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**The “hands-off” sanitation marketing model:
emerging lessons from rural Cambodia**

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Sanitation marketing is fast emerging as a sustainable way to increase access to sanitation at scale. Although early evidence suggests the significant potential of sanitation marketing, practical experience remains limited. This briefing paper shares the lessons and experience from a sanitation marketing program in Cambodia. Based on extensive market research, the project developed a range of marketing strategies that have evolved into a ‘hands off’ model for sanitation marketing. The model leverages partnerships and minimizes external intervention, keeping barriers to market entry low and increasing the likelihood of sustained demand creation after external interventions cease. Early results are promising, with over 2000 unit sales recorded in the first five months of the pilot campaign. Lessons gleaned from experience in developing the ‘hands off’ model are widely applicable and the model itself is emerging as a replicable application of sanitation marketing.

Introduction

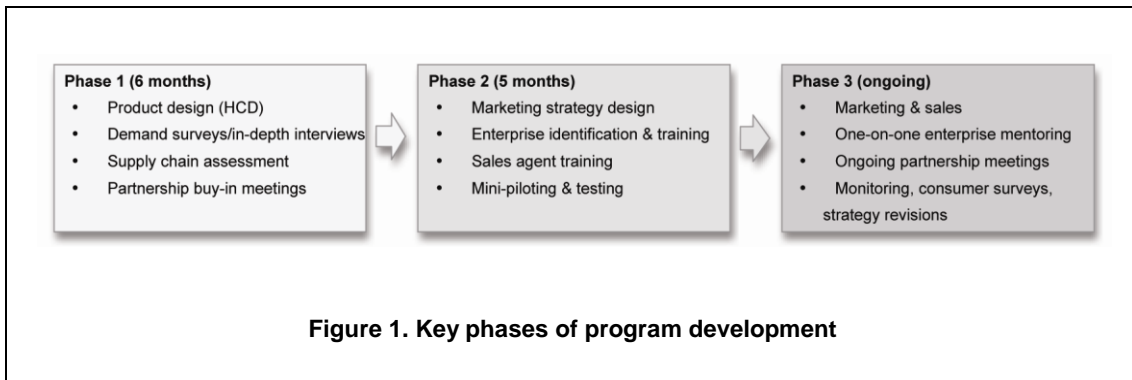
Sanitation marketing is an approach to increasing access to household sanitation at scale. It focuses on the development of the sanitation marketplace, increasing demand for sanitation while simultaneously expanding market-based supply of sanitation products and services for low-income households (Cairncross, 2004). Strategies are developed to address the 4Ps of the marketing mix - product, place, promotion and price - to connect people to sanitation products and services they want. By using information about what households want to develop affordable, desirable, attractive and easily purchased products, the householder is engaged as a consumer, rather than an aid beneficiary.

Rural sanitation coverage in Cambodia is among the lowest in the region. Over 75% of the rural population lacks access to improved sanitation (NIS, 2009). An estimated 80% of household latrines are purchased at market prices from private-sector providers (Robinson, 2007). Early assessments of latrine demand and supply in Cambodia identified opportunities to catalyze the existing market for latrines (Salter, 2008).

Developing a scalable sanitation marketing model

Recognizing the market potential in Cambodia, the NGO Lien Aid with support from WaterSHED Asia began developing the pilot for a new Water, Sanitation and Hygiene (WASH) Marketing Project in April 2009. Lien Aid’s pilot covers an initial target market in Kampong Speu province comprising 33 communes in four districts with an estimated 60,000 households and a baseline sanitation coverage rate of approximately 24%.

The development team undertook a phased approach to program start-up as illustrated in Figure 1. These steps follow an emergent set of ‘best practice’ activities for sanitation marketing program development detailed in Jenkins and Scott (2010).



The human-centered design process, household demand studies and supply chain analysis provided rich insights for formulating the marketing strategy (Table 1). Strong near-universal consumer preference for a pour-flush latrine led to a collaborative effort to develop an entry-level upgradable concrete-lined off-set pour-flush latrine design retailing at USD 30 - 35. The latrine is packaged as a single ‘toilet kit’ delivered to the household’s doorstep with simple instructions for self-installation. The toilet producer is a ‘one stop shop’, greatly simplifying the consumer’s purchase decision and transactions. Promotion and sale of the new product is based heavily on direct sales, with commission-based sales agents going village-to-village and door-to-door to sell the low-cost latrines.

	Key insight	Marketing strategy response
Demand-side	<ul style="list-style-type: none"> • Desire for high-end (but price prohibitive) pour-flush toilet and unwillingness to invest in a ‘lower level’ product • Health not a key motivator for toilet purchase; ‘It can wait’ attitude of low priority given to investing in a toilet • Difficult and complex purchasing process • Inherent lack of trust in price and quality of products offered • Households do not have all the money to make the full purchase at any one time 	<ul style="list-style-type: none"> • Development of very low cost base model with the same core attributes as the high-end latrine while allowing for incremental upgrades • Promotion of status, pride, convenience and cost-saving benefits of toilet ownership; use of peer pressure and ‘keeping up with Jones’ incentive; toilet as a status symbol • Direct door-to-door marketing by sales agents; product available as a complete set in a DIY kit form with home delivery included in purchase price • ‘Touch and feel’ village product displays; local government provides persuasive and trusted sales advice • Development of instalment payment plan options and links to microfinance
Supply-side	<ul style="list-style-type: none"> • Reluctance to get involved in sale of slow moving product with low demand • Inherent lack of trust in low-income consumers’ ability to pay • Toilet products are a small component of concrete producer’s overall business • “Wait for them to come to us” passive sales approach and reluctance to invest in marketing and advertising • Poor understanding of the of concept margin vs. volume • Lack of trade credit; reluctance to seek finance 	<ul style="list-style-type: none"> • Demonstrated market opportunity to prospective suppliers using baseline data • Local community leaders act as honest brokers (suppliers will deliver and consumers will pay) • Producers made aware of opportunity to expand their offerings and thus the market segments they can address • Design of very low cost generic marketing materials Enterprises slowly convinced of power of marketing as latrine sales grow • Lower gross margins were offset by higher volume resulting in greater net profit; improved production efficiencies • Targeted medium-size enterprises; negotiation of up-stream supplier credit and links to microfinance

Key elements and principles of the 'hands-off' model

The 'hands off' model keeps barriers to market entry low and identifies appropriate exit strategies for market facilitators. Enterprises are given training and support, but are encouraged to take responsibility for themselves. The approach emphasizes facilitation roles that local governments can play. This has resulted in innovative relationships between the NGO catalyzing facilitator (Lien Aid), the private sector, local government and households to support sanitation delivery within a broader goal of achieving high community coverage. The premise of promoting unsubsidized market transactions requires that NGO facilitators progressively exit the market as their roles are succeeded by the private and public sectors. Key elements of the 'hands off' model include:

- Assessing roles of the NGO facilitator against post-project parameters of sustainability and replicability, restricting activities to those that can be done after the NGO exits;
- Working with existing best-fit businesses, using their equipment and production methods to reduce training and investment costs, understanding that sanitation can be a complementary product line within a larger business;
- Involving local government in behaviour change promotion, results-based monitoring, and honest brokering;
- Recruiting and training members from local community structures instead of deploying NGO staff as sales agents;
- Embracing the profit incentive in the supply chain, encouraging profit maximization by producers and sales commissions;
- Developing simple, low cost, locally reproducible marketing materials; and
- Encouraging donor / public sector investment in social marketing of behaviour change.

Two essential Ps: Partnerships and People

Sanitation marketing depends on effective partnering, and the support of local government was identified as essential to the scalability of the model. The project team identified Commune Council Women and Children's (CCWC) representatives as particularly persuasive and trust-worthy. These women and other community members were trained as sales agents and hired directly by enterprises on a commission basis. Commune Councils allocated financial resources from their Commune Investment Plans to sanitation promotional. At provincial and district level, government staff were trained in data collection and monitoring as well as oversight and promotion of local enterprises.

Working at the right scale, finding the right incentives

In general, micro and small entrepreneurs struggled to fulfil demand in terms of quality and on-time delivery, often due to inventory constraints. Lack of trade credit and liquidity were exacerbated by a reluctance to seek financing. Medium-size enterprises able to cover larger sales areas were identified as the most capable suppliers. The incentive or value to prospective suppliers was not that they develop a stand-alone 'sanitation business'. Rather, latrines were pitched as a complementary offering that would expand the producer's product portfolio and broaden their reach into new market segments.

Early results

In the first five months since the full-scale launch (May 2010), the WASH Marketing project recorded over 2000 latrine sales and installations from 17 participating enterprises (Figure 2). A total of 109 sales representatives were recruited and trained in direct sales. Sanitation coverage monitoring indicated a total of 5055 new latrines were installed in the project target area from January to September 2010, raising target area coverage to 38% from 24% in July 2009. Latrine sales directly attributable to project-engaged enterprises accounted for 41% of all new latrine installations and 46% of all new pour-flush installations in the target area, the balance dry pits. An average of 13% of consumers attending WASH-M supported village sales events purchased a latrine.

Beyond start-up: scaling the model

The 'hands off' model has shown strong early results and the project is currently expanding into 9 new districts. Many challenges and questions still remain, including:

- Encouraging producers to improve their business practices, embrace competition and invest in marketing.
- Understanding how poorer households can participate in the new sanitation marketplace.
- The on-going threat of subsidized toilets undermining the business.
- Variability in sub-national and local government buy-in and engagement.
- The need for business models that offer services for hygienic pit emptying and sludge disposal to new latrine owners.

Sanitation marketing delivers a 4-way win: consumers gain access to desirable and affordable products; private suppliers expand their profits, sales agents earn cash income, and government moves substantially closer to sanitation coverage goals. The WASH Marketing pilot demonstrates the potential of a replicable ‘hands off’ approach to sustainably increasing access to sanitation by leveraging the power of the market.

Acknowledgements

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