Defining & Communicating Your Value Proposition

A playbook for communicating the value of products and services to smallholder farmers

June 2015
ABOUT FEED THE FUTURE PARTNERING FOR INNOVATION

Feed the Future Partnering for Innovation is a USAID program that helps the private sector to scale and market agricultural technologies for smallholder farmers through investing in technology commercialization and knowledge exchange. Partnering for Innovation is part of Feed the Future, the US government’s global hunger and food security initiative, active in 19 countries. Fintrac produced this playbook in cooperation with Deloitte Consulting.

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As part of the commercialization process, Feed the Future Partnering for Innovation has developed a series of user guides designed to accelerate the commercial scaling of agricultural technologies. This series is designed to provide practical guidance in addressing the market entry and business development challenges that often arise when introducing and selling new agricultural technologies into the smallholder market.

The playbooks provide both the theory and practice for successfully introducing new products to the base of the pyramid market. In the following chapters we will introduce concepts that will assist you to:

- Access difficult-to-find information on this marketplace to help you understand the buying power of your targeted customers, identify where your customers are located, and determine the best partners and channels to most efficiently distribute your product.
- Educate your customer on your value proposition (the benefits of your product in relation to the cost), strategies to effectively demonstrate and promote your product, and strategies to sell it to community leaders and early adopters.
- Explore financing options that you can offer your customers to improve the upfront affordability of your product.

Figure 1: Entering and Succeeding in the Smallholder Market

This graphic illustrates the distinct phases of the smallholder business plan development process and in each playbook, highlights the relevant phases covered within, addressing three fundamental critical success factors of smallholder business: adaptability, affordability, and accessibility. The graphic demonstrates the iterative nature of each of these elements in business plan development.
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Defining and Communicating the Value Proposition

A playbook for communicating the value of products and services to smallholder farmers

Value Proposition

A value proposition is the benefit of a product or service to a customer. It is a blend of economic and non-economic returns and spans both the long- and short-terms. It is not only the specific product or service, but also the entire interaction a customer has with the company in the course of purchasing and using it.

About this Playbook: Core Messages

Selling to smallholder farmers often presents a unique set of challenges. In the smallholder market, the value proposition for the product or service must be clearly defined, tailored to this segment, and directly communicated to the customer. Without clearly communicating the return on investment, companies may not achieve desired sales levels or social impact in this risk-averse market segment.

By using the strategies discussed below, companies will ensure they:
- Capture the value proposition of their products, including both the economic and non-economic values.
- Choose the optimal communication methods for reaching their customers.
- Understand how these decisions affect their business operations.

Crafting an effective value proposition contains three steps:

1. Defining where to play: this requires conducting a market assessment to determine the target customers and geographies.
2. Determining how to win: this is the development of a value proposition composed of:
   - Advantage
   - Accessibility
   - Affordability
   - Adaptability
3. Developing a communications plan to inform customers of your product’s value.

Figure 2: The “5 As” of a Smallholder Farmer Value Proposition

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Accessibility</th>
<th>Adaptability</th>
<th>Affordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>What value the product or service has over the status quo (or competitors if they exist).</td>
<td>How distribution, manufacturing, and logistics will impact the customer actually getting your product or service.</td>
<td>The appropriateness of the product or service for the particular segment and how it fits with the behavior and culture of the target customers.</td>
<td>The price of the product or service and when payment for it needs to be made, considering seasonality.</td>
</tr>
</tbody>
</table>

Awareness

The methods and channels for marketing the product or service

Whereas marketing typically considers the “4 Ps” – product, price, place, and promotion – in the smallholder farmer context, marketing strategies are best designed when considering the “5 As,” the first four of which comprise the value proposition and the fifth of which communicates that value proposition.
A company must first clearly understand the need – the problem or gap that exists in the market – that its product or service will address. Given the risk-averse, cash-constrained smallholder farmer market, the product or service should focus on a cost or productivity issue.

Figure 3: The Elements of Where to Play

Determining where to play requires first identifying a gap in the market. Once the problem is defined, the company should then decide what role it will play in addressing the gaps to capture them as opportunities and address the problem. Next, the company can narrow down the customers and geographies it will serve.

A company achieves product or service fit when a customer becomes excited about the value proposition; this happens when the product or service addresses important [items], alleviates extreme pains, [or] creates essential gains that customers care about.²

### Example 1: The Need for a New Cookstove Brand

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the problem that needs solving?</td>
<td>Nigerian women need fuel for cooking. Current fuel options are unhealthy and expensive (kerosene) or time-consuming to gather and result in deforestation (firewood).</td>
</tr>
</tbody>
</table>
| What is the current solution to the problem?                            | **Firewood**: 70 percent of the population uses firewood. Women and children spend many hours each day gathering firewood. Children miss school to collect the wood and women are unable to spend their time on other income-generating or productive activities. Firewood is also expensive and is increasing in cost.  
**Kerosene**: 25 percent of the population uses kerosene. Without other options, women expose themselves and their children to harmful chemical fumes. Approximately 80,000 people die annually in Nigeria from this exposure. Kerosene is subject to severe price and supply fluctuations. Few alternatives to firewood or kerosene are available in rural areas. Power outages and limited infrastructure limit electricity access and use. |
| Does the customer understand the problem you are trying to solve or will you need to describe the problem? | The majority of women have accepted current practices as given and are unaware of alternatives. They also do not understand the effects on air quality and health very well. |
| Are there externalities to consider; for example, regulations or subsidies? | Subsidies on kerosene lower the price, but fluctuations in price and supply endure. |

Activity 1:
Defining the Need – Where to Play

Work through these questions to frame the need for your product or service. Use the results of your market assessment – the understanding of the customer, context, and competition – to inform your answers.

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the problem that needs solving?</td>
<td></td>
</tr>
<tr>
<td>What is the current solution to the problem (the “status quo”)?</td>
<td></td>
</tr>
<tr>
<td>• What is the impact of this current solution? Pros, cons?</td>
<td></td>
</tr>
<tr>
<td>• What are the adverse consequences of this solution?</td>
<td></td>
</tr>
<tr>
<td>Does the customer understand the problem you are trying to solve or will you need to describe the problem?</td>
<td></td>
</tr>
<tr>
<td>Are there externalities to consider; for example, regulations or subsidies?</td>
<td></td>
</tr>
</tbody>
</table>

Use these results as the building blocks for the following piece – How to Win – a description of the value proposition. From this exercise, you should know specifically what you are selling, to whom, and where, and know what critical issue your product or service is helping solve in your customer’s life.
How to Win: Crafting the Value Proposition

The value proposition is a description of the customer’s return on investment from purchasing a good or service, from the initial marketing of the product through the sales process and post-sales support. Understanding the customer’s needs and the role the product plays in addressing those needs are critical to a successful product campaign. Addressing the 5 As will help to tailor this message to your market.
Advantage

What value the product or service has over the status quo (or competitors if they exist).

Opportunity Cost

The cost that is represented by the benefit that would have been gained had the farmer used the money invested in the product for an alternative use.

“Although advantage, in general, is paramount, the type of advantage also matters significantly. Our research indicates that the extent to which a product is seen to increase financial standing is the most powerful driver of adoption of an agricultural innovation. More than 60% of the farmer responses were related to how a product or service would increase wealth.”

— Growing Prosperity

What are the benefits of using your product over current practices?

A value proposition is comprised of both financial and non-financial benefits, though in the smallholder context, the financial benefits carry significantly more importance. According to the Bain report *Growing Prosperity*, wealth increase was the most frequently cited reason for adopting a new product. Wealth increase is defined as both yield and income increases and cost savings. Non-financial value is something that improves the customer’s quality of life, unrelated to increased income (e.g. improved health, access to education, or safer working conditions) and can also be addressed as part of the value proposition.

Examples of financial benefits include:

- Increased income and revenue.
- Income stability.
- Increased savings or assets.
- Improved productivity.
- Decreased costs (e.g. overhead, inputs, and interest rates).
- Reduced debt.

Financial value is best represented as return on investment to the smallholder farmer and can be calculated, taking into account opportunity costs for costs and labor. The tool in Activity 2 calculates the return on investment, and the SWOT Analysis in Activity 3 will help identify additional product or service benefits (and gaps).

Example of Financial Value

PortaScience, a medical testing company, developed an early-stage mastitis detection test for dairy farmers. Customers purchased more of the tests when the value proposition was related to income; for example, stating that your income will increase if you maintain healthy cows by purchasing this product.

Example of Non-Economic Value

CTI’s pearl millet thresher decreases the amount of time required to harvest, thresh, and mill pearl millet. By combining the three processes into one mechanized one, women – typically the ones doing the harvesting and threshing – have more time to spend on other activities, including income generation.

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Example 2: The Return on Investment of a Small Irrigation System

This example shows the net cost (Year 1) and net benefit (Years 2-5) of a smallholder farmer purchasing a specific irrigation system. It takes into account direct and indirect costs, including the opportunity costs of the money spent on the product or service and the opportunity cost of the time spent going to market to purchase it.

<table>
<thead>
<tr>
<th>Net Benefit (or Cost)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Benefit Expressed in:</td>
<td>dollars</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Time Costs</td>
<td>3,523</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurring Costs</td>
<td>756</td>
<td>756</td>
<td>756</td>
<td>756</td>
<td>756</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Time Benefits</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurring Benefits</td>
<td>3,153</td>
<td>3,153</td>
<td>3,153</td>
<td>3,153</td>
<td>3,153</td>
</tr>
<tr>
<td>Net Benefit (cost)</td>
<td>-876</td>
<td>2,397</td>
<td>2,397</td>
<td>2,397</td>
<td>2,397</td>
</tr>
</tbody>
</table>
Activity 2: Calculating the Smallholder’s Return on Investment (ROI)

Complete the workbook to understand the full economic return on investment of your product or service for a smallholder farmer. The workbook enables you to compare the cost for the smallholder to acquire the product or service, including indirect costs, with the benefits the smallholder can be expected to gain.

- The cost-benefit analysis is divided into four pages that outline two types of costs: one-time and recurring; and two types of benefits: one-time and recurring. The final calculation sheet at the end that uses previous sheets as inputs to arrive at the net benefit or return on investment to the farmer of the product. The tool is built for a five-year life cycle to calculate ROI over a longer term.
- The opportunity costs section expresses the cost that is represented by the benefit that would have been gained (profit) had the farmer used the money invested in the product for an alternative use.

This tool is helpful when interfacing with prospective customers or when training sales representatives. The company should also use this tool to understand whether a product’s ROI is positive for the company; obviously if it is not, the product offering should be re-designed to achieve a positive ROI. Sales representatives should use this as one tool to communicate with risk-averse customers, demonstrating the income benefits over time of using the product or service, including the payback period.
Example 3: SWOT Analysis: Cookstoves

A SWOT analysis identifies a product or service’s strengths, weaknesses, opportunities, and threats. Because there are few direct competitors to products and services in the smallholder market, risks should also be considered in conjunction with threats. It should consider internal (company-specific) and external (market, context) factors.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Faster than collecting firewood</td>
<td>• Requires purchase of specific fuel</td>
</tr>
<tr>
<td>• Cleaner than kerosene</td>
<td>• New technology requires explanation of how to use</td>
</tr>
<tr>
<td>• No price fluctuations</td>
<td></td>
</tr>
<tr>
<td>• Business plan includes constructing fuel depots to ensure fuel availability, increase value of product</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growing demand</td>
<td>• Other cookstoves on the market (Envirofit, DEVA, Oando, DARE, Mfaminyen)</td>
</tr>
<tr>
<td>• Piggyback on competitors’ marketing that is generating interest</td>
<td>• Kerosene subsidies from government</td>
</tr>
<tr>
<td>• Use company-owned fuel depots to enhance brand</td>
<td>• Up-front cash required to purchase this cookstove</td>
</tr>
</tbody>
</table>
Activity 3: SWOT Analysis

Use this SWOT analysis to improve your understanding of the value of your product or service to the market. This should reveal gaps in the value, and therefore assist you in either filling the gaps with a more robust offering, or communicate the value proposition in a way that addresses the gaps or avoids calling attention to them.

Use the template to evaluate the elements of your product or service and the plan for bringing it to scale. Consider the following:

- Product or service offering, especially price and fit with the customer’s needs.
- Brand and marketing.
- Staff and their ability to deliver on company plans.
- Finances, including cash flow.
- Market, especially the unique smallholder farmer context and local differences, and including existing regulations and donor programs.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

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<thead>
<tr>
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<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Accessibility**

How distribution, manufacturing, and logistics will impact the customer actually getting your product or service.

“Farmers are more likely to consider an innovation when they trust the company and its personnel... Marketing new products and services requires high engagement with geographically dispersed farmer customers, thereby calling for both focus and patience from the company and its backers.”

— Growing Prosperity

### Can the farmer get the product or service when she needs it?

The supplier must be able to deliver the product or service to the customer:

- Within resource constraints (e.g. time, costs, and labor).
- Under given market conditions.
- When the smallholder needs it to be available. Because farm products have sensitive timing aligned to seasons and markets, this must be factored in to the operations plan.

Market assessment information (see Who and Where is Your Customer), specifically where the target customer makes purchases, should be used to determine an effective distribution plan. Are purchases made:

- When a representative visits the community or farm?
- In the market town center on occasional visits?
- At aggregation points, such as a milk cooperative or grain collective?
- From agrodealer networks?
- On a mobile device, such as for service delivery?

There are two sets of information to consider when constructing a distribution plan:

- Who distributes the product (Figure 4).
- Where the product is distributed (Figure 5).

**Figure 4: Distribution Actors by Degree of Intermediation between Company and Farmer**

- **Direct Sales**
  - Company visits farmer
  - Few Degrees of Separation
  - High Control
  - High Cost

- **Direct Sales**
  - Farmers visit company

- **Agro-Dealers**
  - Selling multiple products
  - Many Degrees of Separation
  - Low Control
  - Low Cost

**Figure 5: Distribution Points by Proximity to Customer**

- **Close to Farmer**
  - Lower barrier to entry
- **Far from Farmer**
  - Higher barrier to entry
Activity 4: Getting your Product to Market On Time

Timing is a critical consideration. Use this activity to ensure your company is ready to deliver your product to market on time by working backwards in time. To start: When does your product need to arrive in your customer’s hands? Consider crop and weather cycles. Enter a date here:

Next, evaluate each step in your logistics to determine the number of days required to produce and deliver your product or service. You may need to include other steps in this timeline (e.g. quality assurance verification; regulatory testing; importing through customs). Modify the exercise as needed for your purposes.

<table>
<thead>
<tr>
<th>STEP</th>
<th>NUMBER OF DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much training time does your product require?</td>
<td></td>
</tr>
<tr>
<td>How much installation time does your product require?</td>
<td></td>
</tr>
<tr>
<td>How long does it take to get your product from distribution point to the customer?</td>
<td></td>
</tr>
<tr>
<td>How long does it take to sell your product?</td>
<td></td>
</tr>
<tr>
<td>How long does it take to transport your product to the point of sale?</td>
<td></td>
</tr>
<tr>
<td>How long does it take to package your product?</td>
<td></td>
</tr>
<tr>
<td>How long does it take to manufacture your product?</td>
<td></td>
</tr>
<tr>
<td><strong>Total Days</strong></td>
<td></td>
</tr>
<tr>
<td>Add the previous rows together: This is the total number of days from the time your product or service beings its lifecycle to the time the customer is able to use it.</td>
<td></td>
</tr>
</tbody>
</table>

Take the total number of days and subtract it from the day that your product needs to be in use by the customer to determine the first day of your logistics.

- Can these timelines be met?
- What processes and costs will need to be re-engineered to meet these timelines?
- Are there ways to reduce any of these timelines?

You will likely want to add some buffer time to account for any interruptions or unexpected events.
Adaptability

Is the product or service – and accompanying support – tailored to meet the unique needs of the target customer and the context in which the customer lives and works?

As discussed in Who and Where is Your Customer, the market assessment should inform the features of a product or service so that it is tailored to the target customer. These uniquely tailored features and benefits are essential elements of the value proposition as represented in Figure 6 below. Remember the focus on what the customer needs.

Figure 6: Adapting the Comprehensive Product or Service Offering

Adapting a product or service to the smallholder farmer customer requires understanding what the market and customer needs, then customizing the product or service to meet these needs and conditions. Finally, the delivery of the product or service must be considered as well and adapted to this context.

Questions to consider for adaptability:

- What are the smallholder’s critical needs in relation to the product or service being considered, that if not addressed, would significantly impact his/her livelihood or productivity?
- How can these needs best be addressed and what are the alternatives?
- How can the risk of adopting the product or service be reduced through a comprehensive market offering (e.g. training included with the product).

Key considerations:

- As stated previously, smallholder farmers prefer lower-risk solutions over the alternative, even if they cost more, particularly when these solutions help address a critical need.
- The entire offering to the customer – not only the actual product or service – must address the smallholder’s needs. This may include training or post-purchase service.

Affordability

Does the farmer have enough money at the right time to purchase the product or service?

Affordability encompasses the price of the product or service in relation to the income of the target customer and the timing of the payment for it, relative to the cash cycles of the target customer. By using affordability strategies such as pay-per-use or bundling, the upfront cost of a product or service can be reduced, thus improving the prospects for customer uptake. Alternatively, financing can be offered in conjunction with the product or service to enable access to a good that is unaffordable if purchased in a lump sum. Reference the Affordability & Financing playbook for further options.

Questions to consider for affordability:
• What percent of annual income of the target customer does the product or service cost? Is this affordable or should the company revisit the design of the product or service to reduce the cost?
• How does the timing of the purchase align with the income cycle of the farmer?
• Does the farmer need to pay at time of purchase or are credit terms available?
• What financing can be offered to assist with purchasing the product or service? Does the company have the internal capabilities or can it partner with financial institutions to offer credit?

Key considerations:
• Affordability strategies such as bundling and no frills are generally used for lower-priced products and services; however, pay-per-use enables single use of higher-priced equipment.
• Financing strategies are used for higher-priced items for which enough cash will not be available for purchase, but companies should offer after-sales service to ensure that the technology performs as advertised and that the customer is able to generate sufficient revenues for loan repayment.
• Establishing enterprises that rent or lease-to-own higher-cost equipment is another strategy that can be useful in increasing affordability.
Awareness: Communicating the Value Proposition

Does the farmer know about the product or service and what is the best way to tell him or her about it?

Awareness is simply how a company ensures the target customers know about the product or service. This requires a blend of the following and should be highly localized:7

- Incorporation of elements of traditional marketing.
- An agent workforce that is trained and has proper incentives to educate users.
- Partnering with an organization that already has agents and farmer groups in the target areas.
- Brand ambassadors who will publicize the product or service.
- Finding influencers in communities to act as early adopters.

Most importantly in the smallholder farmer segment, effective awareness strategies requires developing relationships and trust. A company must build relationships with its target customers, either directly or through agents. After initially building trust with the customer, it must be maintained through superior product and service delivery and follow-up.

Channels

There are many communication channels available to companies to drive awareness among smallholder farmers. The most effective channels are those that leverage trusted community members and provide local demonstrations of the product or service. When deciding how to communicate with customers, the company should consider the profile of its target customers. Specifically:

- Literacy: customers’ ability to read affects how products, services, or trainings are delivered.
- Language: often there are many local dialects; choosing the correct one is necessary for comprehension and will also engender trust with customers.
- Technology access: ability to communicate by SMS, Internet, social media, television, and radio may vary among groups, so connectivity should be factored into marketing plans.

In addition to the distribution points discussed in the accessibility section – all of which can also be used for awareness – there are a number of other effective communication channels. As with most marketing, there is a direct correlation between the price of a method per person and its effectiveness.

Figure 7: Cost and Effectiveness of Advertising Channels

![Graph showing cost and effectiveness of various advertising channels.]

- Product Demonstrations
- Lead Farmers (Early Adopters)
- Radio
- Promotions
- SMS Messaging

Cost per Impression on Potential Customer vs. Effectiveness

Figure 8: The Importance of Trusted Community Members

<table>
<thead>
<tr>
<th>How did you hear about the product or service?</th>
<th>Early adopters</th>
<th>Late adopters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company officials</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>Friends and relatives</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Note: Early adopters are those who used the product or service within the first year it was made available to them; other includes radio, newspapers, government officials, and third-party nongovernmental organizations.

Company officials are the primary influencers of early adoption by lead farmers, however the influence of friends and relatives becomes paramount with later adopters.

Companies are not only selling the utility of the product or service, they may also need to modify customers’ behavior to adopt the product or service. A new market entry strategy in an emerging market should rely heavily on demonstrations, trainings, and convincing community and farmer leaders first.

**Product Demonstrations**

The value of demonstrations to reach the potential customer cannot be overstated in the smallholder market. Given the risk-aversion and mistrust of outsiders, demonstrations show the impact of the product or service and the positive difference it could make in customers’ lives. The smallholder gains trust by seeing the product function and by seeing results. Demonstrations and trainings are often done at aggregation points (e.g. milk cooperatives or grain collection centers) and other areas where there is frequent traffic that can be easily viewed by prospective customers.

<table>
<thead>
<tr>
<th>Product Offering</th>
<th>Demonstration</th>
<th>Value Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGCO and partner GSI offer small customizable metal grain silos to grain traders. They have capacity from 34 to 500 tons and additional space can be added on as needed, offering an appropriate postharvest storage solution for smaller scale production. Financing is offered, including a discount from an NGO and 70 percent financing from the bank with proof of 50 percent collateral.</td>
<td>Because this is a new storage approach for traders of this size, AGCO chose to establish demonstration sites and training events to explain the advantages of their silos over current practices. The accredited course, held at established grain traders’ locations, includes training on operating the equipment and on the grain management business. The costs and benefits of the storage silos are also explained, as are the options for financing. Following demonstration days, the company designs and custom fits a silo for interested traders, further building the customer relationship.</td>
<td>AGCO sold four silos in six months, benefiting approximately 300 smallholder farmers. Sales of 25 additional silos are in progress. 30 percent of maize production is lost postharvest; AGCO’s storage silos reduce this loss and enable traders to spread out sales of grain, achieving better prices.</td>
</tr>
</tbody>
</table>

9. Reference the Affordability and Financing playbook for more information on de-risking and partnerships.
When we are marketing to anyone, but particularly the bottom of the pyramid, the lesson starts here: if we don’t trust you, we will not buy from you. If we do not trust you, we will not believe that you can make us better. Everything that we do then as marketers is not revolving around the words we choose or the billboards we build or where we get our stuff made, it revolves around the very simple question: do they trust you? If you’re serious about making change then, you must show up as a trustworthy person, a trustworthy organization. You must show up as the kind of organization that doesn’t run away, that doesn’t leave that stands behind what it says. You must do this with extraordinary over-delivery."


Pre- and Post-purchase Support

Pre- and post-purchase support is important to ensuring the product performs for the customer as advertised and that any problems are quickly addressed. A successful product experience leads to positive word-of-mouth about the company and product, and increases the likelihood of both repeat purchases and new clients as these early adopters become an important part of the marketing campaign. Product performance and reliable customer support builds loyalty to the company and product, reducing the threat of competitors. Customer support is also important when financing is involved by ensuring the technology provides the return on investment as advertised, thereby improving loan payback and lowering the risk of default for a financial institution. By successfully servicing early loans, banks will be more willing to expand future lending. Customer support and training is not always offered by the company itself. Third parties can be engaged in providing training and support, including social sector organizations, donor programs, and government extension agents.

Pre- and Post-purchase Support

<table>
<thead>
<tr>
<th>Product Offering</th>
<th>Pre- and Post-Purchase Support</th>
<th>Value Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netafim, in partnership with Kenyan agricultural product supplier Amiran, offers drip irrigation packages tailored to the needs of smallholder farmers. The kits are available in 250 square meter, 500 square meter, and one acre sizes and come with training and after-sales services and starter packages of seeds and fertilizer.</td>
<td>Because of the complexity of drip irrigation, support after purchase is a critical part of the model. Netafim’s partner Amiran has developed a crop management system that informs its call center of the farmer actions required during different phases of the production cycle. Amiran calls farmers to provide reminders to fertilize and spray, and agents are available if farmers are experiencing problems with their crops or drip systems. Netafim and Amiran using this system to ensure customers are successful with their system and also to market additional inputs and other products, ensuring continued customer loyalty.</td>
<td>The customer call center support increases the cost of product delivery in the near term, but increases the likelihood of smallholder farmer success that will increase the likelihood of repeat business and expand the customer base as neighboring farmers seek to replicate the success.</td>
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</tbody>
</table>
Stating the Value Proposition

Once you have worked through the 5 As of your market offering, craft a value proposition. The value proposition should be a single statement that definitively says what the company is selling and to whom.

For (target segment), the (product/service) provides (key benefits) significantly better than (key competitors) because (most important rationale for why it can be provided by the company).

Conclusion

The 5 As help define a product or service value proposition and look at strategies to effectively communicate said proposition. This plan, like other aspects of your product or service, will change over time as your company gains scale in the market.

It is important to implement a system for capturing customer insights so that marketing plan changes can be made, and adaptations to the product or service can evolve.

• How will the marketing strategy change as the product or service is offered in new geographic regions or customer segments?
• How will marketing change as the product or service gains market share?

Example 4: Value Proposition for Nigerian Cookstoves

“For Nigerian households with average per capita daily income of $1-$10, clean cookstoves provide a safe, inexpensive, and efficient cooking mechanism better than kerosene or wood because the cookstoves eliminate the need to gather firewood, burn more cleanly and therefore safely than kerosene, and liquefied petroleum gas is less expensive than kerosene.”

10. Adapted from Global Alliance for Clean cookstoves, Nigeria Market Assessment.
**Activity 5: Stating your Value Proposition**

Use this template to write your value proposition while remembering competition in the smallholder market is often the “do nothing” approach.

“For (target segment), the (product/service) provides (key benefits) significantly better than (key competitors) because (most important rationale for why it can be provided by the company).”

<table>
<thead>
<tr>
<th>Target Segment</th>
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<table>
<thead>
<tr>
<th>Product/Service</th>
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<table>
<thead>
<tr>
<th>Key Benefits</th>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>Key Competitors</th>
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<table>
<thead>
<tr>
<th>Most Important Rationale For Why This Can Be Provided By Your Company</th>
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</table>
Appendix

Bain & Company’s 4 As Checklist

Bain & Company’s 2014 publication, *Growing Prosperity: Developing Repeatable Models to Scale the Adoption of Agricultural Innovations*, includes only 4 As; Partnering for Innovation added adaptability to ensure the product or service is uniquely adapted for the target customer. This list of key questions helps companies systematically ensure that each of the 4 As is in place for customers.

### Awareness

- **To what extent do farmers know about your product or service category (e.g. microfinance, micro drip irrigation) and about your specific company offering?**
- **What characteristics (e.g. demographic, behavioral, environmental) should guide your sales team’s early adopter customer targeting efforts?**
- **Is the accompanying information (e.g. planting techniques, installation) critical to your product’s effective use always shared and well understood?**
- **What are the most effective communication channels to reach your target customers?**
- **How will you identify the promoters among your early adopter customers and empower them to tell other prospective customers about your product or service?**

### Advantage

- **Have you understood the specific need your company is addressing from the farmer’s point of view?**
- **Do smallholder farmers sufficiently understand how your product or service will increase their income?**
- **What alternative solutions exist today that your target farmers are not using? Why not?**
- **Which gaps or constraints across the value chain can you address directly and which will require the support of partners?**
- **Do you have a clear process in place to observe your innovation in action with early adopters and use the feedback to refine your proposition?**
- **How will exogenous factors (price shocks or environmental changes) affect the advantage provided?**
- **How much and what kind of risk mitigation is required for the earliest adopters?**

### Affordability

- **What are the key cost drivers for your product or service on an individual farmer level?**
- **How can you reduce the cost through redesign of your product or service proposition while delivering the requisite functionality for your customers?**
- **To what extent can the timing of the purchase of the product or service be managed to enhance its affordability?**
- **Given the income levels and cash-flow profiles of your target customers, what financing options might you need to provide?**

### Access

- **How and where do your target customers currently purchase agricultural products and services?**
- **What is the condition of the physical infrastructure in the areas you are serving?**
- **To what extent are your target customers willing to travel and have access to means of transportation?**
- **Are there existing retail outlets that could reliably and effectively sell your product (providing both the required information and physical distribution)?**
- **How would selling through a retail outlet affect your economics and your competitiveness from both the retailer and end-customer perspective?**
- **To what extent is the advantage provided by your product affected by distribution timing?**

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## Bain & Company’s Summary of Recommendations for How to Apply the 4 As

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Awareness</th>
<th>Affordability</th>
<th>Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand customer’s needs</td>
<td>Strategically target early adopters</td>
<td>Harness volumes to bring down unit cost/price</td>
<td>Ensure access in the right quantities at the right time</td>
</tr>
<tr>
<td>Identify value chain constraints</td>
<td>Ensure success of early adopters</td>
<td>Facilitate incremental purchase</td>
<td>Consider what kind of distribution network is required</td>
</tr>
<tr>
<td>Put risk-mitigating structures in place</td>
<td>Widely disseminate success stories</td>
<td>Understand cash flow cycles and timing</td>
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</tr>
<tr>
<td>Use feedback to validate advantage being created</td>
<td>Amplify word-of-mouth ('promoters')</td>
<td>Design to optimize unit economics</td>
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<tr>
<td></td>
<td>Sustain brand presence</td>
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<td></td>
</tr>
</tbody>
</table>

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12 Growing Prosperity: Developing Repeatable Models to Scale the Adoption of Agricultural Innovations – Course Playbook, Bain & Company. Pg 6.