

## Clean burning Jikos to your door in Kenya's slums: Enterprise Marketing Fund Proposal from Livelyhoods



### EMF Overview:

The Global Alliance for Clean Cookstoves (Alliance) and the Clean Cookstoves Association of Kenya (CCAK) accepted proposals from enterprises working in the cookstoves and fuels value chain to support consumer-facing communications aimed at increasing purchase and use of clean and efficient cookstoves and fuels in Kenyan households.

Funding awarded under the enterprise marketing fund (EMF) is intended to enable individual enterprises to support promotion of their brands and products.

### Executive summary

iSmart is a social enterprise that brings affordable, life-changing cookstoves, and incomparable customer service, to slum communities across Kenya through a network of door-to-door sales agents. Our below-the-line marketing complements existing above-the-line marketing by major retailers and manufacturers. We bring products directly to potential consumers, and deliver information and personalized aftersales service to make customer purchasing decisions as efficient and informed as possible.

With the funds requested from the Enterprise Marketing Fund, we will expand our sales agent network and street marketing campaigns, create a stronger brand identity through visual marketing, and generate additional market leads by hosting live demonstration events. In the communities we work in, those who have sufficient purchasing power to invest in a clean cookstove do not frequent major retailers. These potential consumers have family and professional obligations, such as a market stall or other job, which prevent them from travelling to and shopping in supermarkets or other retailers. They are sensitive to price, but also to potential savings. We aim to double the amount of people that we reach with marketing messages, leading to increased sales and enhanced brand positioning as a recognized cookstove distributor.

With our network of over 100 sales agents across 11 slum communities in three counties (Nairobi, Kiambu and Mombasa), we are positioned to reach the last mile and serve millions of low-income consumers. iSmart is seeking investment to expand our door-to-door sales force and pop-up product demonstrations.

## Organizational background

**Employing the unemployable to provide a service to their community:** iSmart's vision is a world in which everyone has access to high-quality, safe energy technologies and is able to provide for themselves and their families through dignified employment. Since its creation in 2011, LivelyHoods has funded iSmart, a social enterprise limited by guarantee. The core mission of iSmart is to create livelihoods opportunities for youth and women in Kenya's urban and peri-urban slums. These areas are also the parts of the country with the highest instances of charcoal use for cooking.

**A network of trained sales agents:** iSmart is a network of sales agents, made up of previously unemployed and vulnerable youth and women, who distribute clean cookstoves and information about clean cooking products and practices in and around their communities. The products that iSmart sales agents propose to potential consumers in hard-to-reach markets are affordable and have health, environmental and economic benefits. Sales agents work primarily on a door-to-door basis, and they earn an income through commissions on each product sold.

**Sales and aftersales service:** A customer can buy their product using cash or mobile money from an agent or in-store at any of our 11 branches across three counties. These branches are the local hubs for product enquiries, sales agent training, and warranty follow-up. Each branch provides a physical and recognizable presence for iSmart within the community, which helps build trust in our brand.

**A successful model working towards profitability:** Since its inception in 2011, iSmart sales agents have distributed over 11,000 clean cookstoves, as well as over 1,600 other household items such as solar lamps. Our business model rests on acquiring products at the best possible price, in bulk, directly from manufacturers, and distributing them via local branches. Customers pay for them upon delivery from a sales agent, and sales agents make a 15% commission on each product. iSmart also makes a profit of between 13% and 15% on each product sold, which is reinvested to finance the organization's continued growth. Operating revenue for 2015 was \$234,625 and the average operating profit margin (after commissions were paid) was 13.6%.

**One flagship product in a product agnostic model:** Our working relationship with Burn Manufacturing means that we are in direct contact with the supplier of the main cookstove that we stock, and can pre-empt increases in demand, working closely with them to ensure a steady flow of products. We also work closely with Biolite, Envirofit, and other suppliers of life-improving products.

## Proposed Marketing Activities

1. **Expanding our network** of sales agents operating door-to-door, marketing cookstoves to the base of the pyramid in their communities.
2. **Product demonstrations** from a fixed location within close proximity of LivelyHoods' branches. These allow customers to interact with the product, try it out for themselves, lighting it, boiling water or tea on it, and comparing different models, and engaging with sales agents without any obligation to buy.
3. Visible **store branding**, through painting of shopfronts, metal signs and banners, and coloured t shirts.

### Expanding the network:

We currently have 11 branches in and around Nairobi, Kiambu County and Mombasa, with a sales force of 134 agents selling door-to-door. There is wide demand for clean cookstoves, and we have so far sold over 11,000 through street-based marketing and event marketing alone. However, by complementing our existing community presence with novel cooking events, storefront branding, and a growth in our sales force, we can increasingly meet the market demand and provide work opportunities in these communities.

We will therefore increase the number of sales agents conducting door-to-door marketing, and ensure they have the tools to provide follow-up, brand awareness and trust. Our promotional events with live demonstrations will give customers the chance to interact with our products and ensure that proper usage information is provided to potential and existing users.

In order to continue to develop our sales network, and satisfy a greater number of customers with quality service and access to clean cookstoves, we will hire 200 additional sales agents, providing each one with a daily sales permit to engage in legal trading activities around their local branch. Each sales agent will have received a two-week free training with iSmart to prepare them for engaging potential customers and delivering the best customer service possible. After their training, and a first field week during which they are carefully coached by trainers, they become independent distributors of clean cookstoves, provided to them as a daily micro-consignment.

Given that each sales agent can engage between five to ten potential customers on an average day, we estimate that these additional agents will interact with a minimum of 150,000 people over the project period, delivering awareness-raising information and pitching clean cookstoves.

Some outlying towns have a population size or density too low for us to open a branch there. Therefore we will rely on this expanded sales force to take clean cookstoves to underserved markets, which require additional transportation costs. Regional operations managers will establish marketing plans for the areas and towns around each branch. Each sales agent will develop a monthly marketing plan to reach each of the designated areas.

## Bring the market to you, with product demonstrations:

We have seen the success that marketing from a fixed position can have on catching passing trade in strategic places such as bank car parks or major bus stops. In our Kawangware branch, 29% of sales originate from what we call 'table marketing', which displays products on a table on a regular basis so that customers can learn about products and return to purchase products whenever they are ready. It in turn allows sales agents to capture trade from customers who may not be easily reached through daytime street marketing, such as people who work in closed offices that would not allow our door-to-door marketing.

A core component of the sales pitch is to physically demonstrate the product's features, and sales agents will often light the cookstove for the customer before or even after making the sale. Such experiential marketing allows consumers to develop a first-hand relationship with the brand, and experience the product for themselves.

These live demonstrations will provide the opportunity to buy a cookstove in a less 'sales-driven' environment, encouraging dialogue, and will be more reassuring, especially for female customers who make up the majority of our customers (66%) and end users. This physical evidence of the efficiency and smoke-free nature of the cookstove will also serve to close more sales than simply talking about the product.

Weekly live-demonstrations will be organized in front of each branch, whereby we will pilot demonstrations of clean cookstoves and the distribution of complimentary tea, prepared on the cookstove. This will be the first time we will experiment with such a thorough demonstration of the product, and adds an additional promotional aspect to our existing marketing. Everyone who stops to enquire about the clean cookstove will receive a small cup of tea, and will therefore be open to hearing about the benefits of the cookstove whilst they drink, as takeaway drinks are not a Kenyan custom, and food or drink is consumed on-the-spot. We expect to see a 10% increase in the amount of each branch's sales being made from these live-demonstration marketing events.

In order to follow up this live marketing with communications materials that the prospect can take away with them, we will produce marketing materials that list the benefits of clean cookstoves, and which provides information about iSmart and relevant contact details. When customers are not able to purchase at the first point of contact, our sales agents can agree to deliver at a later date, when the customer is ready to make the purchase. Providing marketing materials will help customers keep in touch with their sales representative and share the correct product information with other relevant decision-makers in their household.

## A brand you can trust and recognize:

As well as door-to-door sales, we also offer the possibility of coming into a branch to make enquiries, purchase a cookstove or access aftersales services. On each receipt customers are given the direct mobile number for the branch manager, to provide an alternative contact to the sales agent in case of queries, and in order to demonstrate that each sales agent is accountable to a respectable and responsible organization. In order to further enhance trust in the iSmart brand, and ensure that a message of unified visual identity is given to customers, we

will capitalize on the visibility of certain branch locations, and enhance the visibility of others, to draw more people to make the association of iSmart as a clean cookstove provider.

Where branches are visible from the road or are situated in a frequented shopping center, we will invest in heavy visual marketing, using the bright iSmart blue and the logo on the storefront (walls and doors), as well as images of cookstoves and messages about the benefits associated with clean cookstoves. The use of the word 'smart' in our slogan, 'solutions for a smart life', has strong connotations of intelligence, attractiveness and economic value and quality, and we will therefore ensure this permeates through our marketing presence, from the attitude and appearance of our sales agents, dressed in bright blue t shirts, to our storefronts and banners. Such obvious branding is also going to increase repeat customers and referrals, as the visibility of the iSmart name will ensure that we are the reference point for clean cookstoves, and are a constant presence in the community.

Wall branding is a prevalent form of below-the-line marketing in Kenya. This sort of branding is permanent, unlike temporary billboards and flyer campaigns. Such permanent forms of advertising allows for our brand to enter into custom, and become a household name. By making our brand highly visible to the public across all the communities we are in, we will raise the profile of iSmart while also making cookstoves more visible and commonplace in the country's informal settlements.

Where a storefront is not visible from the street, we will invest in freestanding metal signs, indicating the presence of the branch and a free SMS number for more information. This will allow interested individuals to be contacted with targeted information, via text message, phone call, or in-person presentation.