellow	Yellow	Green	Yellow
Costs for Maintaining Supply Chain	Red	Green	Yellow	Yellow	Yellow
Control of Management	Red	Green	Yellow	Green	Green
Costs for Capacity Building	Red	Green	Red	Green	Yellow
Credibility	Green	Red	Green	Red	Green

Figure 6-1: Assessment of supply side stakeholders

6.2 ASSESSMENT OF SUPPLY SIDE STAKEHOLDERS

An additional scope of the study was to set up delivery channels for the sustainable promotion of Aqua+. The specific objectives in this case were to:

- Understand players and their margins in the value chain of various products
- Assess the role of suppliers in the supply chain
- Identify the most feasible sales channel(s) for sustainable marketing of chlorine based liquid water purification agents amongst slum dwellers

For this, the team interacted with multiple stakeholders in the supply side which included: retailers/wholesalers, Registered Medical Practitioners (RMPs), private water tanker owners, slum level entrepreneurs and water authorities in Delhi.

The points below summarize the recommendations based on key findings. This included:

- To garner the support of slum level entrepreneurs, mostly youth in the age group of 18-25 years who were slightly educated, understood the nuances of trading, open to accepting the concept, demonstrated entrepreneurial ability and claimed to have enough time to get involved with promoting Aqua+. These youth have a wide reach as they have acquaintances within and outside the slums. They expect to earn a margin on the sale of the product and showed readiness to work with sales targets.
- To strengthen the retailer/wholesaler delivery channel through promotions, as their stocking of Aqua+ is determined by the demand for the product
- To sell Aqua+ to private water tankers (In Delhi, there are 250 suppliers with average fleet of 10-20 tankers each) whose owners during the interview admitted that although their water is not safe to drink, people continue to use it since drinking water is short in supply. They were open to extending their current offerings and promoting Aqua+, on the condition that they earn a margin per unit sold.

The supply side stakeholders were assessed on parameters of reach/width, penetration/depth, advertising support, influencing capability, sustainability, costs for maintaining supply chain, control of management, cost of management, cost of capacity building and credibility. The results are depicted in the matrix provided in Figure 6-1. From the matrix it is obvious that slum level entrepreneurs are the most promising delivery channels for sustainable marketing of Aqua+ among slum dwellers.

Although initially TARA's area of intervention was restricted to slums, the findings provided proof that the market at the base of the pyramid is homogenous and stretches way beyond slums and can accommodate villages in rural as well as urban areas. In addition to this, it was later found that rural areas also offered better benefits in relation to delivery channels that could facilitate sale of Aqua+ along with social marketing, which slums could not. Hence, the learnings from the market study were customized and incorporated in TARA's rural marketing strategy.

7

PREPARING FOR SCALE

This section sums up all the activities carried out by TARA in preparation for scale. This includes setting up of a production unit, designing distribution strategies and a social marketing toolkit to reach and influence the market at the base of the pyramid.

7.1 THE PRODUCTION SETUP

Since the initiation of the project in 2010, the production of Aqua+ used to happen at the Ghitorni Campus in New Delhi. With the addition of channel partners, there was a need to industrialise production to cater to the increasing demand. An enhanced production facility was setup at TARAGram, Orchha (Madhya Pradesh). TARA has employed women and other vulnerable sections of the community and provided them with income generating opportunities. The production facility at Ghitorni, New Delhi is still operational and continues to provide support to the production facility in TARAGram, Orchha. TARA has procured machines and equipment to increase the production capacity at TARAGram, Orchha. The production process flow is depicted in Figure 7-3. The boxes in red indicate the new machines that TARA has procured to automate the production and packaging process of Aqua+.

Currently, the lab produces 170 litres of chlorine per day. The chlorine thus produced is controlled to reach the standard of 6mg/L, stabilised to reach the 6 months shelf life and packaged in 50mL opaque bottles. Standard quality control is carried out on all batches of chlorine produced.

TARA has developed a comprehensive Quality Control Protocol, Environment Health and Safety (EHS) Manual and Operational Health and Safety (OHS) plan.



Figure 7-1: Production centre at TARAGram, Orchha



Figure 7-2: Production unit at TARAGram

7.2 DESIGNING DISTRIBUTION STRATEGIES

To scale up the reach of Aqua+'s reach, TARA had to enhance its understanding of its target consumers and the channels that are best suited to reach these individuals. To do this, TARA collaborated with students from Yale School of Management, USA, to design distribution strategies for Aqua+. The objectives of the work with Yale included identification, evaluation and recommendation of possible channels for distribution of Aqua+ to the BoP market.

The Yale team evaluated various distribution channels including, point of collection micro-entrepreneurs, Multi

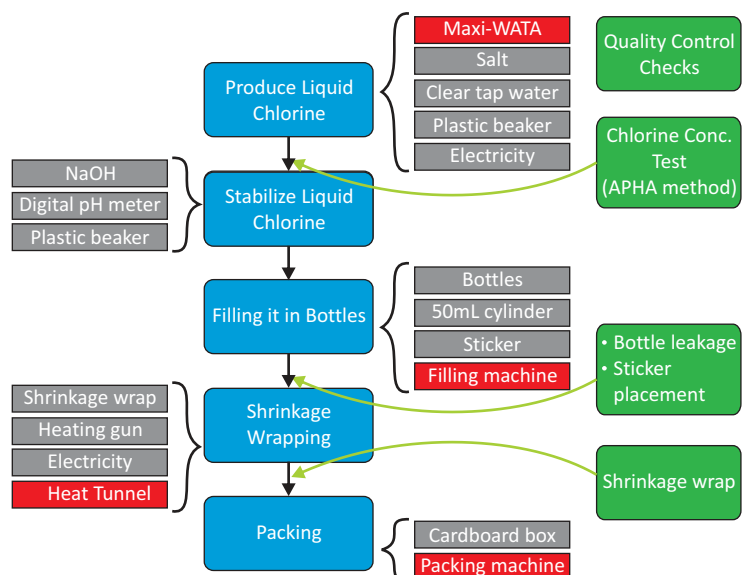


Figure 7-3: Aqua+ Production Process Flow

Distribution Method	Advantages
<i>Direct from International Non-Governmental Organizations/Multilaterals</i>	<ul style="list-style-type: none"> • INGOs/multilaterals have bigger purse strings and stronger reputations than small social enterprises/not-for-profits • Large purchases could reliably bring in significant cash flow to support product innovations and other business efforts • Association with strong brands could lead to future business relationships with similar organizations or with that organization and other TARA products • The wide reach of these organizations can increase brand recognition during the initial phase of the Aqua+ roll out
<i>Point of collection Micro-entrepreneurs</i>	<ul style="list-style-type: none"> • Ensures the liquid chlorine is used properly (at the right dosage) • Provides an opportunity for the entrepreneur to share 1:1, the benefits of water purification • When the chlorine is added at the collection site, purification is accomplished on the walk home, requiring less wait time once in the home • Public use leverages peer pressure to normalize water purification and encourages habit formation
<i>Self-help groups</i>	<ul style="list-style-type: none"> • Structure of the self-help group facilitates awareness and education around clean water and water purification • Having a portion of members committed to the product may put pressure on additional group members to purchase
<i>Door-to-door micro-entrepreneurs</i>	<ul style="list-style-type: none"> • Already a training system is in place for micro-entrepreneurs where information on Aqua+ can be slotted in • If other goods sold by the entrepreneurs are health-focused, customers may already be health-conscious • Micro-entrepreneurs are trusted within the community as they are often local residents • 1:1 selling model allows the micro-entrepreneur to educate the seller

level Marketing, Self-Help Groups, Retail Stores, Hub & Spoke, Self service centre at the point of water source, Registered Medical Practitioners, Chemists, Direct from International Non-Governmental Organizations (INGOs)/Multilaterals, Corporate Social Responsibility (CSR) initiatives, door-to-door entrepreneurs and Micro Finance Institutions. Detailed analysis resulted in the team recommending four channels that would be effective for Aqua+. These channels and their advantages are highlighted in the table above. Their recommendations will be tested out in the next phase by TARAlife Sustainability Solutions Pvt. Ltd.

7.3 SOCIAL MARKETING TOOLKIT

Early trials showed that the sales of the product dropped drastically when the social marketing activity was stopped. It was therefore understood that it is critical to continuously engage with the community to bring about behavior change. In order to do this, TARA engaged with Ipsos Research Pvt. Ltd. to develop a Social Marketing toolkit that would use key findings of the initial study to reach the consumers at the base of the pyramid. Ipsos began this assignment by developing 3 concepts (Figure 7-4 to 7-6) and comparing them with the existing concept (Figure 7-7).

A study was conducted to field test the concept and identify the winning concept from amongst them. The study was conducted in 7 slums located in southern and western Delhi. A two pronged approach was taken to test these concepts, one being comparative evaluation and the other, exclusive feedback on each concept. Comparative evaluation involved ranking of different concepts in the order of likability. Exclusive feedback on the other hand involved showing the respondents the concepts one by one and rating them on a set of key performance indicators such as likability, ease of understanding, relevance, sufficiency and willingness to purchase.

The study revealed that Concept A was most preferred among other concepts on aspects of likeability, comprehension, visuals, ease of understanding, believability and purchase intention. Using the messages in this concept, posters, stickers and other Information, Education and Communication (IEC) material have been developed and now forms an important part of the social marketing toolkit (Figure 7-8 to 7-11). The redesigned IEC materials have better impact and reach in the community. Using this toolkit, channel partners are now able to create demand for Aqua+ among different customer segments in their respective regions. Aqua+ school and health centre promotion programmes are also being designed by TARA with the help of the toolkit.



Figure 7-4:
New Concept A



Figure 7-5:
New Concept B



Figure 7-6:
New Concept C



Figure 7-7:
Existing Concept D



Figure 7-8:
Poster



Figure 7-9:
Display Stand



Figure 7-10:
Sticker



Figure 7-11:
Retail Stand

8

GOING TO SCALE WITH AQUA+

This section summarizes the activities that will be carried out by TARA to scale up the sales of Aqua+ in the future.

8.1 SETTING UP OF A NEW COMPANY: TARAlife

Based on the success of the pilot distribution, TARA in 2014, has setup a new for-profit company called *TARAlife Sustainability Solutions Pvt. Ltd.* This company will leverage the social capital of civil society partners and use the social marketing toolkit to influence users and build demand. TARAlife will also set up last mile distribution networks to take Aqua+ to scale.

TARA is currently working with 100 schools to provide safe drinking water and toilet facilities to the students in these schools. Using the 100 schools as a platform and entry point, TARAlife proposes to initiate the school programme. Similarly, TARAlife with the help of PAHEL, its partners in Faizabad, Uttar Pradesh has also initiated a campaign for Registered Medical Practitioners in the region who will promote Aqua+ as a daily use product to patients visiting their centre.

8.2 MICROFRANCHISING AS AN OPTION

After reaching early adopters through the above strategy, TARAlife plans to achieve deeper market penetration by delivering Aqua+ through microfranchising programmes. TARAlife will choose microfranchises or franchisors from amongst grassroot organizations like NGOs, commercial distributors and local social businesses. To the distribution channel partners who will figure as franchisors, TARAlife will provide an integrated 'business in the box' solution. This solution will include a franchise package consisting of: training material, proven business model, product or technology sourcing information, sales strategies, financing strategies, branding, social marketing and other collaterals. The franchisors will in turn handover to smaller microfranchisees or franchisees, a part of this package along with step-by-step guidance that will greatly enhance the chance of the franchisee running a successful business. In this way, the franchisee won't have to re-invent the wheel.

The microfranchising approach is a positive step in the distribution of Aqua+, given TARA's learnings from having proved the business model on ground. Besides this, Aqua+ is a simple, easy to use Fast-Moving Consumer Good (FMCG) product with little or no need for monitoring. This will help reduce franchisee risks and will provide stable revenue streams. Going forward, TARAlife will look at hiring students from universities in India and abroad, who will study the existing models for franchising and microfranchising operations and create a business plan for Aqua+ using these models.

8.3 EXPANSION TO OTHER GEOGRAPHIES WITHIN INDIA

Following success with ISS, TARA is partnering with other such organizations in other geographies in India. TARA is currently partnering with organizations in Tamil Nadu, Uttar Pradesh and Madhya Pradesh in order to disseminate Aqua+ to regions within these states.

8.4 EXPANSION TO SOUTH-EAST ASIA

Over the course of the project, TARA has gathered expertise and developed a framework to replicate its model in other countries in South Asia. In the next phase, TARA would like to partner with other organizations in South East Asia. As per the discussion with Antenna Technologies, TARA would like to become the main partner of Antenna Technologies in South East Asia. Under this agreement, TARA could play the following roles:

- TARA could act as a representative of Antenna Technologies in South East Asia for consultancy to other organizations on technical and/or commercial services
- TARA could become the regional distributor for WATA technology. This way, if a partner in South-East Asia wishes to procure WATA technology, then it can be dispatched from India rather than Switzerland, reducing the legalities as well as the cost involved in its import.

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