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?


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

<table>
<thead>
<tr>
<th>BCA initiative</th>
<th>Product/Service</th>
<th>Who pays instead of the consumer</th>
<th>Why they pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sproxil</td>
<td>SMS verification of medicines</td>
<td>Pharmaceutical company</td>
<td>Provides quality assurance and regulatory compliance for their drugs. Supports sales.</td>
</tr>
<tr>
<td>ClickMedix</td>
<td>Health check, e.g. ear screening</td>
<td>Health service provider</td>
<td>Increases flow of patients by identifying those that need treatment.</td>
</tr>
<tr>
<td>MicroEnsure</td>
<td>Micro insurance bundled with mobile airtime</td>
<td>Mobile phone operator</td>
<td>Boosts customer loyalty and increases sales of airtime.</td>
</tr>
<tr>
<td>Empower Pragati</td>
<td>Skills development and job placement</td>
<td>Employer, Government, Corporate sponsors</td>
<td>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 &amp;/or as part of CSR programs.</td>
</tr>
<tr>
<td>PUPA</td>
<td>Training in early childhood education</td>
<td>CSR budgets of corporate sponsors</td>
<td>Corporate sponsors want to support early childhood education as part of their CSR programs.</td>
</tr>
<tr>
<td>Various energy initiatives</td>
<td>Energy products using cleaner and renewable energy</td>
<td>Carbon credits</td>
<td>A switch from kerosene or three stone fire reduces global CO₂ emissions.</td>
</tr>
</tbody>
</table>

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

- **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.

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.


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

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