



Increasing Value through Convenience

BUSINESS MODEL FEATURES FOR REACHING LOWER-INCOME CONSUMERS WITH NUTRITIOUS FOODS

The **GAIN Business Model Research Project** aims to identify promising business models to reach lower-income consumers with nutritious foods. This series of briefs summarises the results of the project's systematic review of existing research and evidence to identify these approaches.



Serving lower-income consumers: the business and nutrition opportunity

Lower-income consumers represent a large market, estimated at 4 billion people worldwide. Many low-income consumers' diets are lacking in food diversity and quality. There is a business opportunity for private companies to help improve this by providing safe, nutritious foods that meet customers' needs at an affordable price – as long as they do so in ways that are profitable and financially sustainable for the company.

HOW DOES IT WORK?

From the consumer perspective, food costs can include not only monetary costs but also time and effort costs of acquiring, preparing, and eating those foods. Many low-income people don't have a lot of free time (e.g., because they need to work multiple jobs as well as care for their family), so they often place a premium on convenience and saving time.



As such, firms that can find innovative ways to make a product more convenient or faster to prepare can enhance the perceived value of the product – increasing its effective affordability for the consumer. As firms working at scale and with industrial-scale equipment and trained employees can often process food more efficiently than home cooks, they may be able to keep the effective cost to the consumer (product cost, minus fuel costs and the value of cooking time) low enough to be affordable while still ensuring a profit for the firm.

Convenience can also work to attract customers to nutritious or new products that they previously considered too difficult or time-consuming to prepare, such as beans or whole grains.

WHAT ARE SOME EXAMPLES?

Smart Logistics Solutions, Kenya

This processor produced multiple bean-based convenience foods: pre-cooked dehydrated beans, bean flours, and bean-enhanced instant noodles. These could all be cooked in just a few minutes, with minimal fuel and water, creating a 'modern and easy' product from one traditionally seen as laborious and time-consuming.

Maggi (Nestle), Papua New Guinea

Maggi's instant noodles were considered easier to prepare than the cheaper traditional staples, which helped them quickly penetrate the local market.

Kwanza Tukule, Kenya

This company produced and delivered pre-cooked beans to street vendors – who are mostly women and sell mostly to low-income laborers – using a phone app. This provided considerable convenience for the street vendors by cutting costs for both procurement and preparation; **63%** of the firm's client-vendors reported purchasing due to this time savings.



Nutri'Zaza, Madagascar

This independent social enterprise was initially started by the NGO GRET. It produced a fortified grain-and-legume infant flour sold ready-to-eat in low-income urban neighbourhoods, either at 'baby restaurants' or by door-to-door salespersons, as well as in a dried form at stores. A serving cost less than 10 US cents (or **4-8%** of the budget of a minimum-wage family), and **12.9 million** meals were distributed in 2020. The convenience of not needing to shop, cook, or fetch needed fuel and/or water was appreciated by local mothers and resulted in high levels of reach; **40%** of caregivers reported the main advantage of the product was the time-savings.



WHAT SHOULD A FIRM CONSIDER?

It is not necessarily the case that a more convenient product will be affordable, even taking into account the time savings. To achieve affordability, the product must be reasonably cheap for the firm to prepare and package in a convenient form, and that savings must be passed on to the consumer.



Foods with enhanced convenience are often partially or fully cooked before reaching the customer, and thus may not be cooked (or even heated) by them. It is essential to ensure the safe handling and packaging of the food to prevent contamination before it reaches the consumer, and to provide clear instructions on whether any products need additional cooking.

HOW TO DEPLOY IT?

To deploy this approach, an entrepreneur could start by understanding the customer perspective on convenience: what do they currently find inconvenient about existing products, and how much value would they place on a more convenient alternative? Next, they could experiment with different product formulations to identify how a more convenient product could be created – including how it could be

packaged, whether it would be shelf-stable, and how much it would cost. Comparing these costs to consumers' willingness to pay for convenience would reveal if there was a viable business model to be found. If so, the entrepreneur would also need to consider how to market the product to make the added-value clear to the customer.



To Learn More:

Nordhagen, S, Demmler KM. 2023. How do food companies try to reach lower-income consumers, and do they succeed? Insights from a systematic review. *Global Food Security*. Doi: 10.1016/j.gfs.2023.100699.

SBN. Khadija's Innovative Idea [Internet]. SUN Business Network (SBN). 2021 [cited 2022 Aug 11]. Available from: <https://www.sbn.lucidleaps.com/sbn-demo/stories/khadijas-innovative-idea/>

PATH et al. (2019) Where Business and Nutrition Meet: Review of approaches and evidence on private sector engagement in nutrition. MQSUN+ Report.

Errington F, Fujikura T, Gewertz D. Instant Noodles as an Antifriction Device: Making the BOP with PPP in PNG. *American Anthropologist*. 2012 Mar;114(1):19–31.

Bruyeron O, Denizeau M, Berger J, Treche S. Marketing complementary foods and supplements in Burkina Faso, Madagascar, and Vietnam: lessons learned from the Nutridev program. *Food Nutr Bull*. 2010 Jun;31(2 Suppl):S154–167.

While we hope this offered useful advice, users should always consider their company's circumstances when adopting new approaches – and make sure that they are used as part of a broader viable business model. The examples cited come from a 2022 document review and may not be fully up to date.

This work was funded by the Dutch Ministry of Foreign Affairs



Ministry of Foreign Affairs of the Netherlands