



Promotional sale of sanitation products @ USAID-MuniWASH 2022

COMMERCIAL PERFORMANCE SANITATION SERVICE PROVIDERS IN CÔTE D'IVOIRE



SUMMARY

The West Africa Municipal Water, Sanitation and Hygiene (MuniWASH) Activity provides capacity building support to micro, small, and medium enterprises (MSMEs) in the sanitation sector in Benin and Côte d'Ivoire. One primary focus area of USAID MuniWASH is to enhance financial sustainability and viability of businesses operating in the sector. As part of this assistance, USAID MuniWASH conducted an analysis of organizational and financial performance of MSMEs, leading to the development of Performance Improvement Plans (PIP) and the implementation of activities related to the PIPs. The USAID MuniWASH team also helped MSMEs develop and deploy a sales strategy for sanitation products to build a strong, self-sustaining sanitation market created by the private sector and regulated by local authorities.

A sanitation market survey conducted by USAID MuniWASH in 2021 among 2,277 households in its intervention municipalities provided insights into sanitation practices, consumer expectations, and market potential that a dynamic private sector could tap into. The survey estimated that at least 11,000 households in the target municipalities lack toilets and would like to have one. Additionally, around 25,000 households with pit latrines wish to expand their capacity, while approximately 80,000 households aim to improve their existing toilets with new user interfaces.

Sales data from 27 MSMEs collected between September 2021 and August 2022 show that 598 sanitation products were sold during that period, which is an average sale of approximately fifty products per month. Although this illustrates some sales activity, it falls short of the market potential, and approximately one third of the MSMEs still experience very low sales. USAID MuniWASH identified that the primary factors contributing to the poor sales performance in sanitation products include an absence of effective strategies and marketing efforts, limited number of sales agents, not prioritizing sanitation by MSMEs with diversified products and services, and households' lack of prioritization of sanitation in some cases.

Addressing these challenges requires developing robust sales and marketing strategies, expanding the sales agent network, increasing the emphasis on sanitation activities among diverse activities of the MSMEs, and fostering a stronger culture of sanitation prioritization among households. By addressing these factors, the private sector can tap into the substantial market potential, resulting in improved commercial performance and greater access to sanitation services for households in Côte d'Ivoire.

BACKGROUND

In today's competitive commercial sector, companies must continually adapt to market developments to thrive. Innovation in product and service quality, cost control, pricing strategies, knowledge acquisition, and effective managerial and commercial expertise are crucial for achieving success in this sector. Recognizing this, the West Africa USAID MuniWASH Activity has been actively supporting MSMEs in the sanitation sector across sixteen municipalities in Benin and Côte d'Ivoire. The focus of this support is to strengthen MSMEs by improving their operational reliability and financial sustainability through targeted capacity-building efforts. To promote operational reliability, USAID MuniWASH has completed the following activities:

- Identified and organized sanitation entrepreneurs based on their geographic location to allow for efficient distribution of companies to meet market potential.
- Developed a comprehensive sales strategy specifically tailored for sanitation products - ensuring effective market penetration and customer engagement.
- Facilitated implementation of a well-defined sales strategy mechanism that provides a structured framework for MSMEs to effectively execute their sales plans.
- Provided field staff who offer guidance and support and monitor MSMEs, which enables them to navigate challenges and seize opportunities for growth ; and



- Identified and organized entrepreneurs to coordinate efforts and efficiently allocate resources. Over a 12-month period, nearly six hundred sanitation products were sold by the 27 MSMEs that are collaborating with USAID MuniWASH. During the first year of data collection, a relatively small variation was observed over the monitoring period. Out of the 94 products sold in one quarter, sales increased to 291. Considering that the initial baseline was zero sales, the continuous efforts to support MSMEs have enabled the achievement of this performance. However, the observed business performance¹ varied across the different intervention areas. While municipalities such as Bouaké and Gagnoa witnessed an average sale of at least thirty products per entrepreneur during the given period, entrepreneurs in other municipalities like Abengourou, Abobo, and Soubre experienced minimal or complete inactivity.

The insights presented in this note are derived from USAID MuniWASH's robust monitoring and evaluation system, which encompasses periodic data collection by field monitoring assistants from MSMEs, client satisfaction surveys, and comprehensive assessments of MSME capacities. By leveraging these valuable insights, USAID MuniWASH continues to refine its strategies and interventions, aiming to optimize the operational performance and market success of MSMEs in the sanitation sector.

Ultimately, fostering adaptability, innovation, and a strong understanding of market dynamics among MSMEs will pave the way for sustained growth and success in the highly competitive commercial sector. USAID MuniWASH serves as a catalyst for progress by supporting the development of a thriving and sustainable sanitation sector in the targeted municipalities.

SUPPORT TO MSMEs

MSMEs are supported by USAID MuniWASH through the implementation of PIPs and an innovative sanitation sales strategy, which are explained below.

Operationalization of the Performance Improvement Plan (PIP)

USAID MuniWASH helped develop a PIP, in consultation with stakeholders, based on the results from an organizational and financial performance study of sanitation providers. The areas of strengthening identified in the PIP are: (1) formalization or alignment of companies with the institutional and legal framework; (2) professionalization considering market conditions and requirements; and (3) improvement of commercial and financial performance including customer approach, marketing, accounting, and access to financial services. The MSMEs participated in various training seminars that allowed them to formalize and professionalize while strengthening their business capacities. The PIP activities were implemented with the support of state actors such as CEPICI², CI PME³ and CODINORM⁴.

Design and Deployment of a Sales Strategy for Sanitation Products

USAID MuniWASH supported the design and implementation of a sanitation product sales strategy, which involved stakeholders including MSMEs, their associations, local authorities, representatives of sector ministries at the regional level, and financial institutions. After the sales strategy was formally validated by these stakeholders, USAID MuniWASH facilitated the implementation of the strategy and provided

¹ Commercial performance: This is assessed in this document through the number of sales of sanitation products.

² Centre de Promotion des Investissements en Côte d'Ivoire

³ Agence de Promotion des Petites et Moyennes Entreprises

⁴ Côte d'Ivoire Normalisation, an Ivorian association for standardization, is a non-profit association created by the Private Sector



technical support to stakeholders on various aspects of the strategy; each stakeholder had a role to play to build the capacity under the strategy.

MSMES' COMMERCIAL PERFORMANCE

Weak Commercial Performance Compared to Strong Market Potential

According to the sales data for sanitation products collected from the 27 MSMEs, 598 sanitation products were sold during the period from September 2021 to August 2022, showing an almost constant sales trend over the months (an average of approximately fifty products per month). This performance is quite low compared to the market potential revealed by USAID MuniWASH's 2021 Sanitation Market Study, which estimated the market potential in the project's intervention areas to be at least 116,000 households (11,000 households without toilets wish to have one, at least 25,000 households with pit latrines wish to increase their capacity, and at least 80,000 households wish to improve their toilets with a new user interface). Assuming 25 percent of this potential demand is met in five years, MSMEs would sell 484 sanitation products per month. Table 1 shows the distribution of MSMEs per municipality.

Table 1: Distribution of MSMEs per Municipality

CÔTE D'IVOIRE									
<i>Municipality</i>	Abengourou	Abobo	Bouaké	Gagnoa	San-Pedro	Soubre	Yamoussoukro	Yopougon	<i>Total</i>
<i># MSMEs</i>	1	3	6	7	2	3	3	2	27

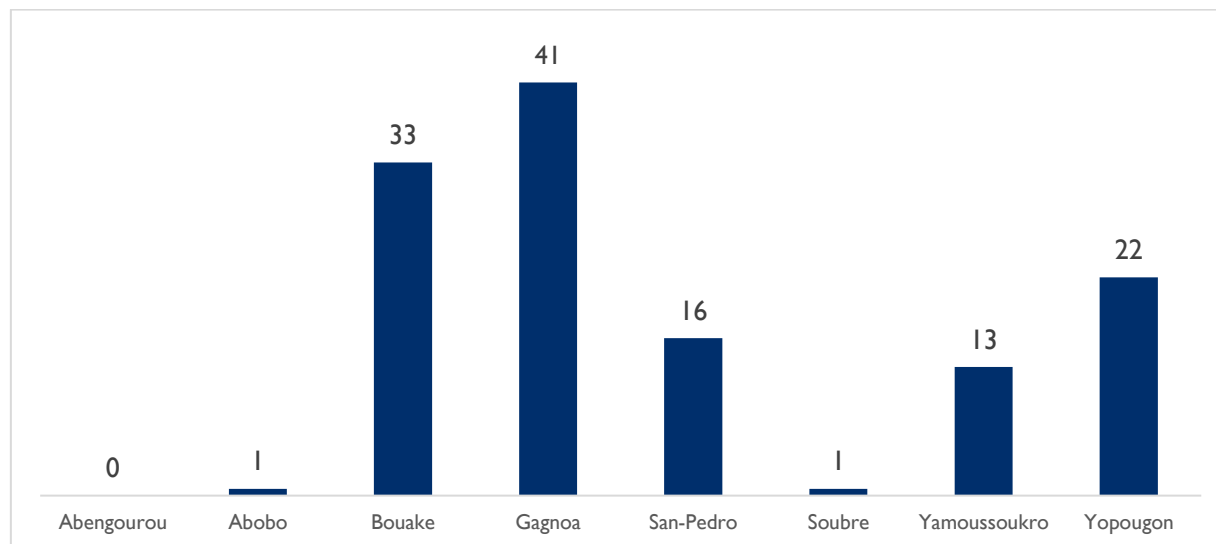
MSMEs Impacted by the Sanitation Service Delivery (SSD) Project Perform Better Overall

An analysis of the MSMEs' sales performance during the reference period shows that, on average, twenty-two products were sold per MSME, or about two products sold per month per MSME on average. However, one third of these MSMEs show a very low level of sales (about 1 product per month) during this period, which are mainly located in the municipalities of Abobo, Soubre, San-Pedro, and Abengourou. By contrast, MSMEs in Gagnoa and Bouaké had the best sales performance (almost three products per month) (Figure 1). Interestingly, the previous USAID Sanitation Service Delivery (SSD) project reached five of the eight USAID MuniWASH municipalities, which included Abobo, Bouaké, Gagnoa, Yamoussoukro, and Yopougon, which all sold at least ten products on average per MSME. In contrast, two of the three municipalities that had not participated in the SSD project – Abengourou and Soubre – recorded almost no sales per MSME.

The poor performance observed in certain areas like Abengourou and Soubre can be mainly attributed to the difference in approach between the SSD and MuniWASH projects. In the SSD project, the entrepreneur was provided with various resources to improve sales performance, including a sales team remunerated by the project, a technician to monitor work quality, and a sales network. However, the MuniWASH project took a different approach by empowering the entrepreneur to handle the remuneration of their teams while independently seeking orders.

Due to this shift in approach, several entrepreneurs operating in these areas decided to give up, and as a result, new entrepreneurs had to be identified.

Figure 1: Average Number of Sanitation Products Sold per MSME from Sep 2021 to Aug 2022



Source: USAID MuniWASH Routine Data Collection, 2021-2022

Toilet Modification Sanitation Products

The Satopan was observed to be the best-selling product for toilet modifications, followed by the Pit Away product. Although most Satopan sales were made in peri-urban areas, most of Pit Away sales were made in urban areas because one of the most recurrent sanitation problems in urban areas is the storage of household wastewater. New Toilets and Double Pit latrines did not have strong sales; less than 50 of these products were sold per category. The Direct Latrine Pit (DLP) represented the lowest sales.

According to the entrepreneurs, toilet modifications with the SaTopan are affordable for households, which contributes to their popularity with customers. They find that the cost of this product is not too high and that it is easily adaptable to their toilets, which are traditional latrines. However, in urban areas of Côte d'Ivoire, the SaTopan seems to be less desired for either aesthetic reasons or due to a lack of familiarity with the product according to USAID MuniWASH field agent feedback.

Pit Away: A sanitation product that treats septic tank wastewater by infiltration into the ground.

Septic tank: sanitation structure whose role is to collect wastewater from households and to ensure their pre-treatment. We distinguish between all-water septic tanks and black water septic tanks.

Toilet modification: the improvement of existing toilets. This improvement is done by changing the user interface, which can be a Satopan for a sitting or squatting position.

Double Pit: a fecal collection structure that allows for the alternating use of pits. When one pit is full, the toilet is connected to the second pit.

New Toilet: a brick superstructure and a user interface (Satopan sitting or squatting). The new toilet is connected to a septic tank, which is connected to a cesspool.

Direct Latrine Pit (DLP): a fecal matter collection structure composed of a slab with Satopan pots that rests directly on a pit.

Table 2: Number of Sanitation Sold by Product Type

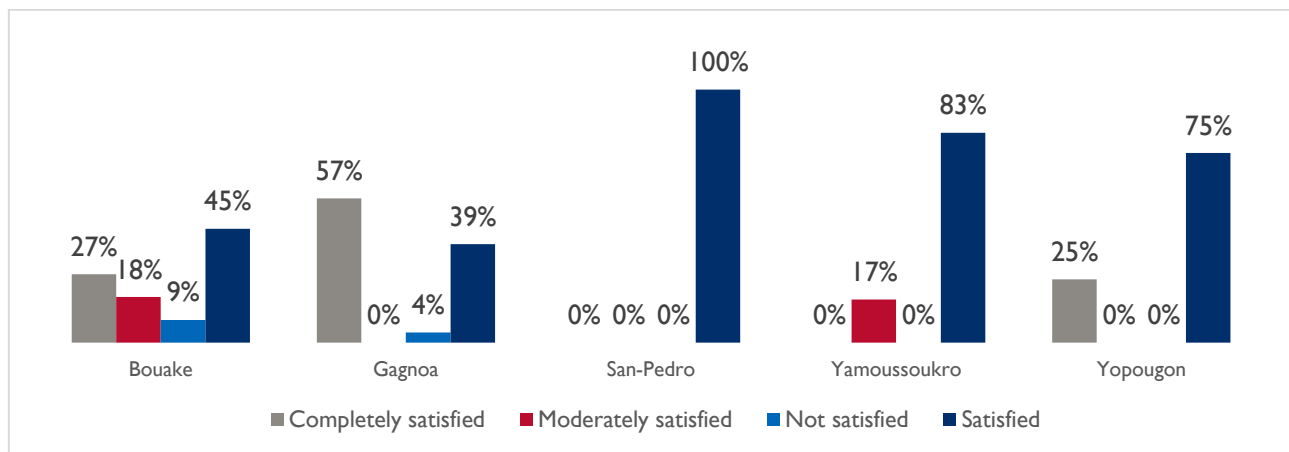
CÔTE D'IVOIRE						
Product	Toilet modifications (Satopan)	Septic Tank	New Toilet	Double pit	Pit Away	Direct Latrine Pit
Units Sold	427	25	34	30	51	14

Source: USAID MuniWASH Routine Data Collection, 2021-2022

Overall Customer Satisfaction with Sanitation Products

The results of the 2021 USAID MuniWASH sanitation market survey assessment showed that 90 percent of households were satisfied overall with their service providers. Their responses indicated that they were satisfied with the management of their orders and that deadlines were respected for the delivery and installation of the products. They felt that they did not have to expend much effort during the delivery and installation process. They also expressed a willingness to recommend the service providers without hesitation to friends and relatives. However, 16 percent of households still considered the costs of the products to be high or very high. There were also some complaints (6 percent of respondents) about the quality of the products. Complaints made by 66 percent of the households were fully or partially resolved, and customers whose complaints were resolved were satisfied with the time taken to resolve them.

Figure 2: Customer Satisfaction Level per Municipality



Source: USAID MuniWASH Customer Satisfaction Survey, August 2022

FACTORS THAT LIMIT COMMERCIAL PERFORMANCE

Successful commercial performance is contingent on various factors, including effective managerial practices, customer relationship management, quality of service, and salesforce performance. USAID MuniWASH analyzed the MSMEs supported by the Activity, which revealed several factors that significantly limit commercial performance.

1. Inadequate Motivation in Marketing and Strategy

A notable barrier is the lack of a strong enough entrepreneurial spirit among many MSMEs. Instead of adopting a proactive approach with a marketing strategy and business projections, the businesses tend to operate on a day-to-day basis without exploring new opportunities. Rather than taking the initiative themselves, they often rely on external partners for assistance in developing their marketing and sales approaches.

2. Non-Existent or Weak Salesforces

USAID MuniWASH supports MSMEs in building and managing teams of sales agents, and under their newly developed sales strategy, entrepreneurs are given more responsibility to lead sales and distribution activities. However, the self-assessment of MSMEs' capacity revealed that more than 90 percent lack a dedicated team of sales agents for marketing and promoting their products. Sales agents play a critical role in the overall operation of the enterprise because they bridge the gap between the company and the customer. They not only sell products, but they also enhance the company's reputation and foster customer loyalty.



3. Non-Prioritization of Sanitation Business Lines

For many MSMEs, the sale of sanitation products is not their primary focus; it often serves as a secondary endeavor. The data that USAID MuniWASH collected indicates that more than 75 percent of the MSMEs engage in other activities beyond sanitation product sales, such as masonry, plumbing, painting, agriculture, livestock, and the sale of various other products.

4. Sanitation is a Low Priority for Households

While individuals acknowledge the health benefits of improved sanitation, they do not consistently prioritize it enough to invest in it. The decision-making factor for households in purchasing a sanitation structure is either the absence of a structure, making it a necessity, or the deterioration of their existing structure, which necessitates a replacement. Additionally, the sales pitch, emphasizing Satopan's added value, plays a crucial role as users appreciate how Satopan helps prevent odors and insects in their toilets.

Although many customers express interest in owning a toilet, many do not follow through with a purchase. The USAID MuniWASH team observed limited information and communication regarding sanitation products and services for beneficiaries, which presents an opportunity for MSMEs to improve awareness in this area.

Addressing these limiting factors is essential for enhancing the commercial performance of MSMEs in the sanitation sector. By cultivating an entrepreneurial mindset, developing a motivated salesforce, prioritizing sanitation business lines, and fostering greater awareness among households, MSMEs can overcome these challenges and unlock their full potential. USAID MuniWASH plays a pivotal role in providing support and guidance to MSMEs, enabling them to navigate these barriers and contribute to the growth and development of the sanitation market.

LESSONS LEARNED

USAID MuniWASH's analysis of commercial performance data from sanitation service providers in Côte d'Ivoire offers valuable insights on enhancing sales. The following lessons can guide efforts to improve performance in the sector:

1. **Prioritize companies that exhibit commitment to grow their business line of sanitation products** - Companies that prioritize selling sanitation products demonstrate higher levels of success in the market. USAID MuniWASH should allocate support and resources to these enterprises and facilitate their expansion.
2. **Support new MSMEs in underserved areas** - To ensure wider geographic coverage and better distribution of companies, USAID MuniWASH should prioritize supporting new businesses in underserved areas. By tapping into untapped markets, MSMEs can maximize their potential and contribute to overall market growth.
3. **Refocus household awareness-raising messages** - When entering new markets, MSMEs should tailor their sales communications and marketing efforts to effectively convey the functional and emotional attributes of the sanitation products. Key areas of focus should include convenience, safety, durability, quality, and privacy. By emphasizing these aspects, MSMEs can resonate with households and increase awareness and demand for their offerings.

By implementing the lessons derived from the commercial performance analysis, USAID MuniWASH will further contribute to the growth and development of the sanitation sector in Côte d'Ivoire. Through targeted support for specialized companies, expansion into underserved areas, and strategic marketing approaches, USAID MuniWASH can facilitate increased sales and improve access to quality sanitation services for communities across the country.

CONCLUSION

The implementation of PIPs by USAID MuniWASH in Côte d'Ivoire has shown considerable progress in strengthening the capacities of service providers. Self-assessment data collected from MSMEs indicates that 48 percent (13 out of 27) have experienced improved capacity because of USAID MuniWASH interventions. These findings are further supported by customer satisfaction surveys, which show approximately nine out of ten households expressed satisfaction with the services provided by these MSMEs.

Despite these positive developments, the current level of sales still falls short of expected performance. Several factors contribute to this, including a lack of marketing and sales motivation among some MSMEs, a failure to prioritize sanitation activities, and limited sales outreach capabilities. Furthermore, many households do not consider investing in sanitation products as a high priority.

To enhance the commercial performance of companies specializing in sanitation products, entrepreneurs need to establish distribution networks and partnerships with professionals such as retailers and sales depots. This will facilitate wider product availability and reach in the market. In addition, To promote behavioral change and encourage the adoption of good sanitation practices, it is essential to scale up communication and utilize problem-oriented marketing techniques to create a sense of urgency in solving the issue. Implementing the RACE (Reach, Act, Convert, Engage) approach, particularly focusing efforts on households, will be crucial in achieving this goal. .

Addressing these challenges will require concerted efforts from USAID MuniWASH and its partners. By focusing on improving marketing and sales motivation, prioritizing sanitation activities, and implementing effective communication strategies, the commercial performance of MSMEs in the sanitation sector can be enhanced. Ultimately, these efforts will contribute to achieving broader access to improved sanitation practices and services across Côte d'Ivoire.

Key words: Sanitation, MSME, Commercial performance



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PROJECT DETAILS

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