

Stanford SOCIAL INNOVATION Review

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Quality Distribution for Commercial Success

How an organization distributes a life-improving technology matters more to its commercial success than the product itself.

By [Diana Jue](#) | Oct. 21, 2013

Social impact technologies are abundant—so many affordable solar lanterns, nonelectric water filters, and smoke-reducing cooking stoves already exist. The invention of these technologies is critical, but often the greater challenge is distributing these products in a systematic and scalable way.

You could be a rock-star engineer from a top-tier university who has invented the sexiest gadget for use in rural areas around the world, but most rural areas don't have Target stores or Amazon.com's, and if you can't get your invention to the millions of people who are supposed to benefit from it, then you've invented in vain.

Since I wrote about distribution for *Stanford Social Innovation Review* two years ago, the topic has gained more attention in the social enterprise space. For example, the one-year-old [D-Prize](#) focuses entirely on distribution, and the past two classes of [Echoing Green](#) Fellows have included organizations specializing in technology dissemination. More are operating in the field, including [Frontier Markets](#) in northern India, and [Living Goods](#) in Uganda and Kenya, which uses Avon-style micro-entrepreneurs to distribute goods.

After conducting so much research on distribution, I had to do something about it. With Jackie Stenson, I co-founded [Essmart](#), a social enterprise that has been operating for over a year in southern India. We are developing a network of rural, mom-and-pop retail shops that sell products that improve lives.

The past year has been filled with trying hard, failing hard, and learning hard. Since we share the goal of many organizations, we'd like to share some of our lessons from the field. So far, the main takeaway from our experiences is this: *How you distribute a product matters more to its commercial success than the product itself.* Three points in particular are important.

1. Sales require a brand that demonstrates local presence, trust, and quality.

During one of Essmart's product demonstrations, a shopkeeper asked, "How do I know that you're not just pushing me cheap products that will break in a week?"

Our salesman smartly replied, "Would someone from a company that makes cheap products come all the way down to your village to demonstrate its products to you?"

Customers want to know that we're from the same community as they are, mostly because they want to track us down if something goes wrong. Essmart's local address assures customers that we're not a fly-by-night company selling cheap products, sucking money away from villagers, and disappearing the next day as the products break. We also work through community-level entrepreneurs (the shopkeepers), because they have established relationships with villagers.

While demonstrating Essmart's local presence, we also demonstrate that we are a high-quality brand. Most companies assume that because rural customers have lower incomes, they won't pay for better-made but more expensive products. As a result, most products that reach rural markets are low in cost, quality, and after-sales service.

Rural customers have gotten used to companies treating them like the bottom of the barrel too. To differentiate ourselves, we actively position Essmart as a company that treats our customers with respect. This is reflected in our packaging, marketing materials, and our sales staff's attitudes.

2. Addressing a broken product quickly is more important to a rural customer than the broken product.

After-sales service is absolutely crucial to commercializing life-improving technologies. This doesn't mean that companies must design all products so that they never fail (which, given rural conditions, is nearly impossible). Rather, this means that distribution ecosystems need to include immediate, local servicing of failed products. For a rural customer, a broken product isn't as devastating as no one coming to replace or help with it.

After-sales service can involve multiple components: adequate user training, a help hotline, designing products with easily replaceable parts so that local technicians can fix them, or developing relationships with distributors who will go through the hassle of swapping out broken products with new products

provided by the supplier.

3. Know what value means for customers and how to help them buy.

What encourages a customer to pay more for a new technology? Is it the product's finish, color, material, or something else? We've found that our customers in southern India want more bang for their buck. That is, given a certain price, the more features the better. Even when offered a choice, most of our customers prefer a better, more expensive solar home-lighting system to a less expensive one if it can also charge a mobile phone or run a fan.

After a technology is designed for customers' perception of value, there should be ways to support the product's purchase. Rural incomes are subject to cash-flow problems. Hence, financing is important, particularly for higher-value products (\$100 and above).

Financing takes many forms, including small loans, rentals, and pay-as-you-go. companies can also modularize product design so that customers can add on features when they have more money available.

With these elements of distribution in place, I believe that new social impact technologies will be many steps further along their journey to improve lives around the globe.



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Africa, Distribution, Echoing Green, Social Enterprise

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