



Business Models for Improved Nutrition

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Business



- An **exchange of money for a good or service of value**
- A **return on investment for the seller**
- The **receipt of added value for the customer**

Business Models

Used to Define:

- What the company **will do, will not do**
- How the company **interacts with its customers**
- How the company **partners with other organizations**
- How the company manages **costs**
- How the company **attracts money and captures revenue**
- The **value proposition**: How the company **creates value** for its customers *in a competitive environment*

Q: How do we develop innovative business models for improved nutrition?

The Value Proposition

Used to Define:

- The **target market**
- The **problem** that the company or product will solve
- How the company will be **uniquely qualified** to solve this problem

Q: How do we develop value propositions to solve nutrition 'problems'?

The role of innovation in value creation



Time +++
Money \$
Effort +++

What the consumer wants...



Time ++
Money \$\$
Effort ++

Q: Where do value-adding innovations take place?



Time +
Money \$\$\$
Effort +



Time +
Money \$\$
Effort +
+ Nutrition



What are they thinking?



This one looks high in folate!

This one will make a nice stew for my family!

I can resell this one and make a profit!

<http://www.npr.org/sections/health-shots/2013/06/05/188920874/fat-doctors-make-fat-patients-feel-better-and-worse>



Can we educate consumers?



In the USA, a 2012 study found that **51 per cent** of primary care providers are **overweight or obese**.

<http://www.npr.org/sections/health-shots/2013/06/05/188920874/fat-doctors-make-fat-patients-feel-better-and-worse>



Creating Value

- Understanding the value proposition



Which of these brands do we know and use?
What is the value that they add?

How much value do these brands add?
Who told us to use them?



Business Models for Nutrition

- Increase the **affordability, accessibility, availability** of, or **demand** for nutritious foods
- Find **cheaper, easier, better** ways to meet customers' needs
- Have a **value proposition that can outcompete** other demands for customers' resources



Marketing Nutrition for the Base of the Pyramid (Hystra, 2014)

- the value proposition should provide an **immediate satisfaction** to the child and convenience for the mother
- BoP consumers are **ready to pay more for nutritious products that they value**
- Effective promotion leverages **trust and aspirations**



<http://hystra.com/marketing-nutrition/>

The case for innovative business models to meet needs of low-income consumers



- **Innovative marketing and distribution models**

- Make foods available convenient locations and affordable quantities

- **Transformation and value addition**


- Can **reduce inefficiencies** in value chains and the food system
- Can increase **food quality and shelf life**
- Provide **opportunities** for women's and youth employment

- **Product/market innovations**

- Support **local production** rather than imports
- **Reduce costs** of nutritious foods



Takeaways

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- Successful, sustainable business plans will find better ways to meet customers' needs
 - The effect of education on demand creation is limited.
 - Poverty constrains consumers' purchasing power... **However, underdeveloped food systems, inefficient value chains, and customers' need for better value for money provide great opportunity for improvement, and should encourage and reward those who create innovative business models for nutrition.**



THANK YOU

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