

BoP targeted branded and dedicated sales points for optimizing distribution and sales in BoP communities





# 1. Pioneer partnership

In Ethiopia, in 2016/2017, 2SCALE collaborated with a Farmers' cooperative union named Meki Batu Vegetables and Fruits growers cooperative Union (MBU) by establishing a partnership under vegetables sector. MBU was established in May 2002 in Oromia regional state, East Showa Zone, Dugda district Meki Town. It is located 135km South East of Addis Ababa.

Being a cooperative of vegetables farmers, in addition to supporting the farmers in their agronomy related practices, one of the aims of MBU was to support the sales of vegetables. Accordingly, the main ambition of MBU's partnership with 2SCALE was to help MBU grow its customer bases for the sales of vegetables. MBU identified three consumer segments, and consequently have established three different sales channels with different specific strategies. The three sales channels were wholesalers (Direct sales in bulk to wholesalers, institutions (Direct sales to institutions i.e., Ethiopian Airlines), and consumers (sales to BoP consumers).



Branded vegetable sales shop

## 2. Replicable practice

The identified replicable practice (i.e., BoP targeted branded and dedicated sales points for optimizing distribution and sales in BoP communities) was first introduced as specific approach aligning to the sales channel that MBU established for targeting BoP consumers. The main strategy of MBU for targeting the BoP consumers segment was by ‘redefining the value of vegetables’. Thus, as part of redefining the value of vegetables, MBU established BoP targeted branded and dedicated sales points at four locations within Addis Ababa by naming them ‘**Meki Batu Fresh!**’.

Accordingly, as part of the branding strategy, MBU painted and branded the exterior of four sales point as ‘Meki Batu Fresh!’. Besides, the inside layout of all the sales points were furnished with shelvess and vegetable crates, making it easy for walk-in customers to see and choose vegetables from the orderly set displays. The layout of the sales points as well contributed to minimize vegetable waste and loss, which are major challenges in relation to vegetables market. Thus, because of all integrated activities, through the branded and dedicated sales points, MBU developed a brand that helped to gain trust and to create transparency in its vegetables market. Besides, MBU created value propositions (respect, convenience, and freshness to consumers) that facilitated to increased product and brand visibility, and which consequently accelerated the acceptability of MBU vegetables distribution and sales within (urban) low-income communities.

Following the completion of 2SCALE’s partnership with MBU, and aacknowledging MBU’s positive performance during its collabortion with 2SCALE, diffent consumer cooperative/association/ unions in Addis Ababa had shown interest to replicate the model. Thus, in the year 2018, based on the request by the Federal Cooperative Agency of Ethiopia to replicate the model in a relatively large scale in Addis Ababa by naming it as ‘**Cooperatives fresh Corner!**’, 2SCALE established a partnership with a Consumer association from Addis Ababa named **Birhan Bemerkato Consumers Cooperative Union (BBCCU)**.

Accordingly, BBCCU replicated the model by esestablishing four branded and dedicated vegetables sales points at a typical BoP cmmunity location named Merkato in Addis Ababa. The sales point were names as ‘Coops Fresh!’ . The whole objective of BBCCU partnership was to serve the BoP market with fresh vegetables on the one hand and also to provide a consistant and structured demand for the smallholder farmers. Accordingly, with the support of 2SCALE, BBCCU implemented activities focused on branding, supply chain management and professionalization to effectively tap the huge potential of the BoP consummers. Moreover, acknowledging the growing challenges faced by low income consumers in relation to vegetables quality and prices, through its established four branded and dedicated vegetables sales points, BBCCU operated a system for a more consistent and safe supply of vegetables which is very critical to improve the status of the BoP consumers within its community.

To summarize, this practice is addressing constraints in terms of:

Inclusion	<ul style="list-style-type: none"><li>• <b>Ownership:</b> The sales points were operated by MBU, and indirectly by member farmers. This encouraged the farmers knowing they also own part of the business, giving them assurance to continuous market to their vegetables.</li><li>• <b>Voice:</b> The low-income consumers got attention that helped them to have more options and control over their buying decisions. It helped them to have access to good vegetable quality to improve their food and nutrition security.</li></ul>
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## Access to nutritious food

- **Availability:** The branded and dedicated sales points established at different locations created better market options for low-income consumers to access fresh (nutritious) vegetables within their community.
- **Acceptability:** Through the branded and dedicated sales points, MBU developed a brand that helped to gain trust and to create transparency in its vegetables market. Besides, MBU created value propositions (respect, convenience, and freshness to consumers) that helped to increase product and brand visibility, and which consequently accelerated the acceptability of MBU vegetables distribution and sales within (urban) low-income communities.
- **Affordability:** As MBU was operating in a short supply chain and management systems (directly from farmers to consumers), vegetables were more affordable at the branded and dedicated sales points than alternative markets.



Post-harvest onion handling



# 3. Preconditions for replication

## **Ensuring a comprehensive supply chain management**

In order not to compromise the consumers' confidence to visit the shops, ensuring constant supply of vegetables to the sales point is very critical. In addition, increasing the vegetable types assortment helps not only to retain customers but also to attract new customers. Thus, establishing a comprehensive supply chain system is top priority to sustainably operate such models.

## **Branding and creating additional value.**

Branding and creating additional values targeting BoP consumers facilitates the process of building trust. Trust is a very critical component that needs due consideration while developing marketing strategy at BoP markets. In general, specific approaches targeted at facilitating the trust building process at BoP markets helps consumers to gain confidence, and thereby they get encouraged to experience, and consequently pay for the introduced product and/or service. Accordingly, through branding and creating additional values targeting BoP consumers, it is possible to gain trust and to create transparency. Furthermore, such engagements help increase product/service and brand visibility, and consequently accelerate the acceptability of offered product/service among targeted BoP communities.

## **Developing professionalisation**

As part of creating additional values, implementing activities that are targeted for enhancing professionalisation at sales points provides further leverage in supporting the overall marketing efforts at BoP markets. By enhancing professionalisation at sales points, specific targeted activities can include empowering employees and raising their awareness on vegetables (i.e., quality, shelving, waste management) and customer relationship management. In addition, implementing innovative and technology assisted services can contribute to professionalising services and benefitting more BoP consumers efficiently i.e., notifying customers with SMS (i.e., products availability/new arrivals and price updates). Such innovations can also assist the process of increasing and retaining customers through different customer loyalty programs.

In general, while targeting BoP markets, enhancing professionalisation at sales points help to promote better market access and value propositions by ensuring availability, affordability, appropriateness, and acceptability of offered products/services within BoP communities.

## **Leveraging/Piggybacking on existing systems**

As presented in the above specific case i.e., in 2SCALE partnerships with MBU and BBCCU, the identified replicable practice was implemented by the partners taking the lead in establishing and operating the targeted sales points. Though, such a system provides better options for having close control and making centralized decisions, it also has disadvantages as it may require additional investment and extended operation management at sales points.

Thus, leveraging/piggybacking on existing systems could also be other smart option while planning to replicate the identified practice. Though identifying the right partner and reaching a shared agreement may not be easy to leverage on existing systems, there may also be folded benefits that can be capitalized through existing systems including specialized service delivery systems, complementary products/services, well established branding, value propositions, and loyal customers. Thus, leveraging/piggybacking on existing systems could help to minimize market entry barrier risks.

# 4. Results Achieved

During the period (2016/2017):

- Four of MBU's sales outlets were branded as dedicated sales points targeting BoP communities.
- Assorted vegetables, mainly onion and tomatoes, were sold at the branded and dedicated outlets.
- Continuous supply of vegetables directly from SHF to outlets were managed by MBU.
- Managed to decrease vegetables waste and loss because of proper sales points management and supply chain coordination.

An average of 116.45 quintals of vegetables were sold to BoP consumers through the 4 outlets\*

\*In the first phase we did not calculate number of BoP consumers reached, so no validated information can be provided on UII 1.

## Want to know more?

If you want to know more about this practice, please reach out to Dehab Mehari, [dmehari@2scale.org](mailto:dmehari@2scale.org), Senior BoP Marketing Specialist in Ethiopia.

Furthermore, you can also read more on the Briefs through the following resources:

- [2SCALE insights paper 2: BoP markets as a driver for inclusive value chain and business development \(2017\)](#)
- [2SCALE Thematic paper on BoP Marketing & Distribution \(2019\)](#)



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