

# 3

Water, Sanitation and Microfinance Toolkits

## Water, Sanitation and Hygiene Financial Product Marketing



COLLABORATIVELY  
CREATED BY

**MicroSave**  
Market-led solutions for financial services

 water.org™

## Acknowledgments

Thanks to the support and vision of our generous partners, we are providing the tools necessary to jump start financial institutions, and others within the sector, to create access to water and sanitation loans for the world's poor. These partnerships are supporting the creation of scalable and sustainable models that will accelerate access to safe water and sanitation throughout the developing world. Collectively, our work is transforming the future with the most basic of needs – water and a toilet.



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# List of Acronyms

**BCC:** Behavior Change Communication

**CLTS:** Community-Led Total Sanitation

**IEC:** Information, Education and Communication

**IGA:** Income-Generation Activities

**IPC:** Inter-Personal Communication

**FI:** Financial Institution

**MFI:** Microfinance Institution

**NGO:** Non-Governmental Organization

**TSC:** Total Sanitation Campaign

**USP:** Unique Selling Proposition

**WSP:** Water and Sanitation Program

**WASH:** Water, Sanitation and Hygiene



# Preface

## Overview of the Water, Sanitation and Microfinance Toolkits

Water.org and *MicroSave* have jointly developed a series of water, sanitation and hygiene (WASH) microfinance toolkits to provide the information and tools necessary for financial institutions (FIs) to develop products for financing WASH investments. The toolkits present essential information, principles and practices for successful development of WASH financial products and are designed to be applicable across a variety of markets, lending methodologies and business models.

### **Toolkit 1: Introduction to Opportunities in WASH Finance**

Provides global WASH context and information on household WASH needs and demands for WASH financing; introduces the major WASH systems prevalent among low-income populations and explains which are suitable for loan products; provides an overview of WASH stakeholders with which FIs might collaborate to support their WASH financial products; and identifies potential challenges and keys to success.

### **Toolkit 2: WASH Financial Product Development**

Explores the product development process for researching, designing and launching successful WASH financial products, including market research, product design and pilot, and preparation for product rollout.

### **Toolkit 3: WASH Financial Product Marketing**

Explores different marketing strategies and tools to ensure effective demand generation, particularly given high latent demand for WASH financing in the developing world; helps FIs create a marketing plan and explores the cost benefit of a marketing campaign.

### **Toolkit 4: WASH Process Mapping, Pricing and Internal Audit and Control**

Provides the tools for FIs to design effective processes for product delivery, introduces the concept of process mapping and helps FIs identify the process risks in delivering WASH products. This toolkit also includes pricing a WASH loan product and instituting audit and control measures for WASH finance.

### **Toolkit 5: WASH Portfolio Management**

Discusses keys to managing sustainable WASH products, including staff incentives, portfolio monitoring and delinquency management. It also includes methodology for assessing a client's ability to repay WASH loans.



## Structure of the Toolkit

**WASH Financial Product Marketing** is the third of five toolkits developed by Water.org and *MicroSave* to strengthen and expand the financial sector's capacity to offer sustainable products designed to finance WASH investments. The content draws heavily to Water.org's practical experience, providing technical assistance to FIs over the past decade through its WaterCredit initiative, and *MicroSave*'s work providing consulting services on product marketing to FIs. This toolkit builds on the previous two and aims to strengthen the capacity of the staff, management and board members of FIs in the development of WASH financial product marketing. The objectives of this toolkit are to:

- Relay the importance of marketing WASH financial products
- Assist FIs with a structured approach for the development of an effective marketing strategy
- Enable FIs to develop the elements of a WASH marketing plan
- Develop an understanding of the costs involved in marketing WASH financial products
- Help conduct a cost-benefit analysis of marketing techniques

The toolkit is divided into 4 chapters:

[Chapter 1](#) introduces marketing concepts through a WASH finance lens and analyzes where the microfinance sector currently stands. Given the latent nature of demand for WASH services, various awareness-generation techniques and possible partnerships to consider are explored.

[Chapter 2](#) lays out a step-by-step approach to guide FIs through the preparation work necessary to create the marketing plan for the WASH financial products.

[Chapter 3](#) provides a structured approach to designing the marketing plan. A sample marketing plan is included that can act as a guide.

[Chapter 4](#) explores topics related to budgeting for WASH marketing activities and assessing the effectiveness of a marketing campaign. A case study is presented to illustrate how FIs can do a cost-benefit analysis of various marketing techniques and choose an effective marketing mix.

## About Water.org

Water.org is a non-profit organization that has transformed the lives of more than a million people in Africa, South Asia, Central America and the Caribbean by providing access to safe water and sanitation. Founded by Gary White and Matt Damon, Water.org pioneers innovative solutions, such as WaterCredit, to help solve the global water crisis, giving women hope, children health and communities a future.



### WaterCredit by Water.org

WaterCredit is a microfinanced-based solution that first began in Bangladesh in 2003 and has since expanded to India, Kenya and Uganda. Under WaterCredit, financial institutions have the flexibility to use their existing lending methodologies to develop products that finance locally appropriate WASH facilities. To date, WaterCredit loans for water access have financed network connections, protected wells and boreholes, water pumps, rain water harvesting systems, and storage tanks. Loans for sanitation access have financed toilet and latrine construction, septic tank installation and sewage network connections. Water.org is currently launching WaterCredit programs in Peru, Indonesia and the Philippines and is exploring potential expansion to additional countries in Latin America, Asia and Africa. Learn more at <http://water.org> and <http://watercredit.org>.

## About MicroSave

*MicroSave* is a consultancy organization that offers practical, market-led solutions to financial institutions and corporations focused on bringing value to the base of the pyramid. *MicroSave* is at the forefront of efforts to move financial services from a product-led to a market-led approach. The market-led approach focuses on putting customers at the center of the business, improving customer loyalty, establishing more profitable organizations and ensuring greater developmental impact. *MicroSave* works with investors, donors, financial institutions, private foundations, corporate businesses and regulators to enable them to deliver the high-quality, affordable financial services that are essential for sustainable and inclusive growth. The organization's expertise includes strategy development and governance, product and channel innovation, organizational strengthening and risk management, investment and donor services, research, training and dissemination of information and best practices. *MicroSave* has implemented projects across Africa, Asia and Latin America. Learn more at <http://www.microsave.net/>.





# 1

## **Introduction to Water, Sanitation and Hygiene (WASH) Microfinance Marketing**

This chapter explores the evolution of marketing and how the microfinance sector currently utilizes it. Also, given the latent nature of demand for WASH services, various awareness-generation techniques are explored that financial institutions (FIs) might want to consider along with their overall marketing activities. Finally, given that FIs will likely need partners to implement things like awareness-generation, some key considerations for selecting the appropriate partners have been included.

## Getting oriented

All businesses orient themselves to a given market using one of the following four concepts or approaches:

**“Make it and it will sell”** (*the production concept*) Production-oriented businesses focus on producing as much of their product or service, often as cheaply as possible, because they assume that consumers are primarily interested in product availability and low prices. The production concept is common and relatively effective in new industries where a product is in high demand and there is very little supply.

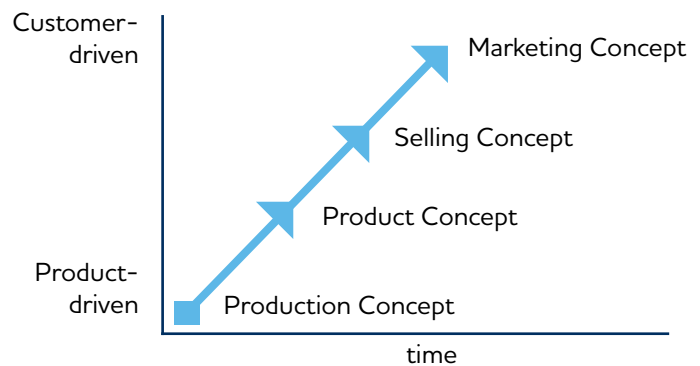
**“Make it well and it will sell”** (*the product concept*) Product-oriented businesses focus on producing the highest quality goods and services, and improving them over time. They assume that if they design a well-designed product, consumers will buy it.

**“Promote it well and it will sell”** (*the selling concept*) Sales-oriented businesses focus on persuading customers to buy whatever goods or services they are producing. They believe that consumers are naturally hesitant to make purchases and are often ill-informed or confused about their options. Thus, they must be coaxed into buying through aggressive selling and promotion.

**“Make something the market values and it will sell”** (*the marketing concept*) Market-oriented businesses focus on understanding a target market’s needs and responds to them in all aspects of their operations. They believe that by trying to understand the consumers’ perspective, they will be in the best position to develop products that are valuable to the market and, therefore, easily sold at a profit.

The financial sector, much like many other industries, has moved from a production concept to a marketing concept. Much of this has been driven by the intensification of competition between financial institutions. The result is evident through the presence of superior customer service, smoother processes and more customized products. The fact that WASH financial products are starting to become more important to FIs indicates a shift towards the marketing concept by the microfinance sector as a whole.

Figure 1: Development of business philosophy



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## Is marketing the same as selling?

Although marketing is often confused with selling, the two concepts are actually quite different. In the words of marketing guru, Philip Kotler,

*“Marketing cannot be equivalent to selling because it starts long before the company has a product. It is the homework that managers undertake to assess needs, measure their extent and intensity, and determine whether a profitable opportunity exists. Selling occurs only after a product is manufactured. Marketing continues throughout the product’s life, trying to find new customers, improving product appeal and performance, learning from product sales results, and repeating sales.”<sup>1</sup>*

Like most products and services, WASH financial products require a mix of selling and marketing concepts. Since having access to proper water and/or sanitation facilities can be lower on the list of a customer’s priorities when compared to things like medical costs, food and education, FIs cannot expect the WASH financial products to create demand by itself, no matter how well designed it is. They need to be promoted with a thorough selling and marketing strategy. This toolkit focuses on these two aspects.

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## What is water, sanitation and hygiene marketing?

The American Marketing Association defines marketing as, *“the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.”*

When applied to the context of a FI offering financial products and services to low-income households, this translates into communicating the value of its offerings to current and prospective clients.

FIs have traditionally offered products to business owners to finance their need for working capital. In this transaction, the client understands that the money borrowed will allow them the ability to earn higher profits from their business and are therefore willing to pay for the service. Since the benefits of loans for income-generation activities (IGA) like this are well understood by the client, FIs typically do not invest in marketing them to clients. Thus, within the four concepts explained in the first section of this chapter, a typical microfinance product is an ideal case for the production and product concepts.

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1 Philip Kotler, *Kotler on Marketing* (London: Free Press, 1999) 19.

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However, as FIs grow their product portfolio to include WASH financial products, marketing assumes a greater role because the benefits of a WASH financial product are often less known and more subtle. Also, even though the need for better WASH infrastructure may be keenly felt, the demand may remain latent for a variety of reasons:

- Inadequate awareness about adverse health effects caused by the lack of WASH infrastructure and good hygiene in the household;
- Low prioritization of WASH improvements by the clients due to other more pressing issues pertaining to survival (shelter, education, food);
- Lack of supply of appropriate and affordable WASH technology and products in the market;
- Entrenched behavior among communities, like open defecation or a lack of hand washing;
- Expectations among clients that WASH improvements are the responsibility of either the government or non-government organizations (NGOs); or
- Lack of awareness about the financing options available for WASH improvements.

Communities need to understand the value and benefits of the proposed WASH improvement before they will take on a loan for something like an improved toilet or a water tank to harvest rainwater. Thus, to generate demand and increase people's willingness to borrow, FIs must not only market the availability of the WASH financial product but must clearly articulate the benefits of these WASH improvements to the potential borrowers. The importance of awareness generation to create demand for WASH services is a widely-held belief, emphasized by the variety of actors involved like national governments, multilateral agencies and WASH NGOs. Governmental WASH improvement programs such as the Total Sanitation Campaign<sup>2</sup> (TSC) of the Government of India and the STBM program (which translates to Community Based Total Sanitation) of the Government of Indonesia and international actors such as the Water and Sanitation Programme (WSP) of the World Bank, all use marketing tools to build up demand.<sup>3</sup> The Austrian Development Agency (ADA), a multilateral agency, includes awareness generation through dedicated social marketing efforts as a precondition to achieve sustainable sanitation solutions in the countries where it operates.

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2 A community-led, people-centered, demand-driven and incentive-based program created to address India's rural sanitation crisis

3 [http://siteresources.worldbank.org/INTWSS/Resources/case\\_marketing\\_sanitation.pdf](http://siteresources.worldbank.org/INTWSS/Resources/case_marketing_sanitation.pdf)

Figure 2: Differences between IGA and WASH marketing

Characteristic	IGA product	WASH product	Implications for WASH marketing
Purpose of financing	For working capital or purchasing business asset; generally for a purpose which directly impacts the income of the family	To purchase a toilet, a water connection or other WASH infrastructure (water tanks, water filters, sinks, etc.)	Awareness about the benefits and value of the proposed WASH improvement are important to generate demand
Target segment	Low income, generally with limited formal education	Low income, generally with limited formal education	Word of mouth is the most effective marketing technique used by FIs to market their IGA products to this target segment
Staff knowledge	FI staff understand the need for IGA loans and business principles	Staff generally are from the same communities they are targeting and they themselves do not necessarily understand the benefits of the proposed WASH improvement, making it difficult to market to others	Internal staff training on the value of WASH infrastructure is key; only when staff understand the benefits can they convince the customers of the need
Competition	Other FIs who are offering financing for similar products	Other FIs but also the existing WASH behaviors and practices of customers (open defecation, getting water from an unimproved water source)	The benefits of the proposed WASH infrastructure, when compared to the existing practices, must be emphasized in any marketing method used

Thus, with reference to a FI that wants to lend for WASH improvements, effective marketing should include two components:

- **AWARENESS GENERATION:** to educate clients about the ill-effects of their current practices and the benefits of the proposed WASH improvement; the benefits should cover not only the health-related items (better health, lower medical bills) but also the time-saving aspects (not waiting or walking for water) and the ways in which gained time can be used (attending school or work)
- **PRODUCT MARKETING:** to communicate the features of the WASH product through taglines, benefit statements, etc.

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## Popular approaches for WASH awareness generation

The challenge of generating awareness has led to several innovations in the field of communication. These communication techniques allow for effective awareness building for various socio-health issues including hygiene and WASH improvements. Results can be seen through behavior changes, improved health within a community, overall adoption of good hygiene practices and increased usage of WASH technologies. Techniques particularly relevant for WASH marketing include:

- Social marketing
- Behavior change communication
- Community led total sanitation

### Social marketing

Social marketing is defined as, “A process that applies marketing principles and techniques to create, communicate and deliver value in order to influence target audience behaviors that benefit society (public health, safety, the environment and communities) as well as the target audience.”<sup>4</sup> Social marketing uses the benefits of social good to motivate the customer to buy the product being marketed. In the context of WASH, effective marketing includes the benefits of having access to safe water and improved sanitation as a motivator for individuals to access loans to build a water point or a toilet in their home. Many resources are available to design and implement social marketing campaigns, such as the social marketing toolbox prepared by the WSP<sup>5</sup>, the social marketing toolkit developed by the NSMC<sup>6</sup> and the technical guidelines series on social marketing by UNICEF<sup>7</sup>.

Social marketing campaigns are generally undertaken by large government programs like the Total Sanitation Campaign of the government of India or multilateral agencies like the Total Sanitation and Sanitation Marketing (TSSM) campaign of the WSP of World Bank. The ability of FIs to undertake full-fledged sanitation marketing campaigns is usually not possible, as it is cost prohibitive. However, they can be very effective and FIs can partner with existing agencies to leverage the demand created as a result of these large-scale campaigns.

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4 [http://www.epa.gov/owow/NPS/outreach2009/pdf/051209\\_0930\\_Lee\\_handout.pdf](http://www.epa.gov/owow/NPS/outreach2009/pdf/051209_0930_Lee_handout.pdf)

5 <http://www.wsp.org/sites/wsp.org/files/publications/WSP-Introductory-Guide-Sanitation-Marketing.pdf>

6 <http://www.socialmarketing-toolbox.com/>

7 [http://www.unicef.org/wash/files/com\\_e.pdf](http://www.unicef.org/wash/files/com_e.pdf)

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## Behavior change communication

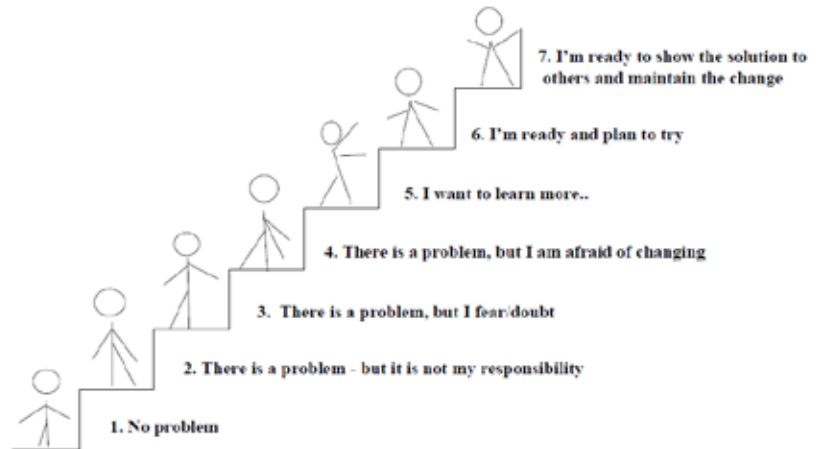
Behavior change communication (BCC) is “the process of working with individuals, communities and societies to develop communication strategies to promote positive behaviors such as hand washing or eliminating open defecation.”<sup>8</sup>

BCC is a research-based, advice-giving process that addresses the knowledge, attitudes and practices of a community.<sup>9</sup> By identifying, analyzing and segmenting community members into groups, FIs or WASH NGOs can target segments of the community with relevant information

and motivation through well-defined strategies, using an appropriate mix of interpersonal, group and mass-media channels. BCC also includes participatory methods which allow the community to be involved in deciding how something is done. For WASH, this could include asking the community to talk about the impacts of open defecation on their families and deciding to post signs reminding people of the benefits of using a toilet.

BCC utilizes the information, education and communication (IEC) concept<sup>10</sup> but goes a step further in order to bring about behavioral change. While IEC interventions are limited to creating awareness about the subject matter, BCC interventions also include the creation of an enabling environment to ensure that behavior change occurs and is sustained. If a campaign is organized to create awareness about the harmful effects of open defecation, it is considered an IEC intervention. However, if the same intervention is conducted and includes the provision of WASH loans, access to equipment, and masons for the construction of toilets, it is considered a BCC intervention. For more information on development of BCC, please refer to [these modules](#).

Figure 3: Behavior change continuum



8 <http://www.k4health.org/toolkits/zimbabwe-hiv-prevention/behaviour-change-communication#block-views-toolkit-page-resources-block>

9 [http://www.unicef.org/wash/files/com\\_e.pdf](http://www.unicef.org/wash/files/com_e.pdf)

10 “IEC is a public health approach aimed at changing or reinforcing health-related behaviors in a target audience.” World Health Organization

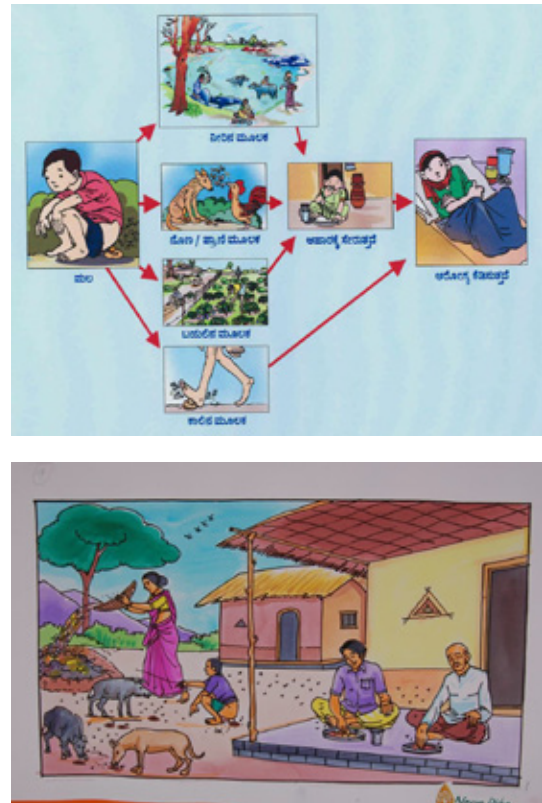
Gramalaya Urban and Rural Development Initiatives and Network (GUARDIAN), a microfinance institution (MFI) in India, uses BCC to conduct its product marketing. They contact local leaders, share IEC materials and organize village meetings where community members can learn about the importance of practicing good hygiene, the benefits of having safe water or a hygienic toilet and learn about the availability of the WASH financial products that GUARDIAN offers. GUARDIAN hires professionals to conduct the awareness campaigns and uses IEC materials like pamphlets and street plays in the targeted villages. These activities can range from focusing on an entire village or take place at someone’s home during a self-help group meeting, for example.

Grameen Financial Services, a Water.org partner MFI in Karnataka, India, has collaborated with Navya Disha, a WASH NGO, to develop IEC materials using the BCC philosophy. These materials convey the health risks of open defecation in pictures and language that is simple and easy to understand.

### Community-led total sanitation (CLTS)

CLTS is a method for mobilizing communities to eliminate the practice of open defecation in their geographic area. It is a participatory method that encourages the creation of solutions by the community for ending open defecation. Based on the logic that the availability of hygienic toilets alone is not enough to trigger the behavioral change required, the method relies on the conviction and motivation of people for the discontinuation of open defecation. To achieve this, CLTS depends on proven triggering techniques to sensitize the community about the risks associated with open defecation. For FIs, this intervention can be useful in generating demand for WASH financial products. The CLTS technique is better suited for NGOs as it requires dedicated time and specialized skills. FIs can partner with NGOs and help make this technique successful by offering financing to community members interested in WASH products.

Figure 4: IEC material used by Grameen Financial Services





A CLTS program is implemented in the following steps:

- STEP 1. PRE-TRIGGERING:** field staff is required to gather information about the village—size, demographics, and the location of areas used for open defecation—from local leaders and village chiefs, conduct visits to the area and set the date for the triggering activity that considers the local factors.
- STEP 2. TRIGGERING:** a day-long activity that requires a team of trained facilitators (usually 2–4, depending on the size of the community) to organize the event. It is a participatory activity that depends largely on the presence of the community members. Participatory methods, like open defecation mapping (having the community draw a map and plotting the areas where people are defecating), are used to stimulate discussion, enable communities to analyze their sanitation conditions and identify the harmful impacts of open defecation on public health and the entire neighborhood environment. The objective of the facilitators is to help the community arrive at a collective decision to stop open defecation. More details of these activities are available in the CLTS handbook<sup>11</sup> available online.
- STEP 3. POST-TRIGGERING:** even when the triggering phase has resulted in a collective decision to abandon open defecation, changing community dynamics and habits takes time and old practices can relapse. In these cases, timely and measured interventions by facilitators may help make the difference between success and failure overall. One of the most popular participatory techniques used in this stage is community mobilization, which aims to create open-defecation free communities using an upfront approach and shame to achieve the desired behavioral change. It is not enough for individual households to build and use toilets when other members of the community continue to practice open defecation. The entire community faces the negative effects of this and they must work together to motivate each other and change their collective behaviors. This technique is used by large sanitation campaigns like those run by national governments and multilateral agencies.

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11 <http://www.communityledtotalsanitation.org/sites/communityledtotalsanitation.org/files/media/cltshandbook.pdf>

CLTS requires trained facilitators to conduct the session to trigger the community into action. The purpose of triggering is entirely to motivate the community to change certain behaviors and not necessarily to buy a particular WASH product. Therefore, having an in-house team conduct CLTS-triggering sessions may not directly benefit the FI. A more effective way would be to identify WASH NGOs or government programs using these techniques and offer the FI's services to those households already being triggered.

### **Selection of partners for WASH marketing**

All three awareness techniques described above require FIs to work closely with entities like government WASH programs or WASH NGOs. FIs may develop in-house WASH capacity but many of them still utilize these partnerships to build up their WASH knowledge. In order to be successful, the FI must identify where their ability to create demand among potential clients is weak and find appropriate partners that can help with things like mason training, understanding available government subsidies, conducting hygiene education, etc. The most successful partnerships are likely to be mutually beneficial—WASH NGOs want to help people get access to water and toilets and may be looking for financing for clients and/or government agencies may have an interest in improving the WASH situation for their geographic region.

The table below provides some key considerations for FIs when selecting partners:

Figure 5: Partner selection for the FI

Partners	Key considerations when developing partnerships
WASH NGOs	<p>What is the track record of the WASH NGO with awareness-generating programs? What feedback, if any, is available from previous donors on the work of the WASH NGO? Do they have sufficient funds to continue their operations?</p> <p>Does the mission and vision of the WASH NGO align with the FI's goals?</p> <p>What are the key competencies of the WASH NGO: developing IEC materials, conducting CLTS-triggering activities, training masons to build toilets or teaching hygiene education to clients? Do these align with the marketing objectives of the FI?</p> <p>Does the WASH NGO's geographical area of operation, both current and future, align with that of the FI? (The WASH NGO must have the ability to undertake the marketing activities in the operational area of the FI.)</p> <p>Are the FI and WASH NGO clear on the roles and expectations that each have from the other? Are they both willing to formalize them into a memorandum of understanding (MOU) or contract?</p>
Government WASH programs	<p>What are the core awareness-generation activities under the government's WASH program? When are the activities taking place and what is the duration of the program?</p> <p>Does the government's WASH program have available marketing collateral (posters, training materials, etc.) which can be used by the FI's staff and clients?</p> <p>Does the government WASH program have personnel (experts on hygiene and sanitation) which the FI can leverage to address clients and train staff?</p> <p>What are the geographies covered by the WASH program and do these align with the FI's operational area?</p> <p>What are the policy requirements of the government programs?</p>



# 2

## Preparing for the Marketing Plan

In order to create a marketing plan, it is important to gather all of the relevant information in advance. For some institutions, this work may have already been completed, which may mean that this chapter is not applicable.

However, for those who have not thought about how they are going to message their product, the methods available to promote their WASH financial product or how to build demand for WASH and deal with competition, this chapter covers a step-by-step approach FIs can follow in order to be prepared to create a marketing plan which includes the following:

- » Step 1: Understanding the context and customer
- » Step 2: Valuing the WASH financial product
- » Step 3: Formulating the marketing objectives
- » Step 4: Developing the message
- » Step 5: Communicating the message

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## Step 1: Understanding the context and the customer

Once a financial institution has developed a WASH financial product, an effective product marketing strategy to promote and scale the WASH loan portfolio of the FI needs to be developed. Like in the product creation phase, the FI needs to use information gathered during the market assessment in order to understand the context in which they are promoting their WASH financial products and develop an effective marketing strategy. With proper knowledge of the needs and characteristics of the target market, a plan can be developed to sell products that have value to that market. The quality and care with which you research and analyze the market will determine the quality and effectiveness of your product marketing strategy and lay the foundation for future success of your product. This step should be repeated periodically as you continuously strive to meet customer needs and to improve the value you have to offer.

Broadly, FIs need answers to following questions to understand two aspects of the client segment: their financial behavior and their demographics (including current WASH practices). The relevant questions are as follows:

### Demographics and WASH practices

- What is the demographic profile of the target clientele?
- What are the target client's perceptions of WASH infrastructure?
- What threats currently face the target clients?
- What is the target client segment's prior experience with WASH facilities?

### Financial behavior

- How much are target clients willing to pay for WASH facilities?
- What services and products are available to the potential/existing clients and at what price?
- What features of the financial product would be most suitable for the requirements of the target segment?

### Additional questions

- What is the overall market environment?
  - What are the economic, political and legal characteristics that could influence your WASH financial product offering?
  - Who are your competitors?
  - Does the FI have experience working with the selected segment? If not, does the FI have the capacity and skills to deal with this customer segment?
-

Much of this information may already be available if the FI has conducted detailed market research, as highlighted in Toolkit 2 on WASH product development. This information can be analyzed to identify the various client segments present among the general population and can inform the FI how best to reach each one through its marketing efforts. Target clients for WASH loans may vary in terms of their needs and their ability/willingness to pay. It is important to divide the overall market into key subsets, whose members share similar characteristics and needs—a process called market segmentation, which allows FIs to adapt their products or services to fit the needs of specific segments of the population.

## Market segmentation

The WASH market is not homogenous and hence the “one product fits all” approach will not work. The WASH needs of the low-income segment are as diverse and complex as those of higher-income groups and market segmentation can help you to better understand that diversity and complexity. The segmentation process can enable FIs to:

- **Deepen the understanding of WASH customers:** What are the different groups of clients that the FI wants to serve? How do their preferences differ? Do loyal borrowers with poor repayment records have certain characteristics in common? Which of your current clients would you like more of and how can you reach them?
- **Achieve more effective outreach:** Market segmentation can help reach a specific outreach objective, for example, serving existing clients practicing open defecation in urban areas. By identifying and focusing on the segment (or perhaps, sub-segments) you most want to serve, you can better understand their needs and concentrate your resources on the clients within that segment.
- **Design appropriate communication mix:** By analyzing the demographics, perceptions, behaviors and the cultural context of the clients, FIs can arrive at the most appropriate communication mix to target the different segments of the population. For example, if the majority of the target clientele are from rural areas where the penetration of television is lower than radio, using radio spots as the main channel to spread the marketing information would be wise. If the target clients are urban and can read and write in the local language, pamphlets and reading materials can be useful for marketing purposes.

Market segmentation can be conducted by a:

- **Survey of the market:** the research team should visit WASH product suppliers, distributors and retailers to determine what does and doesn't sell
- **Survey of existing and/or potential customers:** the research team should visit clients to understand their WASH challenges and needs; segmenting the results by existing and potential customers can give further insights into how to target each group

FIs can conduct the survey in-house, hire a consultant or set up internal systems to do it automatically, for example, collecting information useful for segmentation from loan applications and using the FI's management information system to help organize and process that information. FIs may need to examine a number of segmentation variables (as shown in the table below) in order to select the ones that best explain customer behavior in the particular product or market context.

Figure 6: Potential market segments for WASH products and implications for marketing

Segmentation variables	Potential market segments	Implications for marketing
Gender	Women and men	If women are the target segment, the communication messages must focus on issues relevant to them like gaining time when not collecting water or increasing dignity with the discontinuation of open defecation
Literacy levels	Varies	If the target segment is illiterate, more audio-visual communication tools need to be used over written formats; if the target is literate, brochures and posters may be effective
Age	School-aged children	Many WASH NGOs target school children with hygiene education and the marketing should be created with this in mind; could include cartoons or animation
Sanitation practices	People practicing open defecation	The FI may have to include hygiene education developed either internally or with the support of a WASH NGO or existing CLTS campaigns
Drinking water practices	People using unimproved sources of water (e.g. open wells)	The marketing will need to include the benefits of piped water and the health risks of open water sources
Location of clients	Urban or rural	In rural areas, using opinion leaders to communicate the benefits of WASH improvement (like village government); urban areas are likely to be reached by marketing efforts through mass media channels



As the information is processed, experiment with different customer groupings and check to make sure that the groups under consideration have the potential to be effective market segments. An effective market segment should be:

- Identifiable – can you describe the customers in the segment as having several characteristics in common?
- Measurable – can the size, purchasing power and characteristics of the segment be measured?
- Accessible – can you effectively reach and serve the segment?
- Substantial – is the segment large and profitable enough to serve?
- Differentiable – is there something unique about the segment’s response to different marketing-mix elements (for more details on marketing mix please refer Step 3) that distinguishes it from other segments?
- Actionable – can effective loan products be created to attract and serve the segment?

## Utilizing the WASH market segments

Once the various WASH market segments have been identified, select the segments that offer the greatest opportunity for success. Success may be defined differently by each FI, so make sure the institution’s core competencies are consulted when defining what success would mean with this addition to the overall portfolio. By closely examining the FI’s availability of expertise, resources and ability to focus on the segments with the greatest need for WASH financial products, the FI can select the ones it can best serve.

### Step 1 Checklist

Before moving onto the next step, make sure you can answer the following:

- Who are your potential WASH customers? What are their needs, wants, preferences, values and priorities in WASH?
- Who are your competitors in WASH financing?
- What are your institutional strengths and weaknesses in relation to financing a WASH product?
- What is the overall WASH market environment? What are the economic, political, legal and technological characteristics that could influence your WASH financial product offering?
- What threats and opportunities do you face entering the WASH sector?
- Which market segment or segments could you best serve given your internal capacity and the external environment?



## Step 2: Valuing the WASH financial product

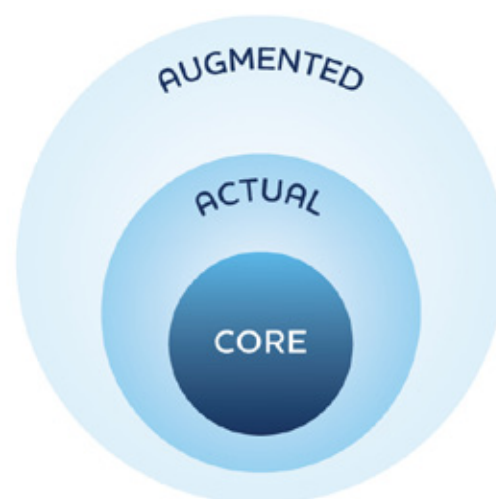
The next step of the product marketing process also involves considerable research and analysis. The goal is to understand the value that your WASH product offers the market segment(s) you have decided to target. What do you offer the market and is it what the market wants? Perhaps the easiest way to think about the value is as a ratio between what a customer gets and what s/he contributes.

Once the WASH financial product is developed, the FI should understand, analyze and examine the product from a marketing perspective. One of the most common analytical frameworks is presented in [Figure 7](#). The overall service product has three layers:

- **THE CORE PRODUCT** is the reason why customers buy a product or service. It is the need or benefit that the FI fulfills or provides (e.g. a sanitation loan might offer social status, convenience, improved health and dignity and security for the women in the household; similarly, a loan for a piped water connection might offer time savings and improved health).
- **THE ACTUAL PRODUCT** is what customers buy. This includes all of the product's design features as well as the physical product itself (e.g. clients take out WASH loans and receive/construct the improved toilet, pipe water connection or water storage tank).
- **THE AUGMENTED PRODUCT** is the way customers receive what they have bought. This includes how the product is delivered and serviced (e.g. the loan, the delivery of materials, the provision of technical advice, the time and doorstep delivery of the physical WASH product, and the availability and quality of services of particular mason and/or construction firm).

When thinking about the service product layers of a WASH financial product, the FI should consider the impact of all three on their clients' experience, especially when relying heavily on word-of-mouth marketing for the success of the product. This kind of analysis can be useful in helping the FI understand the WASH financial product offering from the customer's perspective, but it is somewhat limited in terms of the level of detail and comparison that it can facilitate. The analytical tool becomes a more practical instrument when combined with the concept of a marketing mix. What WASH need is the product fulfilling? What features are customers buying? How are customers receiving the benefits and features the FI offers?

Figure 7: Layers of the service product



## What is the marketing mix?

The marketing mix is a set of tools that any institution can use to pursue its objectives in the market. As many as eight different factors can make up the mix. They are generally referred to as the “8P’s” and are briefly described below.

For full details, refer to the second toolkit in this series

Figure 8: The marketing mix (8P’s)

The “P”	Details
Product (design)	Includes specific WASH product features, such as amount, loan tenure, schedule of disbursement, collateral or guarantees, amortization schedules, repayment structures (e.g. balloon payments or interest-free grace periods, etc.); for example, a loan for digging a well may be a higher loan amount than connecting to a municipal water point
Pricing	Includes the cost of the WASH improvement—the cost of building a toilet, the cost of the water tank, etc.—in addition to the interest rate to be paid for the loan and other charges involved
Place	Refers to distribution and making sure that the product/service is available where and when it is wanted; includes options such as doorstep delivery of a physical WASH product
Promotion	All aspects of sales promotion; includes road shows, radio broadcasts, WASH-awareness campaigns, advertising, public relations and direct marketing
People	Includes how the clients are treated by the staff involved with product delivery—the staff of the FI or any other party involved in the supply chain that directly interface with the client—masons, health education workers, or manufacturers; it also includes recruitment, internal communications, performance monitoring and training; FIs should ensure that each stakeholder represents quality communication and respects the clients and brand
Positioning	This refers to the FI’s effort to occupy a distinct competitive position, or perception, in the mind of the target customer; this could be expressed in terms of low transaction cost, low price, high quality, security of savings, quick turn-around time, professional service, etc.; for WASH specifically, this could be the value-added services with the product, such as technical guidance, access to wholesale pricing or linkages with stakeholders that benefit the client
Physical Evidence	This is what makes the FI and its invisible, intangible services visible; it includes the presentation of the product, how the branch physically looks, the appearance of the brochures, posters and passbooks, etc.
Process	How the products and services are delivered, how the transaction is processed and documented, the queues/waiting involved, forms to be filed; several special processes may need to be in place for WASH loans, as they are different from loans for IGA, like government approval/application for a water point

Source: *MicroSave*

## How can we use the marketing mix?

FIs can use the marketing mix in two ways: first, to examine the details of the WASH products currently being offered and second, to compare the product with the existing practices followed by the clients. As mentioned earlier, the competition faced by FIs within the WASH space is primarily the existing WASH practices of the clients. For example, the competition for a sanitation loan product is the practice of open defecation by the target segment. [Figure 9](#) illustrates how the 8P's can be combined with the concept of a core, actual and augmented product to create a product competition matrix.

Figure 9: Product competition analysis framework for WASH finance

Product	Clients	Competing practice	The FI
<b>Core Product</b>			
Customers' WASH needs and wants	What is the unmet WASH need or want?	How are these WASH needs met currently? What are the practices followed by clients?	How are we addressing this WASH need/want, if at all?
<b>Actual Product</b>			
Product Design	What terms and conditions do the clients want? What products do clients demand? What price are clients willing to pay?	What products or entrenched behaviors compete with ours? What motivates the clients to continue with existing WASH behaviors and practices?	When examining our product, which product features are superior/inferior to existing practices?
Pricing			
Physical Evidence (etc.)			
<b>Augmented Product</b>			
Place	How do we communicate with clients? Are they literate, geographically concentrated, etc.?	What is the perception of the clients about their existing practices? For example, open defecation is accepted culturally in many rural areas of India, FIs may have to understand the reasons for acceptance to learn how to counter it	How do we currently sell our product (e.g. marketing, incentives, etc.)? How are we perceived in the market?
Promotion			
People	What communication is used for other products? Will they work for WASH financial products?		How do clients (and non-clients) perceive our current product(s)?
Positioning			
Process			

Source: *MicroSave*



## Step 2 checklist

Before moving on to the next step, make sure you can answer the following:

- Why do you think customers will buy your product? What problem does it solve for them or what need(s) are you meeting?
- What makes your product valuable compared to that of the competition?
- Are you serving the clients you want to serve? If not, why not? Are you giving that market segment what it wants? Which needs aren't you meeting?
- How is the value of your product perceived in the market? Is this how you want your product to be perceived?
- Are current customer perceptions (or misperceptions) helping or hurting you? In what ways?

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## Step 3: Formulating the marketing objectives

The objectives put into words what the FI is trying to achieve with its WASH marketing. Since the FI is focusing on two broad components—to increase awareness of clients and to educate client about the financial product—they need to have clear objectives for all the marketing activities that they plan to do. The objectives must be easy to understand so that they can be measured and evaluated; allowing the FI to make decisions on what is working and what isn't. It is also important to consider the resources necessary to track and measure the outcomes of the marketing activities to ensure that the objectives have been met. Creating the marketing objectives with the SMART criteria<sup>1</sup> in mind can be useful to ensure clarity and effectiveness. The SMART criteria is:

**SPECIFIC** – Objectives should be stated in a way that precisely describes what you are hoping to achieve; for example, an objective like “improving awareness about sanitation and hygiene” is too vague. A more effective objective would add the health impact of the behavior connected to the activity; for instance, “improving awareness about the transmission of germs and illnesses caused in the absence of proper hand-washing after defecation”.

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1 The creation of the SMART objectives is often credited to Peter Drucker in his 1954 book “The Practice of Management”

**MEASURABLE** – The objectives must be quantified (able to be counted) to ensure that they are measurable; for example, objectives of outreach and profitability are measurable. Objectives like behavior change, people reached through marketing, and profitability of loans disbursed are much more likely to be effective.

**ACHIEVABLE** – Determine whether the objectives are reasonable in terms of what can actually be achieved; for example, stopping open defecation among clients may be too ambitious a task for a FI. This may be more appropriate to state that in partnership with a WASH NGO, this activity could be achieved.

**REALISTIC** – When considering the objectives, ensure that the FI has sufficient employees and resources available to achieve the objectives you have set; if the resources aren't available, the objectives must be adjusted to match the actual capacity of the organization. FIs must be careful when formulating their objectives for WASH, as they may not have the resources to reach entire communities through social marketing campaigns.

**TIME BOUND** – Create a timeline with target dates for each specific objective; as the FI gains more experience in WASH financing, it will gain a better sense of how long certain objectives take to achieve.

Sample marketing objectives for a financial institution offering loans to build toilets may be:

- Awareness generation: in 12 months, 1,500 clients will be aware of the top three health risks of open defecation
- Marketing WASH products: by the end of this calendar year, 600 loans will be dispersed for building toilets

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## Step 4: Developing the message

By now, the FI has identified the customer segments it wants to target, examined the value of the proposed product and how it meets the needs of the target segment. The availability and value of the product now needs to be conveyed to the market. Potential customers need to understand the product terms, be convinced of the product benefits and know how to access the loan.

To effectively communicate the value of a WASH financial product, appropriate messaging must be prepared before the actual delivery of that message. Too often, FIs skip this step as they rush ahead to get their WASH products into customers' hands as quickly as possible. They frequently confuse the sales vehicle (like a newspaper ad) with the message itself. It is important to keep in mind that the vehicle must aid in the propagation

of the message rather than defining it. Remember that even if you have done excellent research and have developed WASH financial products that deliver exactly what your market needs, it will not automatically translate into rapid uptake of the product. For that, the FI needs proper messaging to articulate the things clients will need to know prior to accessing the loan, which includes how the product meets the needs of the client and how it is a healthier alternative to their existing behavior.

Four core components are used to build a product marketing message:

- The brand name
- The tagline
- The unique selling proposition (USP)
- The benefit statement

Each of these components can convey something about your WASH financial product and the value it brings to the target market. Together, these components can produce an effective message.

## What is a brand?

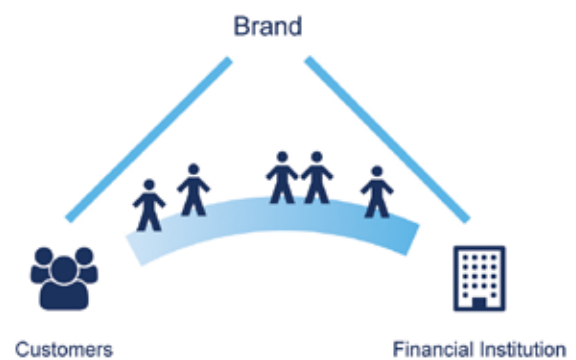
A brand is the name, design, symbol or any other feature that distinguishes one seller's product from any other product. It also includes the intangible—the promises, benefits, personality and expectations that customers attach to that brand. In the words of David Ogilvy, founder of one of the world's largest advertising networks,

*“A brand is a complex symbol. It is the intangible sum of a product's attributes, its history, reputation and the way it is advertised. A brand is also defined by consumers' impressions of the people who use it, as well as their own experiences.”*

A brand is a bridge between a FI and its clients, it's the relationship that the FI and its products have with your market. At first, the name given to a product is just a name, but as soon as it is delivered to the market, it will come to represent the product brand and will serve as either a warranty of quality service or a warning of a service to avoid. For this reason, it is important to be careful when selecting a name and the marketing messages you use because everything associated with it will affect your brand reputation (both good and bad) and will be a reflection of the FI as a result.

When selecting a name for a WASH financial product, it is a best practice to choose something that will stick in the consumer's mind after s/he hears it.

Figure 10: The brand as a bridge between an FI and its customers



An effective brand name will possess some or all of the following qualities:

**It will suggest something about the product’s benefits:**

- *Nirmal* loans, provided by ESAF in India for toilet construction, means cleanliness, hygiene and reflects the outcome of using the loan
- *Boma Safi* means clean compound and is a sanitation loan product offered by ECLOF in Kenya

**It will suggest product qualities such as convenience, speed or reliability:**

- *Jewandhara* loans, provided by ESAF for piped connection, means life-support, a metaphor used for convenience to women

**It should be easy to pronounce, recognize and remember:**

- The *Kisima* loan by ECLOF means “well” in Swahili and is a loan for digging and lining wells

Figure 11: Consistent branding: SMEP’s WASH loan product logo



A brand name often comes packaged with a logo, symbols or colors that help make the brand easily recognizable and memorable. For product branding, one strategy that can be particularly effective is to design a sub-brand for your product that builds on the corporate brand of the FI. This not only etches the product in your customer’s mind, but also reinforces the image of your institution. For instance [Figure 11](#) shows how Small and Micro Enterprise Programme (SMEP), a FI in Kenya, created a WASH logo consistent with its institutional brand, allowing it to leverage trust for the new WASH services as existing and potential borrowers are already familiar with the institutional brand.

## What is a tagline?

A tagline is a short phrase, sentence or slogan that is closely connected with the brand name. It is a positioning statement that describes the essence of how you want customers to think about your product. The tagline seeks to communicate your key product message to customers and embed it their memory. As with brand names, the product and corporate tagline should not be identical, though they can be related.

Some examples of WASH product taglines include:

- “*WC Sendiri Keluarga Mandiri*” (A modern family owns a toilet) A WSP campaign in Indonesia (see [Figure 12](#))
- “*Save Water, Save Life*” A tagline for the WASH products offered by SMEP in Kenya

## What is a unique selling proposition (USP)?

A USP differentiates your WASH financial product from that of a competing FI's product. It is not just a special feature, it is a distinguishing feature that is valued by your clients and is not offered by anyone else. Both elements of this definition are important—a USP must be something the client values and something that you can justifiably argue that you do better than anyone else does.

Uniqueness in itself is not a benefit and shouldn't be confused with a USP. You could produce the only fifty-kilogram pencil in the world, but that does not mean they would sell. Examine the product or service from the customer's perspective, carefully considering what they would find appealing, and then consider what benefit(s) differ from what else is in the market. It's more than offering a WASH loan, since other FIs are also offering similar products. What makes yours the best choice for clients? In general, it is good to keep physical and financial USPs of WASH financial products as tangible and factual as possible. For example, a FI offering WASH financial product for a water tank might claim four related USPs:

- We have been around since 1978
- We do not keep customers' cards (referring to identity cards that other FIs in a specific market hold as collateral until the loan is fully repaid)
- We have partnered with the best water tank manufacturer
- We not only finance WASH products, we also ensure hassle-free delivery of the product by the manufacturer to your doorstep within 10 days

Figure 12: A WSP campaign tagline in Indonesia





## What is a benefit statement?

A benefit statement is a clear, concise description of what a customer needs or wants that your product can provide. It finishes the following statements:

- Our service offers the following benefit(s)...
- To the following customers...
- Our service is unique in the following manner...
- We are unique because...

It can be the single most powerful sales tool your WASH loan officers can carry. For example, the benefit statement for a water-harvesting product could be, “save money by harvesting water in your own house.” Similarly, the benefit statement for a sanitation loan product might be, “increase dignity for your daughters.”

A wide range of WASH marketing activities—advertising copy for brochures, posters and campaigns—should be guided by the benefit statement. Once created, the marketing collateral should be compared to the benefit statement to ensure that anyone targeted by them would be able to understand the benefits the product provides.

## How to arrive at the benefit statement

One of the easiest ways for an FI to identify the benefits its product is offering is to return to its 8P's. For each of the “8P” areas, develop an exhaustive list of all the product's features. Translate each feature into a short benefit statement from the perspective of the customer. When you're finished, you'll have a benefit statement inventory. See [Figure 13](#) for an example of what this process might look like.

## Tips for arriving at the benefit statement using the 8P's:


- Some features may not translate, however, *MicroSave's* experience shows that 90% of product features deliver benefits to some market. If, after reasonable effort, you find a feature that does not translate into a customer benefit, cross it off the list.
  - Sift through your benefit statement inventory to identify the benefits that matter most.
  - Compare your list of benefits to the customer needs, wants and preferences identified in your market research.
  - Use the competition matrix you developed in Step 2 to identify those benefits that no one else is offering, or that you think you can offer better than anyone else.
  - Use this information to edit individual benefit statements into an overall benefit statement or message for use in your marketing materials.
- 

Figure 13: Turning features into benefits: example of a FI offering loans for sanitation

### Product

#### Features

**Target segments** – Individual households and institutions

**Purpose of Loan** – To facilitate construction of:

- Latrines/toilets and bathrooms
- Latrines/toilets and bathrooms and septic tanks for institutions

**Supplier** – Partners with qualified contractors to use local innovations

**Loan amount**

Loan amounts between US\$235– US\$2,350 (institutions may require higher amount); accredited vendor paid directly upon completion of the work

**Loan tenor**

Proposed repayment of up to 24 months:

- For a loan less than or equal to US\$353: up to 12 months
- Between US\$354 to US\$470: up to 18 months
- More than US\$470: up to 24 months

**Repayment Frequency**

Weekly or monthly payments – allows flexibility and accommodates different income streams

#### Benefit Statements

Individual households can build the toilet of their choice because loan amounts are flexible based on the ability to pay

Payment is structured as per the household cash-flow cycle, allowing for alignment with surplus

### Pricing

#### Features

Interest on loans 18% per annum

Cash collateral 10%

Loan application fees 0.5%

#### Benefit Statement

Not applicable

### Place

#### Features

Loan amount to be disbursed at the FI branch office to the vendor constructing the toilet

Repayment at client location or group location

#### Benefit Statement

Clients do not have to spend time in arranging for the construction and payments to the service provider



Figure 13: Turning features into benefits: example of a FI offering loans for sanitation

Promotion	
Features	Benefit Statement
<p>Increased product awareness through personal selling by staff during group meetings and marketing campaigns</p> <p>Product brochures with visual images of the toilets and detailed product features and eligibility criteria</p>	Not applicable
People (Staff)	
Features	Benefit Statement
<p>FI has dedicated WASH staff/champions at the branch location to:</p> <ul style="list-style-type: none"> <li>• Manage the complex partnership with suppliers and stakeholders</li> <li>• Train the staff and clients on hygiene education, including encouraging the use of compost pits as an extension of hygiene</li> <li>• Pre-qualify service providers like masons and plumbers in the different branches</li> <li>• Assess loan appraisal</li> <li>• Guide head office on issues on WASH and branch level experiences</li> </ul>	<p>Clients are assured quality construction as the selection of the vendor is done by professionals</p>
Positioning	
Features	Benefit Statement
<p>Asset financing facility that allows clients to acquire clean and hygienic facility that guarantees social human dignity</p>	Not applicable
Physical evidence	
Features	Benefit Statement
<p>Quality and brand of physical WASH product, brochure and pamphlets of the FI, loan card and receipts</p>	Not applicable



Figure 13: Turning features into benefits: example of a FI offering loans for sanitation

## Process

### Features

- The FI sanctions loans and assigns a preferred vendor for the construction of the toilet
- Loan officer of the FI monitors the progress of construction
- Branch manager conducts physical visit to the site and issues a certificate of construction after satisfactory completion of the construction of toilets, or instructs the vendor to make amendments in the structure in case of variance in the quality standards
- The loan amount is disbursed by the branch office after the vendor constructing the toilet issues a certificate of completion

### Benefit Statements

Clients are given a hassle-free service; they do not have to worry about the progress of the construction and dealing with the contractor and the masons

Certificate of completion gives clients peace of mind that quality service was performed

## How do I design my promotional materials?

Once the core components of the message are defined, they need to be packaged in a way that can be distributed to both customers and the FI staff as sales tools. The message of your promotional materials should focus on the benefits the product offers the customer that are based on the results of the market research you conducted to design the product concept. Do not simply publish a list of the product features or components. The product was designed to respond to specific customer needs; use them and the benefits of the new product to promote it. In designing this literature, consider the following:

- **Start with the benefit statement.** Remember, clients do not buy features or products, they buy benefits and solutions.
- **Consider the audience.** Make sure that the language, detail and tone of the messages are appropriate for the people who will be hearing and/or reading it.
- **Be clear and concise.** The literature must be easy to understand and not create confusion about product features or requirements.
- **Be creative.** The literature needs to be attention grabbing and interesting. Using graphics, photos, pictures and/or color can be helpful.
- **Be consistent.** If you have a series of brochures describing different products or services, use common themes, colors, layout and size to tie them together and strengthen your overall brand.
- **Test your design.** Before printing a large quantity of materials, test the literature with focus groups of potential customers to ensure that it is compelling and effective.

- **Get support.** Many times, FIs do not have the internal capacities to design and develop the appropriate communication materials. FIs can collaborate with WASH NGOs or use government health-awareness programs to leverage on their expertise for designing and developing the material.

### What are you really selling?

ECLOF, a FI in Kenya, offers WASH financial products to low-income segments of the population. It conducted market research to assess the WASH needs of the community it serves. Soon after, it launched several WASH financial products including financing for water and sanitation products. To ECLOF's surprise the product did not do as well as they had thought it would.

According to the market research, improved sanitation facilities were identified as one of the major needs of the community. Hence, ECLOF concluded that a sanitation financial product would have great potential among its target market. The senior management team went back to the drawing board to assess the cause of low uptake. They also hired a sanitation expert to help them to understand what might be wrong with the way they were marketing the product.

They discovered that the FI staff did not understand the differences between the loans they were used to selling —income-generation loans—and the WASH financial products. They were not provided with specific WASH training and, as a result, they did not understand the need for, nor how to effectively sell, such a product. The FI staff was not sensitive enough to broach the subject of open defecation or the dignity gained from using improved sanitation facilities with potential clients. Instead, they were selling toilets and not appealing to the need of their clients the product would satisfy. ECLOF decided to develop a proper sales pitch for the sanitation loan products, trained the staff on WASH marketing and spent time and resources to generate awareness in order to create demand for sanitation loans. Afterwards, the product began doing well.

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## Step 5: Communicating the message

By now, the product marketing messages (brand name, USP, taglines and benefit statement) have been determined, and the message needs to be communicated to prospective clients. A planned approach to communication that is pre-meditated, organized and purposeful is needed to market the WASH loan product. Product marketing techniques can utilize either a push-based strategy or a pull-based strategy to reach customers.

For general IGA loans, most FIs tend to practice a **push-based strategy**, which involves marketing the product/financial service directly to the end user. It utilizes things like brochures or a sales team to push the opportunity (a WASH financial product) towards a lead (a potential client of the FI). As mentioned previously, this strategy can be appropriate for generic IGA loans because demand for these loans is self-evident. This means that potential clients already exist and, if the financial products have been developed keeping the needs of the clients in mind, the FI needs only to approach these clients and explain the product features. This strategy may not be enough for marketing a WASH financial product as clients may not be aware of the benefits of these types of products.

Therefore, FIs will also need to adopt a **pull-based strategy** that concentrates on marketing to a wide range of potential end-users with the goal of creating awareness and, ultimately, a strong demand for the WASH product/financial service. Some of the pull-based communication strategies that can be adopted for marketing a WASH financial product are described below.

### Interpersonal communication

Interpersonal communication (IPC) is a complex process that can be described in simplified terms: a sender and a receiver exchange messages containing both ideas and feelings. In the context of WASH financial products, this involves face-to-face communication between the FI and its clients. IPC can be done in-house with the help of frontline FI staff or with the help of government health extension workers. Around the globe, these have taken the form of training programs, short speeches in public places and direct communication with clients, either individually or in groups, to help community members become aware of the benefits of the proposed WASH improvement and the ill effects of using un-improved sources of water and/or sanitation. IPC can be expensive if the FI wants to target a large segment of the population.

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### Prerequisites for IPC success:

- FIs need to train their staff on what makes interpersonal communication effective, especially how to be persuasive and able to clearly articulate WASH information about the region in a way potential clients can understand
- Clear objectives in place; for example, changing an entrenched behavior like open defecation
- Ensure the FI is working to improve customer behavior and adoption, not just sell a product
- IPC is best suited for small and medium-sized FIs or those FIs targeting a sub-set of branches or clients
- Messages communicated in the local language and combined with engaging mediums like street plays, road shows or accompanied with collateral like product brochures and posters

### Benefits of IPC

- The message is effectively communicated since the process is very interactive; FIs can answer any questions or concerns raised by clients instantly
- The message is delivered directly to the prospective clients whom the FI wants to target
- The message is modified and suited to the needs of the specific community

The FI must select the most important topics to generate product demand among the potential WASH clients when using IPC. The temptation to push multiple messages (like using safe water and toilets and practicing proper hygiene education) at one time must be avoided. Messages must remain focused on the key product that the FI is trying to sell. For example, if the FI is promoting sanitation loans, they should focus on the need for toilets, the toilet technology available and recommended by the FI and the hygiene education to ensure clients use the toilets effectively. The message must also be standardized so that all the staff involved use the same message without missing important information. The staff can be given training guides and a list of FAQs to help them answer uniformly.

IPC messages tend to assume that the target audience does not understand the ill effects of open defecation or benefits of hand washing. However, this may not be the primary reasons for practicing a certain kind of behavior. Root-cause analysis of such behavior may give additional insight to some of the fundamental gaps that exist, like the lack of water to use a pour-flush toilet or inadequate space to construct a toilet in the house. Adults generally

have preconceived ideas and prior experiences and FI staff must adopt active listening techniques to understand the barriers to convincing clients to adopt the desired behaviors. Grameen Financial Services utilizes branch level workshops that employ IPC techniques between the clients and the MFI staff on various aspects of WASH and WASH products.

## Media channels

Advertising through mass media channels (including radio, television and print media) can be an effective way to generate demand through impersonal communication channels (communication without personal contact). FIs purchase media space (newspaper ad or billboard) or air time (radio or television) in order to advertise the WASH financial product. This allows the FI to communicate the services available to a large number of potential customers at a lower overall cost than would be possible through IPC. Advertising is particularly useful when there is a need to develop awareness within a mass market. Designing an advertising campaign is essentially a four-step process:

- STEP 1. KNOW YOUR OBJECTIVES:** The first step is to ensure that everyone involved in the campaign understands the purpose of advertising, i.e. what the objectives are and the criteria against which the campaign will be judged. The objectives will also dictate the types of media and messaging to be used and how it is conveyed. The most common objective for advertising is to increase the sales of a particular product or service. However, there can also be other objectives such as an increase in recall or brand building. It is essential to have clear and measurable objectives so that FIs can conduct a post-facto analysis of the effectiveness of the campaign.
- STEP 2. AGREE ON A BUDGET:** Advertising can be costly. The budget should go hand-in-hand with the size/number of the objectives and the purpose of the advertising. It is of little use to have ambitious targets unless there is adequate budget to support them. The size of the budget available will influence such things as the extent to which an advertising agency will be involved, how many impressions the FI can expect to have on potential clients and how much of the work can be carried out in-house. It will also influence the choice of advertising media.
- STEP 3. CRAFT A CLEAR, CREATIVE AND CONCISE MESSAGE:** As discussed previously, careful attention needs to be paid to the overall message of any marketing communication. In advertising, the creativity of the message is key and will often determine the success or failure of the campaign. However, creativity must not get in the way of clarity. The advertising



should convey the message in a simple, straightforward manner in a language that potential customers can understand. It should also be tested with a small number of customers before the advertising campaign proceeds.

**STEP 4. SELECT THE APPROPRIATE CHANNEL:** Once the message and style of the advertisement are agreed upon, the final step is to decide on the type of media to use. The available budget will have a big influence on this decision, as will the nature of the target audience and the purpose of the advertising campaign. FIs should conduct adequate research (or use a media planning agency) to identify which mediums are likely to generate the most cost-effective results.

The general advantages and limitations of major media types are summarized in the table below.

Figure 14: Major media profiles

Media	Advantages	Limitations
Newspaper	Flexibility, timeliness, good local market coverage, broad acceptability, high believability, allows some targeting (can choose a newspaper widely read by a particular target audience)	Short life-span, poor reproduction quality, competitors are likely to advertise at the same time/place, may be difficult to target specific audience (i.e. people without access to WASH), risk of leaving out illiterate population
Television	Good mass-marketing coverage, low cost per exposure, combines sight, sound and motion	High absolute costs, fleeting exposure, nature of viewers is difficult to predict, difficult to target particular market segments, risk of not reaching segment without power or television
Radio	Good local acceptance, high geographic and demographic selectivity, low cost	Audio only, fleeting exposure, low attention (“the half-heard” medium), fragmented audiences
Magazines	High geographic and demographic selectivity, credibility and prestige, high quality reproduction, long life and good pass-along readership	Long ad purchase lead-time, high cost, no guarantee of position, risk of not reaching segment that cannot afford to purchase magazines
Outdoor (billboards, posters in public places)	Flexibility, high repeat exposure, low cost, low message competition, good positional selectivity	Little audience selectivity, creative limitations
Mobile/cellular	Focused, low cost per exposure, fast	Limited by existing database of client contact numbers; lists may be available but expensive

Source: *MicroSave*

There may be benefits to utilizing more than one type of media at a time. For example, FIs like ECLOF and SMEP have organized advertising campaigns through radio and print media to coincide with the launch of a new WASH product in a particular branch. Brochures, posters, leaflets, and displays in the community and branch offices accompany these mass-media channels.

## Direct consumer contact

Direct consumer contact takes place when the seller (the FI) promotes a product or service directly to the consumer, without intermediary advertising like the media options highlighted in the last section. They often involve community events during which the messages are delivered in an entertaining and educational manner. Some examples include the following:

### Street plays

Street plays are a particularly common and popular medium of communication in places like India. Traditional folk theatre concepts are used to increase awareness of social and health issues related to WASH. This form of communication has been used extensively by a variety of NGOs tackling issues ranging from women's rights, preventing certain diseases and improving awareness about water and sanitation. Navya Disha, a WASH NGO in Karnataka, uses street plays to communicate the ill effects of open defecation. They recruit local street theatre groups to organize the street plays and explain to them the core messages they want to communicate. The street play group then uses their creativity to create a script that meets the needs of the WASH NGO and the FI. The geography and the number of performances in a particular area are additional considerations which need to be negotiated with the street play group.

### Exposure visits

As the adage goes, "seeing is believing." Exposure visits, in which members of target segment are taken to observe the product in use, can impart a first-hand experience of the quality of the final WASH product like a constructed toilet or the water connection. They also help create awareness of new WASH technology like ecological sanitation (EcoSan) toilets. One of the major concerns that clients have is the quality of the final WASH product that will be constructed or installed. Taking prospective clients to visit existing clients who have availed the WASH loans from the FI are useful to reassure them of the quality of not only the physical structure but also the loan process itself. This can work for FI staff as well as clients. For example, Grameen Financial Services took their staff to see the sanitation work done by Gramalaya, a WASH NGO in Tiruchirapalli.

## Road shows

A road show is a marketing event that takes place at a strategic location like a market place or in a village square where the FI can attract the maximum number of people from the target segment, within a short period of time. When planning a road show, preliminary research needs to be done to evaluate the optimal location and time for the event. SMEP uses road shows, which includes an event in a market place and continues as tanks are delivered to clients, to promote its water tank loan product. They partner with a local water tank manufacturer who delivers the tanks to the clients.

During road shows, clients share their experiences with the products. Since the event is public, SMEP builds good visibility among prospective clients, both directly or through word of mouth. They also distribute marketing collateral like t-shirts, WASH product flyers, key rings, etc. to participants. After the event takes place in the market, the water tanks are loaded onto a decorated truck and additional advertising takes place along the way as tanks are delivered. This has helped SMEP acquire more clients for its water tank loan product.

Figure 15: Photos from SMEP's road show



## Utilizing health camps for marketing

Sambandh, the microfinance branch of the Regional Rural Development Centre (RRDC) based in the state of Orissa, India, offers sanitation loans. When the loan was introduced, Sambandh promoted the toilet loan product like any of its existing microfinance loans, through direct selling by the loan officers to group meetings of existing clients. However, they soon realized that this was not the best approach. Sambandh came to understand that awareness generation was needed to scale up its sanitation loan product portfolio, as open defecation was an entrenched behavior and communities had low awareness about the ill effects of open defecation.

To overcome this challenge, Sambandh collaborated with RRDC to provide free health camps for its clients. In these camps, local doctors gave free health check-ups and dispensed medication for common diseases. The doctors who attended the health camps also educated the attendees about the importance of practicing good hygiene and sanitation for disease prevention. The credibility of the doctors helped leave a strong impact on the communities. The regions where health camps have taken place have seen a considerable increase in the uptake of the sanitation loan products. Sambandh plans to continue using this technique and introduce other marketing activities like street plays to scale up awareness in the region.

Advantages of direct consumer contact methods:

- Relatively inexpensive, when compared to mass media methods
- FIs can target a larger number of prospective clients when compared to IPC methods of communication
- Since these methods involve folk methods and allow prospective clients to directly observe the benefits of the WASH improvements, a strong impression is left on the minds of the people when compared to other methods
- They tend to allow for longer retention in minds of the clients as compared to a radio or print advertisements

Disadvantages of direct consumer contact methods:

- Developing skits for street plays requires some creativity; the FI may need to partner with professional street play artists
- These techniques involve one-way communication so soliciting feedback from attendees may be difficult unless branch staff are able to collect information from interested people during a play, road show or exposure visit

## Public relations

Public relations are deliberate, planned and sustained efforts to establish and maintain mutual understanding between an organization and its relevant public. A public relations strategy aims to ensure that there is a steady flow of positive, brand-strengthening stories circulated around the media to build strong links between your FI and the public. As WASH products have strong social appeal, PR can be effectively used to deliver strong positive outcomes about the FI to the public, which will strengthen the FI's reputation and brand. WASH financial products can provide stories about borrower's experiences (before and after intervention stories can be compelling), case studies documenting the results of adding the WASH financial product(s) to a FI's portfolio, coverage of inauguration ceremonies for community WASH facilities, etc.

Public relations can play the following roles:

- **Press relations** – sharing newsworthy information with media appropriate for the target audience; “earned” media (as opposed to paid media, like an advertisement) is far more compelling to the audience as a third party is endorsing the information by choosing to run it
- **Product publicity** – generating positive institutional or product-focused publicity
- **Public affairs** – developing and maintaining national or local community relations

- **Lobbying** – to influence legislation or regulation that effects either the finance-side or the WASH-side of policy that will have an impact on the FI and/or its clients
- **Investor relations** – with shareholders or the financial community
- **Development** – liaising with donors or NGOs to secure financial or volunteer support

With a diverse set of roles to play, it is important for public relations efforts to be coordinated, planned and targeted with care in order to ensure optimal impact and cost-effectiveness. FIs should spend some time examining their key stakeholders, their needs for information and the medium through which it is best communicated. A variety of tools can be used to facilitate this:

- **News:** (placed or naturally occurring) for best results, the news relating to your FI should tie into larger-scale current events
- **Speeches:** usually by senior staff at conferences/workshops
- **Special events:** news conferences, press tours, grand openings or educational programs; usually coinciding with important events (branch openings, product launches) or anniversaries (ten years of operation, the 100,000th loan made)
- **Informal lunches:** with influential community members, media representatives and/or clients
- **Written materials:** annual reports, brochures, articles or company magazines/newsletters
- **Audiovisual materials:** videos or slide-shows that allow audiences to see the FI's work in the field
- **Corporate identity materials:** logos, signage, etc.
- **Public service activities:** personal cleanliness and hygiene awareness for low-income families, training/information sessions, etc.
- **Sponsorship of activities and events:** since education is an important issue for FI clients, sponsoring children's tuition (selected in a transparent and fair manner) can create excellent community relations and even press coverage; alternatively, the FI may sponsor community events that raise awareness and visibility for the WASH financial products available

SMEP and ECLOF use various public relations techniques to conduct public launches of the WASH financial products at branches when the products are first being rolled out. These launch events are generally conducted after the pilot of the product, and before the rollout. Local WASH sector experts, reputed local persons (like government health officers) and existing WASH clients are invited to attend these launch events. Existing WASH clients are invited to share their experiences and the benefits of the WASH product or

improvement that they have invested in. These events are usually covered by the local print media which spreads the word about the WASH financial products to a larger audience.

## Direct marketing

Direct marketing is a sales strategy that can connect a FI directly with existing or potential customers. It is a flexible, low-cost and creative strategy that is less visible to competitors. As such, it is both an appropriate and particularly useful strategy for institutions with limited resources, although it is likely to have the most impact when applied by institutions with databases that are sufficiently sophisticated to allow for market segmentation and analysis. Direct marketing approaches which can be used by FIs to market their WASH product include:

- Direct mail
- Online/email
- Targeted press advertising
- Pamphlets/brochures/leaflets
- Telephone marketing
- Kiosk marketing
- Participation in radio or TV programs with built-in direct response mechanisms (e.g. call-in talk shows)

When using direct marketing, it is important to ensure that your potential customers are given simple instructions about where, when and how they can apply for your WASH financial product. Direct marketing efforts are usually more effective when accompanied by an advertising campaign which allows customers to recognize your FI and your brand around the same time the direct marketing contact is made. For example, if a local FI branch runs an ad on the radio and then follows it up with a brochure mailed to the homes of people living near the branch, people may be more likely to read it and get sufficient information to visit the branch and apply for a loan.

Advantages of direct marketing include:


- Targeting precision (more effective segmentation)
  - Testing (markets, offer, services, timing, creative, format)
  - Measurable (known quantity of the effort and the response to it)
  - Control of timing (when the campaign is conducted)
  - Advertising cost effectiveness
  - Less visible to competitors
- 

Figure 16: Awareness-generation brochure from a WASH NGO



### Sales promotions

Sales promotions are short-term activities designed to boost sales of a product for a limited time, or to entice new customers to experiment with an institution’s products and services. Sales promotion is an effective strategy for promoting new WASH financial products. FIs might employ this technique by waiving processing fees or by offering superior interest rates, or flexible terms for borrowers. Typically these promotions are:

- Time-bound: “Apply for a WASH loan before 31st December and we’ll waive the processing fees.”
- Activity-based: “Bring in five new customers and we’ll waive the last installment on your WASH loan.”
- Segment focused: “Special offer for women: one-day priority processing of your loan application.”

Some of the sales promotion techniques used by FIs include: coupons, special pricing, point-of-sale offers, contests, rebates, prizes and lotteries.

## The communication mix for SMEP's WASH products

SMEP, a deposit-taking FI in Kenya, offers a variety of WASH loans, which includes water harvesting systems and water connections (Majhi Uhai), loans for constructing VIP latrines, bathrooms and septic tanks (Boma Safi) and loans to assist customers to drill boreholes, reticulation of open shallow wells and digging new wells (Kismia). SMEP uses a combination of communication techniques to market the WASH loans including:

**INTERPERSONAL COMMUNICATION:** field officers in all the branches of SMEP are trained in WASH, particularly about improved toilets (VIP latrines, septic tanks) and hygiene education. These field officers regularly interact with a large number of clients in their daily work and share information about hygiene education, available WASH technologies and the WASH financial products available.

**OPINION MAKERS:** SMEP is owned by a church affiliated body and is able to market the WASH financial products directly to church members. This relationship helps SMEP with its credibility and, therefore, people are more willing to listen to the benefits of the proposed WASH improvements.

**ROAD SHOWS:** road shows were used to market the Majhi Uhai loans. During the road show, existing clients were asked to explain why they had taken loans for their water tanks and what value they saw in the product. T-shirts, hats and product brochures were also distributed to the public to further solidify the brand and product availability. Since a significant number of non-clients witnessed the road shows, more water tank loans were generated.

**MASS MEDIA:** before the launch of the product at each branch, SMEP advertised the WASH financial products on the local radio station using short sound bites explaining the benefits of WASH improvements and the product features.

**PUBLIC RELATIONS:** for the rollout of the water tank product, SMEP held events in the areas where it saw the maximum potential for the WASH financial products. For the product-launch event, SMEP invited a number of representatives from WASH NGOs, government ministries involved in improving WASH conditions, WASH product manufacturers and suppliers, media and existing clients to participate. Local newspapers and news channels covered the event. This allowed SMEP to explain both the benefits of the WASH improvement and the loan products available to a large audience.

This mix of communication techniques has helped SMEP disseminate the benefits of the WASH improvements, which has led to a significant demand for the WASH products, helping SMEP achieve both its social and commercial objectives.



## Marketing activities for WASH products by Grameen Financial Services

Grameen Financial Services offers credit products for sanitation and water connections at subsidized rates, when compared to its flagship credit products. To create demand for these WASH financial products, they have invested in a range of awareness-generating and marketing activities. They also started a partnership with Navya Disha to design IEC materials. Grameen staff was then trained on how to effectively use these IEC materials, along with proper hygiene practices. Finally, the messages were communicated to the pre-selected target segment using various delivery techniques, which can be broadly categorized into two distinct categories—activities targeted at existing credit customers and their friends, and activities aimed at opinion leaders and the general public.

Activities for existing customers included:

- **Kendra meetings:** the field staff used IEC materials to deliver messages about the importance of water and sanitation facilities and the ill effects on health in the absence of these facilities. Clients were also educated about how to follow hygienic practices in their lives. Details of the WASH financial products offered by Grameen were also explained in these meetings, which allowed for an effective and low-cost way to target existing customers.
- **Pamphlet distribution:** Grameen distributed hygiene, water and sanitation pamphlets to their existing clients. The clients were encouraged to pass these pamphlets along to their friends and neighbors. Grameen has been very successful in using this technique to reach out to potential customers.
- **Branch-level workshop:** representatives from each branch and their friends/relatives are invited to a workshop that conveys information about the WASH financing through folk media, discussions about water and sanitation with a consultant/subject matter expert, testimonials from existing beneficiaries and assistance with applications from interested clients for water and sanitation facilities.

Activities targeted towards the general public and opinion leaders included:

- **Street plays:** a professional team is hired to conduct street plays in the areas where Grameen operates. The team performs plays with core message related to water, sanitation, personal hygiene, environment and other health related issues.
- **Gram Panchayat meetings:** this method is generally used to reach opinion leaders. Grameen staff meet with local leaders (Gram panchayat officials) to introduce the availability of water and sanitation financing. During these meetings, they also educate the leaders about the importance of hygiene in water and sanitation practices and the different government programs available to their village. By using a mix of marketing activities, Grameen has been able to generate a healthy response to their WASH financial products for existing and new clients.

# 3

## The Marketing Plan

The marketing plan provides a systematic, concrete guide for what a financial institution needs to do in order to market its WASH financial product successfully during a particular period—usually one year. It incorporates the information from the previous chapter and assigns specific tasks to be accomplished. A product marketing plan should contain the following elements:

- » A situation analysis or background section
- » The product marketing objectives and goals
- » A product marketing strategy
- » An action plan
- » Controls

The marketing plan helps the FI to:

- Provide a framework and an opportunity for top-level thinking and focus
- Increase familiarity, understanding and support for a market-led approach within the institution
- Define a desired direction for future growth and provide a map for how to get there
- Get everyone on the same page with respect to the product marketing strategy, thus increasing the consistency of your product and service delivery
- Provide a tool through which you can market both internally and externally
- Help staff feel part of a team endeavor; people do not always understand financial projections, but they can rally around a well-written and well thought out marketing plan; they will also come to know what their role is within the process (if applicable)
- Guarantee institutional memory; as staff turns over, time passes or environmental/marketing events put pressure on assumptions, the written marketing plan stays intact

The contents of the marketing plan should include the following:

1. Executive summary
2. Background
3. Strategic objectives of the organization in designing the WASH product
4. Key product policies
5. Core marketing messages and communication strategies planned
6. Activities and results expected
7. Administration and budget
8. Tracking and analyzing results

Much of this information likely exists among the FI's management team but is probably not written down. The marketing plan gives a FI the opportunity to record the plan on paper and communicate it to internal and external stakeholders. It also gives FI the opportunity to bring all relevant information together in one place, stimulate ideas and justify actions. Finally, it gives the team a list of objectives and tasks to be completed along with an appropriate timeline.

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## A sample marketing plan for a sanitation loan product of MyMFI

### 1. Executive Summary

MyMFI, one of the leading MFIs operating in the eastern state of Bihar in India, operates in a region where household access to safe sanitation is low. Market research indicates that a lack of access to financing is one of the major reasons lower quality toilets are in use. The research MyMFI conducted also found that, among some segments, the demand was latent and awareness-generation activities would be useful in attracting more clients. MyMFI considers WASH financial products as part of its strategy to offer need-based products to existing clients to achieve competitive advantage and retain them.

The strategic goal of the marketing plan is to increase the WASH financial product portfolio to 10% of the organization's overall portfolio. To achieve this, the organization is planning to use a pull-based marketing strategy which will utilize the services of a WASH NGO to develop WASH-related marketing messages and design a communication mix, which will include:

1. Interpersonal communication between clients and MyMFI staff using IEC materials developed by the WASH NGO
2. Professional street plays to generate awareness
3. Radio advertisements
4. Public relations during the public launch of the WASH products in every branch location

The budget for the marketing campaign is US\$21,950 and the marketing plan will be monitored by a cross-functional team consisting of the marketing and the operations department of MyMFI.

### 2. Background

#### 2.1 Macro-environmental analysis

- Poor sanitation is one of the major causes of disease and ill health among the poor in India. In spite of various government initiatives, access to improved sanitation remains one of the most challenging Millennium Development Goals to meet.
  - Many WASH NGOs focus on improving awareness about the effects of poor sanitation in the areas where they operate. Their core objective is to increase public interest about WASH-related issues, which can have a positive impact on the loan products available for WASH improvements.
  - The organization is facing extreme competition from other MFIs in its operational area, limiting its potential for horizontal growth. As a result, MyMFI must try to deepen its engagement with its existing clients by offering different financial products, like the WASH financial products.
-

## 2.2 Micro-environmental analysis

### **The market.**

- MyMFI conducted market research among its existing clients about their WASH needs and found that a substantial number of households depend on open defecation or use poorly built toilets.
- The majority of the clients mentioned that they could not build a toilet due to a lack of financial resources and did not see a need to spend money on building them.
- The research also found that female members of the household were more vocal about demanding a toilet than males.
- In MyMFI's area of operation, none of its competitors have included a WASH-related product in their offerings.

### **The competition.**

Although there is no direct competition from other FIs currently, the product offering must be able to overcome the practice of open defecation and using existing, but poorly constructed, toilets. At the same time, MyMFI must offer a product that is resilient to future competition that may arise by emphasizing the following:


- Convenient:
  - Ensure the entire process of loan delivery is as convenient as possible for the client
  - The product requires minimal documentation
  - The process is simple, hassle free with support from a dedicated team
- Economical:

The loan repayment must match the available household cash flow to make it possible for the client to repay the loan
- Add-on services:

MyMFI can arrange for services of trained masons and suppliers for construction of toilets, which reduces further hassles for the client who would typically need to find a mason on his/her own
- Technical WASH expertise and WASH marketing capabilities:

MyMFI has partnered with a local WASH NGO to design the WASH communication materials and provide technical expertise to identify the new sanitation technologies available and train the masons

### **The Customers' Wants.**

- Enhanced dignity for women and girls
  - Hassle-free services (like providing masons to construct the toilets)
  - Affordable interest rates and reasonable installment amounts
- 

## 2.3 Institutional strengths, weaknesses, opportunities and threats (SWOT) analysis

Figure 17: Institutional SWOT analysis

<b>Key Strengths</b>	<b>Implications for Marketing</b>
Strong existing customer base through the existing group lending program of the MFI	The MFI can conduct focused marketing and promotion of the WASH financial products among these clients
Respected brand in the microfinance sector	Should stress this in marketing campaign
Experience handling donor relations	Should obtain support from donors for marketing WASH products
<b>Key Weaknesses</b>	<b>Implications for Marketing</b>
High caseload	Existing field staff may only have time to perform a limited role in marketing efforts; may need to depend on an external agency to conduct selected communication techniques
Staff lacks WASH knowledge	Staff training should be completed before offering the new loan product as it is crucial for staff to be able to answer questions potential clients may pose
<b>Key Opportunities</b>	<b>Implications for Marketing</b>
Increasing interest by international donor agencies in promoting financing for WASH improvements	Continue to explore the availability of funding for loan funds as well as for WASH-related, awareness-generation activities
Government health-awareness programs on sanitation are active in the operational area of MFI	Ability to leverage the awareness generated by these programs as a way to promote the WASH financial product
<b>Key Threats</b>	<b>Implications for Marketing</b>
Entry of competitors into the WASH finance market	Promote the product using a combination of communication techniques to create visibility of the MFI among the target segment; build a strong reputation and pay attention to customer complaints, fixing what we can to ensure positive word-of-mouth

### 3. Strategic objectives of the sanitation loan product

To maintain a portfolio distribution with at least 10% contribution from the sanitation loan product over next two years with an overall portfolio growth of at least 15% per annum.

### 4. Key Product Policies

Parameters	Features
Loan purpose	To cover the material and construction costs incurred to build a toilet; MyMFI will provide masons and all construction materials at an affordable price by partnering with local suppliers
Loan amount	US\$200-400; determined by the clients' loan repayment capacity and the type of toilet desired
Price	<ul style="list-style-type: none"> <li>• Interest: 24%; declining per annum</li> <li>• Loan processing fee: 1% of the loan amount</li> </ul>
Loan term	12-24 months
Repayment frequency	Monthly
Place	The loan amount is given directly to the mason and the construction material suppliers; the loan payments are collected from the client at the joint-liability group (JLG) meeting
Loan collateral	No physical collateral required; social collateral in the form of joint liability from the JLG

### 5. Core Marketing Messages and Communication Strategies

#### 5.1 Brand name

*Dignity Loan*: the product is aimed at low-income women and the product name emphasises what the product wants to achieve for the client.

#### 5.2 Tagline

“Gives dignity to the women of the household they deserve”

#### 5.3 Unique selling proposition

“Get a toilet in the most affordable way with the convenience of everything delivered to your doorstep.”

## 5.4 Benefit statement

The *Dignity Loan* helps poor women improve their quality of life, as they no longer face the embarrassment of having to defecate in the open. The poor can achieve this by paying for the toilet in affordable installments aligned with the household cash flows.

## 5.5 Target market segments and communication mix

MyMFI plans to sell the *Dignity Loans* to the following:

### **Existing customers of the MFI**

- Hygiene education workshops conducted by the WASH NGO staff
- Promotion through pamphlets and other IEC material in group meetings by MFI staff

### **New customers**

- Public workshops on the ill effects of open defecation conducted by the WASH NGO and the MFI staff in selected locations
- Street plays conducted by hired professionals in select locations within the operational areas of MyMFI
- Radio and print advertisements
- Public relations through a launch event at the pilot branches at the end of the pilot and before the roll out; the head of local government and clients who had toilets built during the pilot phase will be invited to share their experiences

## 6. Activities and results expected

### 6.1 The marketing activity schedule for the sanitation loan pilot

The table on the following page places MyMFI's marketing activities in a weekly schedule.





## 6.2 Results expected from the marketing activities

Figure 19: Expected results for marketing activities

Marketing activity	Result
Development of marketing collateral	Development of educational posters highlighting the link between poor hygiene and household health effects (to be used during client and staff trainings) Development of a pamphlet to be distributed among existing clients of MyMFI
Client training workshops	Training curriculum developed for clients 3 training workshops per branch to be conducted by the branch staff
Street plays	A professional street theatre group hired and a script conveying the key messages which MyMFI wants to deliver developed Organizing at least 5 street play performances near each branch location before the launch of the pilot to raise awareness for the benefits of improved sanitation
Radio advertisements	Hiring an agency to develop the radio advertisements Running the radio advertisements in the branch locations
Product launch	Arranging the public relations event for the launch of the WASH product in all the branch locations

## 7. Administration and budget

All of the planned marketing activities will be divided among the selected marketing and operations department personnel. The budget allotted for each activity and the personnel administering that task is as follows:

Figure 20: Cost of marketing activities

Marketing activity	Personnel	Total (in US\$)
Development and printing of posters & other collateral	WASH NGO partner	\$6,000
Client training on WASH	WASH NGO partner	\$500
Street plays	Street play group	\$450
Radio advertisements	Marketing team, radio agency	\$10,000
Launch activities	Marketing team	\$5,000
<b>Total budget for WASH marketing</b>		<b>\$21,950</b>

### 8. Tracking and analyzing results

MyMFI has a cross-functional team consisting of key staff from the operations and marketing departments that will track and analyze the progress of the marketing activities. This team reviews the progress of marketing activities on a monthly basis. The WASH product head chairs the meeting and coordinates activities between the two teams. The progress and plan discussed in the meeting is approved by the CEO. The marketing team fills out the form (below) to guide the discussion during the monthly monitoring meetings.

Figure 21: Marketing plan monitoring form

Marketing plan monitoring form			
Date of the meeting:			
Target for the month	Progress achieved	Problems faced	Plan
<b>WASH Product Head (Sign below)</b>		<b>CEO (Sign below)</b>	



# 4

## Budgeting for Marketing Activities

In order to activate the marketing plan, a budget must be in place to support the selected activities. The formal budget will allow the management team to identify the source of funds and hold WASH product managers accountable to using the financial resources most effectively and efficiently by earmarking funds for each activity. The budgeting process also helps staff to request additional funds when they realize that the budget estimates are inadequate. Finally, budgeting makes it easier for supervisors to monitor the activities by analyzing cost overruns, under-spending and product performance.

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## Budgeting

Typically, FIs will identify internal resources to pay for marketing but in cases where they do not have adequate funds, they may need to identify a funder who may be willing to share a part of these costs or delay the activities until the financial support is available. For accounting purposes, if the budget is not excessive (threshold set by the FI) and the expected benefit of the marketing campaign is expected to last for less than an year, the expenses can be treated as expenditure in the income and loss statement. Alternately, if the FI plans a far more elaborate campaign, they might consider treating the expenses as an asset that should be amortized over the period of time the benefit of campaign is expected to last.

Sample costs the financial institution might budget for during a typical WASH-marketing campaign are shown below.

### WASH Product Marketing Possible Costs

#### Step 1: Understanding the context & the customer

Costs associated with conducting the market research, which include:

- Travel and logistics
- Staff costs
- Training the researchers

The FI may also decide to outsource the market research, in which case, the value of the contract will depend on the scale and duration of the segmentation exercise

#### Step 2: Valuing the WASH financial product

- Included in the market research cost

#### Step 3. Formulating the marketing objectives

- Staff costs

#### Step 4. Developing the message

When doing this internally, these are explicit costs, however, if an expert agency is hired, they will incur costs:

##### **Production of print materials**

- Fees/salaries for writers, artists and graphic designers
  - Copywriting and editing
  - Typesetting
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- Pretesting all print materials, including posters, brochures and training curricula with sample audiences
- Printing and distribution

#### **Production of broadcast materials**

- Fees/salaries for artists, scriptwriters, producers, videographers and technicians
- Copywriting
- Studio and equipment rental
- Technical content reviewers
- Pretesting of broadcast materials with sample audiences
- Air time
- Distribution costs

### Step 5: Communicating the message

These items will vary based on the medium chosen for communication; some indicative costs are provided for road shows as an example:

#### **Conducting road shows**

- Giveaways (stickers and t-shirts)
- Press conferences and kick-off events
- Fees for dignitaries, celebrities
- Hiring of sites, public address system, other equipment
- Hiring of vehicles
- Staff costs (depending on number of staff involved)
- Transportation costs for staff
- Per diems for staff involved in travel to road show areas (if this is outside their local area)

#### **Special events**

- Giveaways
- Costs associated with press conferences and kick-off events
- Fees for dignitaries, celebrities
- Hiring of sites, public address system, other equipment

#### **Miscellaneous**

- Communication—telephone, internet access, fax, postage
- Administrative and overhead costs
- Other transportation

## Sample Activity Costs

Figure 22: Typical costs for WASH marketing activities in India

Activities	Cost (in US\$)	# potential clients reached per activity
Street play	\$30 per street play	150
Mason training	\$14 per training	60
Workshops	\$50 per workshop	500 to 600
Center meeting (FIs)	\$2 per meeting	20
Local leader trainings	\$11 per training	25
Pamphlet distribution	\$1 per 100 pamphlets	100 +family members

Figure 23: Typical costs incurred for a road show for an MFI branch in Kenya

Launch & rollout expenses	Cost (in US\$)
Cost of flyers, t-shirts, key-rings, buntings and gifts for road show	\$1,900
License for road show	\$400
Décor and branding for launch	\$950
Air travel for head office staff	\$590
Road show rig, PA system and generator rentals	\$910
Costs for recording video of the road show	\$262
Per diem for staff members during travel to the branch	\$130

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## Assessing the effectiveness of the communication strategy

Just as budgeting acts as a useful tool for fund management and marketing, several assessment techniques can be employed to evaluate the impact of marketing plan. There are a number of ways to measure how well the communication campaign is working for the FI. While none of these methods are perfect, they can help the FI get a sense of how well they are doing and whether the cost of the campaign is worth the investment.

### Before and after surveys

Using before and after surveys can help the FI assess the changes in attitude/behavior of the target segment during the duration of the marketing activity. The surveys can help measure the effectiveness of the particular method employed by the FI. These surveys are particularly useful for measuring the effectiveness for in-depth methods like classroom-based trainings and workshops. (The fleeting nature of radio ads or street plays can make them more difficult to assess through this method.)

For example, Grameen Financial Services conducts training workshops among its existing borrowers, as they are viewed as potential sanitation loan clients. Before the training workshop, the participants are surveyed about their current awareness levels regarding sanitation and hygiene practices. Once the workshop has concluded, the participants repeat the survey to test their awareness levels. FIs can adjust their approach based on the results and fine-tune their messaging for informing potential borrowers about WASH and their available loan products.

### Sales measurement through customer surveys

The actual number of loans taken by the clients for the products marketed is one of the most significant indicators of success or failure of the marketing campaign. In order to measure the number of loans disbursed due to a marketing activity, loans disbursed must be aggregated by branch or a survey must be given to the clients as part of their loan application process. The survey must record the source of where the client obtained the information about the WASH financial product. Generally, growth in the overall number of new WASH clients should not be attributed to the marketing efforts alone and must be analyzed by juxtaposing it with other factors such as the FIs strategic push for deeper penetration in existing geographies. The following is an example of a typical customer survey given to clients when they apply for a WASH loan.

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Figure 24: Sample customer survey on marketing techniques

### Sample customer survey to identify the effectiveness of marketing techniques

- Did you come to this FI specifically to apply for a WASH financial product?
  - Yes
  - No (I already had another account)
- Where did you learn about the WASH product?
  - Posters/product brochures
  - FI staff Name:
  - Another customer Name:
  - Consumer contact event  
road show, street play, other:
  - Advertisement  
print, radio, other:
- What is the benefit you are expecting from the product?
- Where do you live?
  - Town 1
  - Town 2
  - Village 1
  - Village 2
  - Other:
- Where do you work?
  - Town 1
  - Town 2
  - Village 1
  - Village 2
  - Other:

**Notes on the survey:**

Surveys can be useful for learning about customers and helping management make informed decisions about how best to meet the client’s needs. However, unless someone is analyzing the completed surveys, the exercise is a waste of customer’s time. The marketing department (or operations in the absence of marketing) usually does this analysis.



In the example above, each question tackles a specific objective:

- The first question will help management identify whether customers heard about the FI because of the WASH financial product. The data is useful in tracking the objective related to the number of new customers opening an account versus existing customers opening new WASH accounts.
- The second question lets the FI know if people have seen the advertisements they placed. With some historical data, management can identify the most effective advertising media for reaching potential WASH customers. This question also lets the FI know which staff or customers to whom they might want to show some appreciation.
- The third question provides feedback on the marketing message communicated. If the benefit seen by the client is aligned with the benefit communicated through marketing, the FI will know it is effectively messaging the benefits. Alternately, if there is a new benefit or value that the clients see in this product, it might be incorporated into future marketing messages.
- Questions four and five assist management to properly identify customer demographics. Identifying geographic clusters of customers can be useful in future advertising, product development and selecting locations for future branches.

### Measuring staff awareness

One of the important objectives of WASH marketing is to educate the FI staff on the benefits of the WASH improvements. The FI should conduct spot checks on the knowledge of staff by either interviewing them or observing them explaining the WASH product to clients. For example, SMEP conducts interviews of the branch staff on their awareness of the hygiene and the WASH product details regularly. If a staff member is not able to meet the objectives of the FI, additional training should be provided.

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## Cost-benefit analysis of the marketing campaign

The results of different sales and marketing techniques and strategies need to be analyzed in order to allow FIs to be able to focus future resources on those that produce the best results. After particularly expensive or intensive campaigns, FIs may want to conduct a cost-benefit analysis to assess whether they received adequate value for the money spent. To do this properly, the FI needs to be able to track the client induction and media that resulted into the client response. An example of a basic cost-benefit analysis is provided in [Figure 25](#).

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The cost of each media campaign can be divided by any of the following indicators:

- Number of clients – to calculate an average communication cost per client
- Number of loans disbursed – to calculate the average communication cost per unit lent
- Number of loan applications – to calculate an average of the communication cost per application (proxy for the interest elicited by the target segment)

### Calculating the cost-benefit ratio for MyMFI

With more than 80,000 clients across 45 branches, MyMFI is considered one of the fastest growing MFIs in the region. Its CEO, Mr. Nandan was aware of the deeply felt need for better WASH services and infrastructure among its existing client base. In response to this, in the first quarter of 2013, MyMFI launched a credit product for WASH improvements. A rigorous product development exercise preceded the launch, which then culminated in a pilot at one of its oldest branches.

Enthused by the positive response to the pilot, MyMFI decided to roll out the product in ten other branches. However, Nandan had an uneasy feeling about having overspent on the marketing efforts. He needed some reliable metric to assess the effectiveness of various marketing techniques (a mix of both push and pull-based strategies) used to market the product by comparing their costs and the benefits. He commissioned a study at the pilot branch to analyze the costs and the benefits of different techniques and chose to focus on the one with lowest cost-benefit ratio, selecting it as the main strategy for marketing the WASH financial product in the ten other branches.

A survey was conducted of all 1,200 clients who had taken out a WASH loan in the pilot branch. They were asked to share a list of the most prominent source through which they came to know about the loan. Since most clients had heard about the loan form more than one source, they were probed to determine which one was the most critical to their decision to come to MyMFI and take out a WASH loan.

(continued)

### Calculating the cost-benefit ratio for MyMFI (continued)

MyMFI's initial communication mix included the following techniques: personal selling (conducted by MyMFI's field officers at the end of regular center meetings), pamphlets, road shows, street plays and exposure visits at another MFI for its entire 60 center leaders to the nearby state of Chhattisgarh. The results were as follows:

Figure 25: Cost-benefit analysis of communication techniques

Communication mix	Cost in US\$ (C)	Number of clients reached (N)	Cost per client (N/C) in US\$	Profit per client	Cost to benefit ratio
Pamphlets	\$350	50	\$7.00	US\$5 (one branch with 1,200 clients earned a net profit of US\$6,000)	140%
Personal selling during center meeting	\$300	750	\$0.40		8%
Road shows	\$800	225	\$3.56		71%
Street plays	\$500	125	\$4.00		80%
Exposure visits	\$1,500	50	\$30.00		600%

The results of the study were quite conclusive and confirmed reservations that Nandan had with some of the techniques that had been used in the pilot branch. For instance, exposure visits were costing 6 times more than the benefit they were gaining. However, the results reaffirmed the staff's ability to market the WASH product alongside the monthly center meetings, costing only 8% of the benefit accrued. Road shows and street plays were moderately successful and management decided to use them sparingly moving forward.



*On the cover:  
A Watercredit client  
(left) in front of his  
newly-built toilet in  
Kenya.*



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