CASE STUDY: LEVERAGING POPULAR BRANDS TO BRING BETTER NUTRITION TO SOUTH AFRICA

Global Alliance For Improved Nutrition (GAIN) Engages Private Sector Partners To Help Address The Micronutrient Deficiencies In Young South Africans

EXECUTIVE SUMMARY

In 2008, the Global Alliance for Improved Nutrition (GAIN) began drafting plans to create sustainable market-based solutions to address the problem of micronutrient deficiencies in children aged 6 to 24 months old in South Africa. GAIN wanted to expand the availability of affordable complementary feeding products to 1.8 million local children and to help reduce iron deficiency anemia by 30 percent.

GAIN South Africa to date has launched a micronutrient powder (MNP), "EmVit Sprinkles," with raw material supplier DSM and pharmaceutical partner Nycomed and is planning on launching a fortified peanut butter, Black Cat in 2014 with its production partner Tiger Brands. GAIN has worked with local private sector partners to create, distribute, and market the products. In addition, the partners leveraged both traditional advertising (pamphlets and posters, etc.) and social media (a full mobile phone marketing campaign) to educate consumers about micronutrient fortification, all while working closely with both national and regional governments.

This latter has been a challenge as food fortification is a delicate and political issue in South Africa, and the partners must work closely with the government to carry out consumer education and marketing efforts. GAIN invested significant time and resources to develop a relationship of trust with the National Department of Health (NDOH) to ensure that there was no misperception that GAIN was an advocate for the private sector, as has happened in the past.

MNPs currently have limited reach into the target population of children in groups with the lowest Living Standards Measure (LSMs) and the new fortified peanut butter product has not yet been produced or distributed. Nevertheless, GAIN and its partners have learned many key lessons that are broadly applicable to public-private nutrition efforts throughout the developing world.

Key Strategic Lesson

There are strong benefits for identifying low-cost, scalable methods early on (such as mobile campaigns) to educate and inform customers.

Key Operational Lesson

Key Strategic Lesson: When selecting a brand strategy, stakeholders should consider leveraging private partners' established brand names.

INVESTMENT SNAPSHOT

Geographic Coverage: KwaZulu-Natal and broader South Africa for mobile campaign

Project Start: 2010

Stakeholders: GAIN, Dept. of Health (local and national), UNICEF, USAID, Nycomed, Tiger Brands, Thumbtribe, Owen Kessel, DSM

Nutrient Products: Micronutrient Powder (Nycomed), Lipid-based Nutrient Supplement (Tiger Brands)

Addressed Customers: Malnourished children 6-24mos (primarily LSM's 1-4)

Project Goals: Establishment of a business model that will distribute 120.5M sachets within 2 years to children ages 6 – 24 months.

Total Anticipated Project Cost: $3.2 million

GAIN Contribution (% total project): $2 million (37%)

Private Sector Contribution: $1.2 million

For Further Information

Magali Leyvraz
Global Alliance for Improved Nutrition
mleyvraz@ gainhealth.org

BACKGROUND & CONTEXT

More than 100,000 children die each year in South Africa due to diseases associated with insufficient vitamins and minerals in their daily diet.

One quarter of South African children are stunted (low height for age) and anemic (low red blood cells) due to micronutrient deficiencies. Symptoms of anemia include weakness, fatigue and poor concentration. Fifty percent do not receive enough zinc in their diet, and 60% of children aged 1-9 years old have poor vitamin A. These nutritional deficiencies have lasting economic repercussions for South Africa, a country still emerging from the shadow of apartheid. In 2008 GAIN awarded UNICEF $2.8 million to work with the government to reduce vitamin and mineral deficiencies through fortification of staple foods: maize meal and wheat flour. By June of that year, they had secured 90% of the market for fortified wheat flour and reached more than 30 million individuals.

Micronutrient deficiencies are most prevalent among children who come from low-income families. While the government, NGOs, and private industry all recognize the scale and significance of the micronutrient deficiency problem, opinions on how to best address the issue vary. On one hand, the government is skeptical of private sector solutions to public health problems, and this mistrust is not altogether unfounded. In the 1970s baby formula manufacturers were accused of taking advantage of developing-world mothers – convincing them that formula was equal to or even better than breast milk and providing them with free samples of products that they neither understood how to use properly, nor could afford on their own.

Moreover, as a relatively young democracy emerging from the apartheid era, the South African government takes a high-touch approach to most public issues. Thus, national and provincial departments of health, which have built an infant and young children nutritional agenda around the importance of breastfeeding, move cautiously when asked to embrace product-based solutions such as the Emvit Sprinkles MNP and the Black Cat brand fortified peanut butter products GAIN is helping bring to market.

On the other hand, private sector partners across the value chain such as pharmaceutical companies (development and production), consumer packaged goods (CPG) companies (production and distribution), and marketing agencies (marketing and education), are accustomed to moving quickly and decisively to address consumer needs. Constantly evolving market conditions such as the price of commoditized inputs and trends in consumer behavior add to the private sector's need for speed and clarity in the regulatory environment.

With key stakeholders viewing these challenges from unique individual perspectives, GAIN's role as an intermediary, one that is not perceived as attempting to advance any particular agenda, may prove critical to the creation of effective and sustainable public-private partnerships that serve the nutritional needs of consumers at the base of the pyramid.

OBJECTIVES AND APPROACH

GAIN aligns with name brand products to produce and distribute Micronutrient Powder (MNP) and a Lipid-based Nutrient Supplement (LNS)

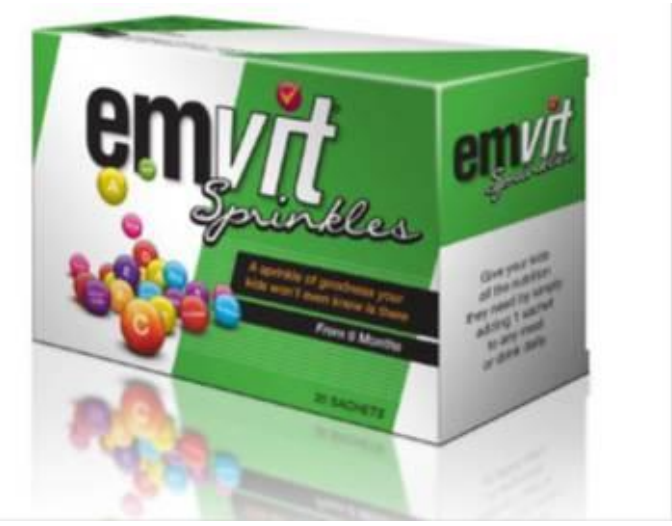
GAIN wants to continue to build on its fortification success in South Africa and, specifically, reach those families who fall in the lowest living standard measure categories (LSM). Launched in 2010, GAIN South Africa's Nutrimark project has sought to reach base of the pyramid consumers through public sector channels and market-based delivery of nutritious and affordable complementary food supplements and educational messages. Ultimately, they had originally expected to develop a "Nutrimark" label on fortified foods, which would have acted as a seal of quality, alerting consumers to foods with nutrition benefits beyond calories. Acting as an intermediary, or backbone organization in the effort, GAIN would leverage technical expertise, local consumer knowledge, and strategic relationships to align the interests and actions of key players in both the public and private sectors.

GAIN's Nutrimark project originally consisted of three key components: (1) create and market two home fortification products – a micronutrient powder (MNP) and a lipid-based nutrient supplement (LNS) both of which are associated with name brand products (2) Establish a nationally recognized logo, "Nutrimark" that will serve as a nationally recognizable seal of quality and of approval for home fortification products, and (3) conduct education and consumer behavior change initiatives that are in alignment with the government's policies on breastfeeding and the introduction of complementary fortified foods.

Bank on Prior Experience and a Name Brand Recognition to Create Micronutrient Powder (MNP) – EmVit Sprinkles

In 2010, GAIN partnered with DSM (a raw materials producer) and Nycomed/Takeda (a pharmaceutical company) in the development and launch of Sprinkles, an MNP targeting base of the pyramid consumers.

MNPs are favored by the global public health community due to their efficacy and ease of use – parents simply mix the premeasured dosage into whatever dish they prepare at home. GAIN's prior success with MNP projects in markets such as Bangladesh, where a private sector led approach to launch MNPs was utilized, presented GAIN with an attractive foundation to take a similar approach in South Africa, where a robust private sector is keen to get involved in nutrition as in Bangladesh. However, the relatively high unit cost of 1.10 South African Rand per sachet and the required consumer behavior change represented significant roadblocks to widespread adoption. A targeted unit cost of R0.50 per sachet may be within reach if increased demand can facilitate larger production runs, triggering scale benefits for producers. Currently, Nycomed /Takeda has chosen to launch and distribute its product, Emvit Sprinkles via the pharmaceutical retail channel.



WHAT ARE MICRONUTRIENT POWDERS (MNP)?

MNPs are sachets (like small packets of sugar) containing a blend of micronutrients in powder form, which are easily sprinkled onto foods prepared in the home. Any homemade soft, semi-solid food can be fortified instantly by adding micronutrient powders. Coating of the iron prevents changes to the taste color or texture of the food to which micronutrient powders are added.

While nutrition-conscious consumers in high income brackets, "first adopters," might purchase Sprinkles at the current price point, adoption by the targeted low income consumers would almost certainly require public sector support in the form of institutional purchases and/or consumer education. The provincial government in KwaZulu-Natal initially proposed a trial to test the efficacy of MNPs, and to identify delivery mechanisms that would be required for widespread use by purchasing a set number of MNPs for distribution via government clinics. However, the National Department of Health preferred to investigate and achieve national consensus on the issue before implementing a trial.

Produce a Lipid-based Nutrient Supplements (LNS) by Leveraging a Known Brand's Popularity in Peanut Butter

GAIN seeks to team up with a known-brand peanut butter company, but private companies, while interested, are protective of their brand names

Peanut butter is consumed widely in South Africa and there already exists feeding behavior where mothers in lower LSMs mix peanut butter into their infant's food. One of the primary distribution outlets for peanut butter are grocery stores Shoprite and Checkers which services over 80% of the target market. Therefore by producing a new fortified peanut butter by a well-known brand and sold in markets target customers frequent would give the partners immediate access to the lower LSMs.

At the start of the partnership in 2012, a 60% spike in the cost of peanuts paired with concerns about cannibalization of their existing products led to the original private partner, Foodcorp, to withdraw from the partnership. GAIN has since looked to partner with Tiger Brands, who aim to launch a fortified peanut butter under Tiger's Black Cat brand in the first-half of 2014. Progress has slowed, however, as Tiger has embarked on an internal review of the Black Cat brand architecture and a review of the project that has paused further progress while the review is ongoing. As of August 2014, a launch date of the new fortified peanut butter had not been identified.

The benefits of leveraging an existing brand are real—consumers in developing economies tend to disproportionately favor brand name products and the cost of establishing a new brand is upwards of R20 million (appx. $1.8 million US dollars). But as GAIN's experiences with Consumer Packaged Goods (CPG) companies, Foodcorp and Tiger illustrate, they are justifiably protective of their own brands and interests, as

WHAT ARE LIPID-BASED NUTRIENT SUPPLEMENTS (LNS)?

Lipid-based nutrient supplements (LNS) are a family of products designed to deliver nutrients to vulnerable people. They are considered "lipid-based" because the majority of the energy provided by these products is from lipids (fats). All LNS provide a range of vitamins and minerals, but unlike most other multiple micronutrient supplements, LNS also provide energy, protein and essential fatty acids (EFA).

LNS recpies can incude a variety of ingredients, but typically have included vegetable fat, peanut/ groundnut paste, milk powder and sugar. In the case of South Africa, the partnership focused on a well-known brand, Tiger, producing a new fortified peanut butter spread.

well as ensuring financial viability and return on investment. Still, branded fortified peanut butter represents an attractive opportunity to capitalize on existing consumer behavior. Peanut butter is already a part of the diet for many South Africans. As such, it offers an opportunity to meet consumers on familiar ground, limiting the expenditure required for education and behavior change. Moreover, Consumer Packaged Goods (CPG) companies are already committed to cost-intensive packaging materials so there would be little to no increase in cost to the consumer. Both of these factors mean limited reliance on government to subsidize costs and drive consumer adoption.

GAIN Adopts Traditional Marketing Practices and Social Media to Stimulate Consumer Demand of Sprinkles

GAIN has tried both traditional advertising channels (including pamphlets, posters, and small "Z-Card" pocket brochures, distributed at government clinics) and social mobile media to educate consumers about nutrition.

In line with the government's health agenda, messaging via both channels has been centered on the first 1,000 days of life; in particular, the importance of exclusive breastfeeding for the first six months followed by the introduction of complementary foods in addition to breastfeeding from 6-24 months.

For its traditional marketing materials, GAIN partnered with leading Johannesburg-based agency Owen Kessel. The agency is known for its work in the health environment under its division called Potenc. During 2013 Owen Kessel incorporated Potenc division into the mainstream agency but maintained the expertise in the health sector and continues to focus in this area. Owen Kessel also handles brands such as Amstel Lager and LG. The NutriMark project however marks the first time Owen Kessel has worked directly with the government, and staff admitted to being surprised by the lengthy project timeline and the number of revisions required for government approval. Government officials expressed similar frustrations with the time required for work to become finalized.

In contrast, GAIN's social media campaign met with immediate success that was quicker than expected. This accomplishment provides a positive example of collaboration between the GAIN, its private sector partners, and the NDOH, with which they worked to get approval for the messages. In 2013, GAIN engaged mobile specialist company, Thumbtribe, to launch a campaign on nutritional awareness via mobile phones. The campaign would serve to both educate consumers and build a highly profiled user database that GAIN could use to target specific consumer segments with tailored communications and offers.

Phase I of the partnership focused on generating the database by incentivizing users, offering mobile airtime in exchange for data (in the form of profiling questions) via various text message channels. This includes basic text messaging through Short Message Service (SMS) and Unstructured Supplementary Service Data (USSD), both used on basic mobile technology that is not necessarily connected to the internet. Additionally, the partners used a local free messaging platform known as MXit, a South African application (similar to whatsapp) that allows users to text, share information content from the site, and invite friends to join chat groups. Finally, Thumbtribe developed user friendly Mobi-site interfaces for the project, or websites that are accessible by smart phones and tablets. SMS, USSD, and MXit were especially important because each medium could be used on basic cellphones as well as smart phones and were thus more accessible to consumers in GAIN's target market.

Moreover, Thumbtribe employed both push and pull techniques to engage consumers, incentivizing interaction by offering R5 (around $.50 cents) of mobile airtime in exchange for profiling data such as gender, location, household income, number and age of children, and feeding habits. Including the cost of this incentive program, spend on this marketing effort has totaled only R180,000 (Approx. $17,000 US dollars) to date. Meanwhile, consumer engagement has been better than expected. Overall, more than 100,000 users registered (82,500+ through the local messaging service MXit) many of them referred by their friends. Moreover, key data such as Average Page Views per Visit and Average Visit Duration indicate better than average user engagement—with a peak of average page view per session of 29 pages in April of 2014 and an average visit duration of 16 minutes, indicating users are actually reading the content. However, as less new interactive material is introduced, usage has dropped.

The Thumbtribe campaign has so far focused on data gathering and generating awareness of positive infant and young child feeding habits. As fortified peanut butter and MNP products become more widely available to consumers and messaging begins to focus on motivating purchase (via mechanisms such as mobile coupons), further insight will be generated with regard to the bottom line and behavior change impact driven by the campaign. Still, GAIN's mobile experience already points to the value of interacting with consumers on their own terms. It also proves that innovative, low-cost strategies can be impactful in generating awareness and engaging consumers in a meaningful dialogue. Mobile is immediately scalable (no delays in waiting for materials to be printed), low cost (minimal incremental cost to push messages), customizable (easy to tailor messages to target segments), instantaneously data generating, and potentially viral (thanks to mobile-based social media such as the text/chat application MXit). These factors all serve to benefit both the public and private partners associated with the Nutrimark project.

GAIN Builds Partnerships with Government, Industry and NGOs

To mitigate project risks, it can be prudent to pursue efforts with the public sector, private partners, and consumers in parallel.

Both the national and provincial Departments of Health in Kwa-Zulu Natal (KZN) wield considerable influence in the design and implementation of nutritional programs, as well as the launching and branding of fortified foods, and they sometimes work at cross-purposes with each other. For instance, while there is a national roadmap of initiatives that the NDOH is pursuing, provincial departments may try new approaches in line with these initiatives. While the chance to implement plans at a regional level encourages innovation, it also introduces a risk that national intervention can delay provincial projects already underway.

In the early stages of the project, GAIN began by identifying and engaging potential private sector partners to develop MNPs. The organization also began discussions with the provincial Department of Health in KwaZulu-Natal about a trial program in which the department would distribute MNPs via government clinics. The trial was subsequently put on hold, however, as both the national and local government are now focused on the core issue of breastfeeding, delaying MNP-related issues until a national consensus could be reached.

Fortunately, however, GAIN's simultaneous investment in private sector activity has prevented the program's momentum from completely dissipating as progress has been made with these partners (e.g. the launch of Nycomed's MNP, Emvit Sprinkles). While GAIN continues to work with the Department of Health on broad infant and young children nutritional issues (including the role that MNPs might play on growth and cognitive development), progress in the Sprinkles program continues to be made on the product development and early-stage consumer education fronts.

Unfortunately, two years into the project, the second component, developing a Nutrimark logo and seal, did not gain the approval from the South African government. While GAIN and its partners made progress designing the seal, the government regulation prohibiting the use of such a logo was passed in 2012, effectively ending the effort. However, the time and energy contributed to this objective was not all a loss, as based upon their experience the National Department of Health requested the partners to design and develop a new "Fortified for Better Health" logo that would be used on fortified maize meal for infants and would fit within the legal constraints of the law. Presentation of the results of this newly designed logo for fortified maize infant meal will be completed in August 2104. Companies and millers will be able to use this logo with the government's approval, and will also benefit from government endorsement.

Public sector policy and legislation are important factors in environments where there are complex dynamics and overlapping policies (e.g. national and local), so it is important to understand the interplay between public sector stakeholders and how this interplay might impact a project. Moreover, investing and working on multiple market levers (public sector, private partnerships, consumer engagement) simultaneously can reduce the overall risk of projects halting due to challenges involving any one of these elements in isolation. It is important to have an integrated approach that includes all of the important stakeholders, and the time necessary to solidify those relationships.

NGO Technical Expertise Adds Value to Private Sector Efforts

The technical expertise provided by experienced organizations like GAIN is a value-add to private firms that is sufficient to form the basis of a partnership and spur private partners to action.

When looking to launch fortified foods such as MNPs or fortified peanut butters, private partners can often use assistance in terms of identifying the right micronutrients to include, highlighting the best methods to incorporate these nutrients into a product, relaying best practices in reaching the targeted market, and coordinating the dialogue with public sector constituents.

GAIN's prior experience and research in infant and young children nutrition around the globe has proved invaluable to such private partners, enabling them to incorporate what GAIN has already accomplished and learned in many of these areas. The combination of GAIN's past experience with a private sector-led approach, and the credibility of having spearheaded a micronutrient study in South Africa enabled GAIN to approach potential partners in S.A. with the concept of MNPs and fortified peanut butters. Without providing a financial contribution to these private partners, agreements were made with private firms such as Nycomed/Takeda, Tiger Brands, and Foodcorp, with GAIN providing technical expertise and advice.

CHALLENGES AND OPPORTUNITIES

Private Companies Face Significant Risks in Private-Public Partnerships

To establish an environment conducive for private partners to invest, NGOs should invest in activities that deleverage the financial risk incurred by companies.

In the initial stages of establishing a market for MNPs, such as fortified peanut butter, private partners face substantial risks at both ends of the value chain. Upstream, they may experience expensive start-up costs, volatile input prices, and currency fluctuations, which impacts the cost of goods; downstream, they may be susceptible to uncertain demand and distribution, which can stunt revenue goals.

As a result, there is an inherent challenge for private partners to produce a high-quality, highly nutritious product that is simultaneously affordable to the majority of targeted consumers. For example, business plans for the proposed MNPs forecast profit margins that fall below the threshold margins typically required by private partners when assessing any new project.

GAIN experienced this first-hand with its private partners in production of both of the new products. For example, GAIN initially worked with Foodcorp to pursue a fortified peanut butter product. However, the unexpected dramatic rise in raw peanut costs drove Foodcorp to pull out of the project due to unattractive economics. The MNP project has also faced related headwinds: while GAIN's private sector partner Nycomed developed and launched MNP EmVit Sprinkles, the product was launched with higher-than-expected production costs that put the long-term sustainability of the product at risk if it were to be distributed at affordable costs as initially planned. Specifically, the cost to produce one sachet is R1 ($.09 cents), partly driven by currency fluctuation risk faced by suppliers, despite the company's original estimates that it would not exceed R0.50 (around $.05 cents). Thus, Nycomed decided to target customers in middle-income brackets in their marketing strategy, as these were the customers most likely to be first adopters, and the customers most likely to provide a sustainable business model until scale was reached.

Beyond these cost structure risks, it has also become clear that the business model faces customer demand risk - without broad government support and distribution via public health channels, sales volume for both products would be reliant on motivating private consumers directly, which can be challenging for a company to achieve on its own. GAIN's investment in this business model of supporting private sector fortification of brand name products will prove critical to reaching the target customer at the base of the pyramid.

Establishing a sustainable business model for products like MNPs is inherently risky for private partners. NGOs that can make investments to deleverage that risk can increase the likelihood of a sustainable model. Examples of investments that could deleverage risk include providing one-time capital expenditures to reduce the up-front risk, establishing grassroots distribution networks that reach the target customer groups (e.g., seed investment for a network of community nutrition retailers that any future private partner can leverage), and coordinating effective marketing and education at product launch. However, as mentioned previously, it is important to make one-time investments instead of using a recurring model, as the latter would defeat the purpose of a self-sustaining business model.

It is Challenging to Reach the Lowest Income Consumers through Private Partners

In launching an MNP to a new market, private partners often initially focus their sales on first adopters. As a result, investors should consider budgeting for education and marketing that focuses on the targeted lower Living Standard Measures (LSMs).

While altruistic intentions and the potential to build goodwill are powerful motivating factors, private companies are inherently profit-seeking organizations. As such, they will, at least in the long run, make choices with the hopes of generating financial returns on their investments. For GAIN's private-sector partners, these choices include marketing and distribution decisions.

Like most private partners seeking a sustainable business model, Nycomed, the pharmaceutical company with which GAIN launched EmVit Sprinkles focused its efforts on target top-tier LSM consumers. Nycomed pushed for the product to be distributed through pharmacies – an outlet most frequented by well-off consumers. Low LSM shoppers rarely visit pharmacies, and when they do, they buy medication rather than nutritional supplements. Meanwhile, EmVit, the parent brand of Sprinkles, continued its sponsorship of a professional cycling team. Cycling tends to resonate with high LSM consumers, while those in lower LSMs favor sports such as soccer. In both instances, GAIN's private partner catered to a specific population segment that was not its target market for the product.

While targeting these potential early adopters makes sense from an economic perspective, it is misaligned with GAIN's goal of serving low LSM consumers – people who tend to shop in different retail outlets and who may need more information and education about the benefits, availability, and proper use of home fortifiers and fortified complementary foods. Thus, partners like GAIN should earmark funds for marketing and education campaigns that specifically target lower LSM consumers who may not be reached by private partner efforts.

However, regardless of how much additional earmarked funds for marketing and education are provided, the private retail sector in South Africa still plays a strong role in attracting consumers at the lower levels of LSM consumers. Particularly effective are investments that mobilize community advocates. One example of such an effort was Danone's "Danimama" campaign for their Danimal brand. A fortified yogurt, the brand was targeted at low LSM consumers similar to GAIN's target demographic. Danone recruited and employed hundreds of brand ambassadors ("Danimamas" and "Daniladies") who acted as mobile brand advocates in communities. The ambassadors also took on micro-distribution roles, selling the product via a consignment model similar to that of cosmetics juggernaut Mary Kay. Danone's target consumers knew, trusted, and identified with the "Danimamas" and "Daniladies" and were thus, more willing to try Danimal. All of a sudden, the brand was ingrained as an active, living part of the target communities. While the program required Danone to invest in recruiting and training the ambassadors, as well as subsidizing their first batch of product to sell, the company was rewarded with a rooted presence in the lives of its target consumers. (And a sustainable enterprise for the "Danimamas" and "Daniladies")

Combining the lessons learned from GAIN's early experience with Sprinkles and Danone's Danimal project, there is potential for a dual-prong approach to marketing and distribution. Investors and NGOs should be aware that private partners will likely target higher LSM consumers in order to support their initial costs. Meanwhile, NGOs can make investments in marketing, education, and distribution specifically geared toward lower LSM consumers. Such investments can help fund targeted messaging, mobilize community advocates, and expand the variety of distribution options available (including non-traditional options). These efforts can be pursued without sacrificing a traditional retail presence due to the natural incentive for private partners to engage such channels.

OUTCOME AND LOOKING AHEAD

GAIN has proven that even without financial contributions, NGOs can provide unique, value-adding expertise that can spark private partners into action in this space.

GAIN's experience with market based approaches to nutrition, its expertise in infant and young children's nutrition globally, and the studies that it helped conduct in South Africa all represented valuable assets for private partners to leverage. As a result, GAIN has been able to drive progress with production partners like Nycomed without providing direct financial support. This allows GAIN to free up resources towards other efforts such as working with the government and DOH in a policy and advocacy role, and rolling out marketing and education efforts directly to consumers.

Since establishing a sustainable business model for products like MNPs and fortified peanut butter is quite risky for private partners, GAIN could help deleverage that risk by making one-time investments such as providing the seed investment for a social enterprise network of community nutrition retailers that any future partner can leverage, or defraying cap-ex start-up costs in areas where infrastructure may not exist.

Key Operational Lesson

There are strong benefits for identifying low-cost, scalable methods early on (such as mobile campaigns) to educate and inform customers.

One low-cost, scalable marketing method is the mobile campaign initiated by GAIN via their local partner Thumbtribe. Phase I of the project was focused on generating awareness and therefore was not a traditional marketing campaign for either MNPs or fortified peanut butter. Yet, in just a short time and for only a total of R180,000 (USD $17,000) to date, Thumbtribe incentivized over 100,000 users by offering exchanges of data for information. There are around 59.5 million cell phones in South Africa, within a population of 50.6 million—it is estimated more than 75% in low income groups have a mobile phone. The mobile campaign was successful in reaching the lower LSM consumers, because these consumers have access to both feature and smart phones. GAIN engaged Thumbtribe to use the mobile campaign as a pull technique—gathering vital data—and a push technique, sending government approved messages. They also used several different platforms, such as SMS, and the widely popular South African cell phone app, mXit to engage users. Once the fortified peanut butter is available on the market, there are myriad of opportunities both to send consumers educational messages about the products and can gather vital information on who is using the products and how.

Key Strategic Lesson

When selecting a brand strategy for new fortified complementary foods in a market-based solution, stakeholders should consider leveraging private partners' established brand names (in lieu of

launching new franchises) to reduce up-front investment costs.

Because low-income consumers have limited room for error in their purchasing decisions, they rely on brands that they trust. This trust has been built primarily because of personal experience but also because of the national reputation of the brand. Due to the high start-up costs of creating a strong brand, in addition to the importance of existing trust, stakeholders should leverage established brand names. This is especially true in developing economies where consumers tend to disproportionately trust brand name products over new, unheard of names. In the case of the MNPs, Nycomed/Takeda is already a trusted brand with higher income consumers, so the original assumption that the success of first adopter purchases would trickle down to the low LSM consumers has proven true. Emvit Sprinkles is now being sold in pharmacies directly linked to certain grocery stores that specifically service lower LSMs, in addition to pharmacies and grocery stores that target more middle-income consumers. Peanut butter is such an integral staple of the diet for South Africans that by using the Black Cat brand for creating additionally fortified peanut butter, the Nutrimark program provides an opportunity for consumers to sample a new product but still be on familiar ground. As opposed to MNPs, there is less need for spending on education and behavior change. Also, since packaging is such a large portion of manufacturing expense, using existing brands with existing production and packaging facilities limits the increase in cost to the consumer as well as reliance on government subsidies.

> *"Low-income consumers cannot afford to make a mistake with purchases; thus, they tend to care a lot about brands."*
>
> *- University of Pretoria, Gordon Institute of Business Science (GIBS South Africa)*

Looking Ahead

Future plans for affordable nutritional supplements will center on GAIN's relationship with the government and the outcome of the cost-cutting efforts that will ideally lead to a more affordable MNP, and educational efforts across the country to increase consumption.

GAIN is hopeful that the government will eventually support large-scale public distribution of MNPs, which will then, in turn, create the reliable demand that takes downstream risk away from the private production partners.

On the institutional side, if Nycomed can determine ways to further decrease the cost of production and consequently pass these savings through to the sale price, there is potential that lower LSMs may begin to add MNPs to their daily routine. In a short timeframe, the partners have seen Emvit Sprinkles expand to franchised Pharmacies which are linked to certain grocery stores that specifically service individuals in the lower LSMs. If Nycomed were to continue to distribute the Emvit Sprinkles through retail channels other than pharmacies, there would be even greater reach to the targeted consumer and be more in line with GAIN's goal.

In launching an MNP to a new market, private partners often initially focus their sales efforts on first adopters. As a result, investors should consider budgeting for education and marketing focused on the targeted lower LSMs. Early adopters represent low-hanging fruit for private partners in any new venture. GAIN and other investors can drive the most impact by supplementing private efforts geared toward high LSMs with campaigns tailored for lower LSMs. The two efforts are mutually exclusive and can be run in parallel without the risk of cannibalization.

Finally, the government's support and increased hand in the educational process will both help remove lingering doubts of the efficacy of the product and also advocate for cultural behavior change. Without the government's support, there will be significant headwinds, specifically for the MNPs. GAIN hopes that these combine efforts will put the project on a path to reach its target of 1.8 million children aged 6-24 months old and to reduce anemia by 30 percent.

CONTRIBUTING ORGANIZATIONS

This article was written in collaboration with the Global Alliance for Improved Nutrition (GAIN), the Global Business School Network (GBSN), and the Tuck Global Consultancy Program at the Tuck School of Business at Dartmouth. For more information on GAIN, please contact Magali Leyvraz at mleyvraz@gainhealth.org; GBSN, please contact Lisa Leander at lleander@gbsn.org; and the Tuck Global Consultancy Program or the Tuck School at Dartmouth, please contact Kerry Laufer at Kerry.L.Laufer@tuck.dartmouth.edu.