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Nazava Water Filters: Action Research Report

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NAZAVA WATER FILTERS

GLOBAL SOCIAL BENEFIT FELLOWS REPORT

November 2014

Center for Science, Technology & Society

Global Social Benefit Fellowship

Santa Clara University

NAZAVA WATER FILTERS

GLOBAL SOCIAL BENEFIT FELLOWS REPORT

ABOUT THE PROJECT

Global Social Benefit Fellowship

Santa Clara University's Center for Science, Technology, and Society operates the Global Social Benefit Fellowship. The fellowship is a unique, nine-month experience that allows fellows to work with a social enterprise in the developing world on an action research project while simultaneously learning about the field of social entrepreneurship.

Research for Nazava

The action research project had multiple goals. The first was to survey customers and potential customers on multiple islands in order to determine demographics and customer preferences. Second, by observing resellers in the field we determined different strategies for sales and promotion methods. From these two efforts, we were able to compile a Reseller Training Manual to be distributed to Nazava resellers across the Indonesian archipelago. Additionally, we were able to compile a gallery of photographs and videos for Nazava to use in their promotional efforts.

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EXECUTIVE SUMMARY

Around the globe, 1 billion people lack access to safe drinking water. In Indonesia, Nazava addresses this issue by providing low-cost household water filters to those who may not have access to safe drinking water. These filters not only provide safe water at a very low cost, they also save time and money for those who use them by eliminating the process of buying or collecting fuel and boiling water. Additionally, Nazava attempts to address the issue of climate change by eliminating the carbon dioxide that would be emitted in the water boiling process.

Nazava Water Filters are sold through a network of over 50 resellers all over Indonesia. The resellers introduce the filters in their communities. Nazava supports the resellers with sales collateral.

As Indonesia is a very big country with over 17,000 islands, Nazava cannot readily observe its resellers, since Nazava has a small staff and resellers are spread across the Indonesian archipelago. In order to address this, Nazava requested an action research project to survey customers and potential customers, to observe resellers in their sales practices and methods, and to create a gallery of photos and videos to be used in their promotional and advertising efforts.

In surveying customers and potential customers, we were able to figure out demographic information and preferences for the average consumer. Additionally, we were able to see what customers value most in the filter and some obstacles that potential customers have in buying a filter. By working with resellers in the field, we were able to observe different sales techniques in different areas and make some conclusions in which methods were more effective than others. From these findings, we were able to compile a Reseller Training Manual to be distributed to all resellers working for Nazava.

By distributing this manual, Nazava hopes to expand knowledge within their reseller network and set resellers up with tools to be successful. Nazava resellers can continue to use this tool over time to improve their sales. This way, without Nazava holding training sessions for new resellers and without leaving it up to chance, resellers can still have resources in increasing sales or in starting out as resellers.

RESEARCH METHODS

In order to learn more about the reseller network, we visited nine of the nearly fifty resellers of Nazava Water Filters. In addition to meeting with resellers, we also met with an NGO, Kopernik, which also distributes the filters to understand NGO partnerships with Nazava. The two primary goals of our research were to learn more about Nazava's customers and to evaluate reseller sales practices.

To learn more about Nazava's customers we administered a mobile app survey using the Loop survey tool, an application available on both iOS and Android operating systems that allows simple survey data to be easily exported to Excel. We compiled two surveys, one for current customers and another for potential customers with the latter having nine questions and the former having ten questions. The questions were then translated to Indonesian. Upon meeting with customers or potential customers, we asked them to participate in the survey and gave them the mobile phone so they could select their answers. The questions used to survey both groups are listed on the next page.

In order to learn more about reseller sales practices, we joined resellers during sales and promotional activities. We determined which sales practices were the most effective and which practices were ineffective in retaining customers and promoting the filters.

SURVEY QUESTIONS

Current Customers

- How long have you been using Nazava Water Filters?
 - Less than 1 year
 - 1 year
 - 2 years
 - 3 years+
- How were you previously treating your water before Nazava?
 - Boil
 - Bottled water
 - Refill water
 - Untreated
- If you used to boil using liquefied petroleum gas (LPG) what cylinder size did you purchase to treat your water?
 - 3 KG
 - 12 KG
- If you used to boil using LPG how many cylinders would you purchase per week to treat your water?
 - 1 cylinder
 - 2 to 3 cylinder
 - 4 cylinder or more

- What is your water source?
 - Rain
 - Piped water/Regional government water (PDAM)
 - Well water
- What is your family/household size?
 - Family of 2 to 3
 - Family of 4 to 5
 - Family of 6 to 7
 - Family of 7 or more
- What is your monthly household income?
 - 83 USD
 - 83-248 USD
 - 248-413 USD
 - 413 USD or more
- What aspect of the filter appeals to you the most?
 - Save money
 - Save time
 - Health
 - Easy to use
 - Environmentally friendly
- Where did you hear about Nazava from?
 - Internet/Facebook/YouTube
 - Reseller or Distributor
 - Friends or Family
 - Other

Which city are you from?

Potential Customers

- How are you currently treating your water?
 - Boil
 - Bottled water
 - Refill water
 - Untreated
- If you boil using liquefied petroleum gas (LPG) what size do you purchase to treat your water?
 - 3 KG
 - 12 KG
- If you boil using LPG how many cylinders do you purchase per week to treat your water?
 - 1 can
 - 2 to 3 cylinder
 - 4 cylinder or more
- What is your water source?
 - Rain
 - Piped water/Regional government water (PDAM)
 - Well
- What is your family/household size?
 - Family of 2 to 3
 - Family of 4 to 5

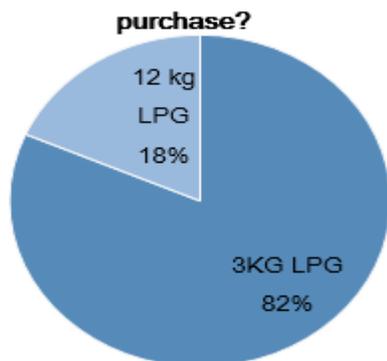
- Family of 6 to 7
- Family of 7 or more
- What is your monthly household income?
 - 83 USD
 - 83-248 USD
 - 248-413 USD
 - 413 USD or more
- Are you interested in purchasing a Nazava filter today?
 - Yes
 - No
- If you answered no what is the primary reason you are not purchasing a filter today?
- Which city are you from?

FINDINGS AND RESULTS

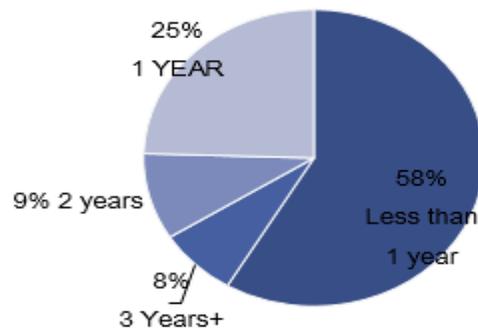
From the survey, we were able to assess the profile of the average Nazava customer. The survey results were incorporated into the Reseller Training Manual for the resellers. The survey results to selected questions can be found below and on the next two pages in the following graphs.

Customer Survey

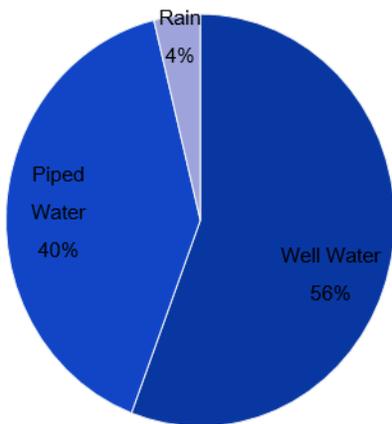
If you used LPG , what size did you purchase?



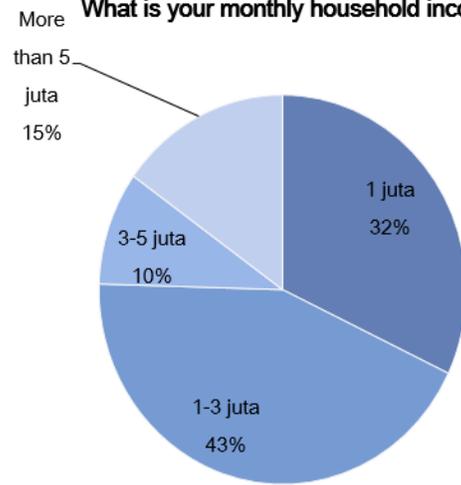
How long have you been using Nazava Water Filters?



What is your water source?

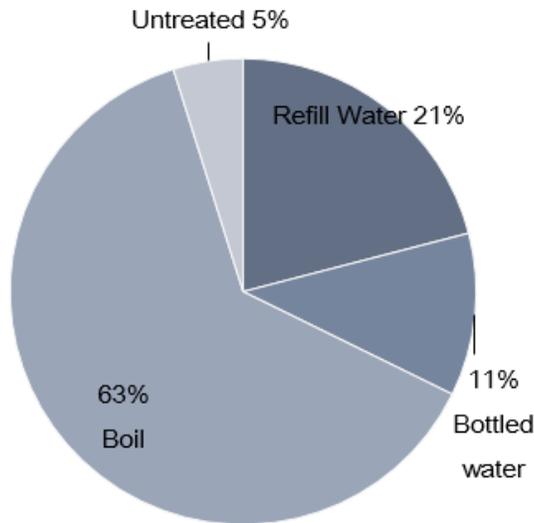


What is your monthly household income?

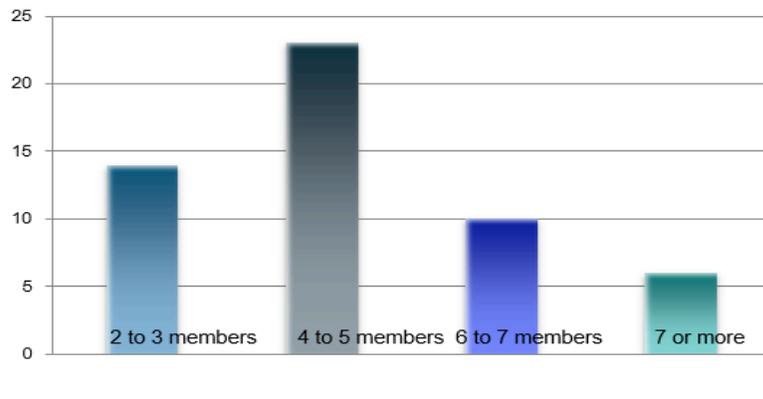


1 juta = roughly \$100

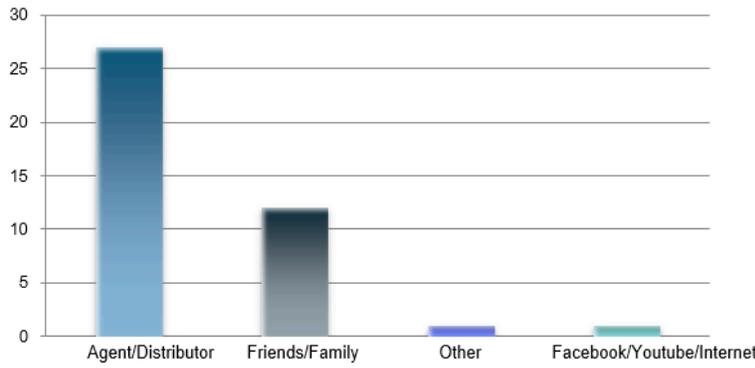
What was your previous water treatment method?



What is your household size?

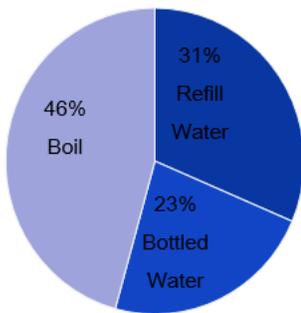


How did you hear about Nazava?

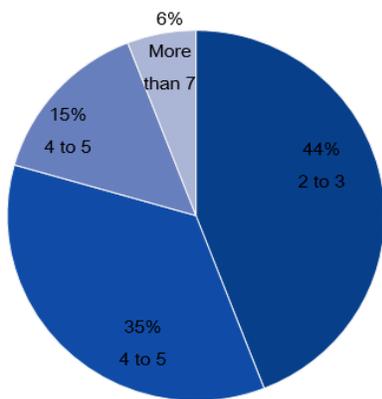
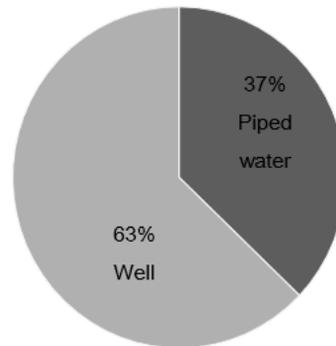


Potential Customer Survey

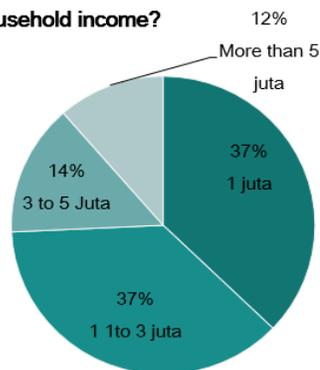
How are you currently treating your water?



What is your water source?



What is your household income?



What is your household size?

From our survey data, we could see that the average Nazava customer boiled their water prior to using Nazava, on average they made less than \$300 a month, they use well water, and they have 4-5 people in their household. For the average non-customer, the data was really the same. This is important for realizing who Nazava filters would be best marketed to and important in determining marketing and promotion strategies as well.

In addition to customer surveys, we were able to shadow and interview resellers during their sales activities. From the observational evaluations of reseller sales techniques, we identified key strengths and weakness of resellers that should be addressed.

Strengths

Currently, resellers are taking various approaches to reach customers. Some of these approaches have been very effective in obtaining customers and providing excellent customer service. Of these approaches we have ranked the top five most productive approaches to executing sales:

1. Resellers reach out to their family and friends in order to begin creating a network.
2. Resellers collaborate with local leaders and schools in order to share the benefits of Nazava to entire communities.
3. Resellers contact local religious organizations in order to set up sales meetings.
4. Resellers have created social media marketing campaigns

Weaknesses

Resellers could also improve their presentation of the filters. Presentation of the filters is important for visual marketing purposes. Unwrapping the filters and having properly assembled filters on display when promoting to potential customers is important. Resellers need to further understand visual merchandising and how they can utilize visual merchandising to their benefit when promoting the filters.

RECOMMENDATIONS

Based on our research and experience in the field with Nazava Water Filters, we offer a few recommendations for Nazava's consideration.

Yearly Reseller Conference

We believe that a yearly reseller conference would be a highly beneficial and useful investment for Nazava. Sales force training is crucial for success to serve base of the pyramid markets effectively and efficiently, especially when a product relies heavily on below the line marketing techniques¹ (Hystra), as Nazava's does. We attended the first two days of the conference and observed interactions that occurred there. The conference helped resellers network and exchange tips and ideas from their own respective sales activities. The conference also allowed resellers to fill knowledge gaps they had about Nazava's product. In addition to filling knowledge gaps of resellers, Nazava's central staff was able to learn about on-the-ground realities resellers encounter when promoting the filters. Understanding issues and opportunities facing the sales force is crucial in sales force development, growth, and institutionalization of best practices. A yearly reseller conference would serve as a place for Nazava's sales force and the corporate team to meet and collaborate with a shared objective of continued growth. We believe that a yearly reseller conference would also boost morale and further motivate resellers, growing their sales penetration. Boosting morale and motivating a distributed sales force is crucial to maintaining the strength of the sales force and avoiding turnover. This conference has the potential to foster a sense of community amongst resellers and allows them to feel they are working toward a shared goal. A yearly reseller conference could also foster friendly competition, which is beneficial to both the resellers and Nazava as a whole.

However, with a yearly reseller conference, there will likely be both experienced and new resellers. Nazava might consider fashioning the schedule in order to engage previous resellers with new content or incentives, while sharing best practices among the entire group. In advance of the conference, Nazava should survey resellers who plan to attend about their marketing and promotional activities. Based on the survey, Nazava could group resellers based on similarities between marketing activities and sales conditions so resellers engage in peer-to-peer learning.

Website Redesign and Greater Web Presence

Although direct sales through the website do not comprise a significant portion of Nazava's sales, improving the company website is crucial for Nazava's growth. Prospective customers should have greater access to photos and customer testimonies. In addition, easier access to

¹ Marketing Innovating Devices to the Base of the Pyramid (HYSTRA CONSULTING)

lab test results and reviews should be accessible on the website. Finally, Nazava's awards and partnerships with various entities around the world should be highlighted on the website. Currently, the website does a great job in explaining installation and mechanics of the filters as well as the technology behind them. These website changes would improve the customer experience and enhance branding.

We recommend Nazava increase its internet and social media presence as a general marketing strategy. Nazava should increase its use of Twitter and create an Instagram account. Indonesians are highly active on social media with over 92% of the internet population on Facebook. Similarly, both mobile phone penetration and internet usage has been growing rapidly in Indonesia.² Using social media may also allow customers to offer input that will benefit Nazava as a form of free marketing. Indonesia is the third most active Twitter country and the fourth largest Facebook market in the world.³ Small informal social media campaigns that ask customers to post photos with their filters can be ways in which Nazava can further leverage the social media marketing push, with hashtags like #ILoveNazava and promotion on Facebook.

Incentivize Carbon Credits

Obtaining carbon credits is important for Nazava's business model. In order to receive carbon credits, warranties must be turned into Nazava completed and signed by the resellers and sent to Nazava. In order to obtain the carbon credits, resellers could be offered incentives to turn warranties in at a timely basis. Incentives could include special gifts for the resellers with the most carbon credits submitted. Reseller incentives might also include a reduction on their shipping costs for their next orders or phone credits. Currently, we believe the best option to collecting the warranties for carbon credits is either through text message submission or internet upload to a website such as Flickr, Box, Dropbox, or Photobucket. Nazava could also start to collect warranties carbon credits via WhatsApp from a reseller to a designated staff member, who could then redirects the photos to a corresponding upload file.

Customer Feedback System

For continued marketing research and for research and development, customer feedback is crucial for Nazava. Nazava should attempt to establish a customer feedback system that allows Nazava to hear directly from end customers. This feedback system might take the form of an online survey or a small survey, which could be included in the packaging of the filter.

² World Bank 2011 Indonesia

³ <http://www.cnn.com/2010/TECH/social.media/11/23/indonesia.twitter/>

CONCLUSION

The reseller sales channel is an essential sales channel for Nazava. Marketing theory regarding promotion of technology to base of the pyramid consumers supports that resellers are the most viable and cost effective way to promote the Nazava product line and reach customers. Marketing theory suggests that below the line marketing is more beneficial for promoting products to base of the pyramid consumers than above the line marketing. A product like a Nazava filter, for example, requires education; in order to promote the filters, resellers must act as educators about clean water issues in their communities. The Nazava reseller sales channel is extremely diverse and Nazava possesses resellers with varying sales experience. Increasing the capabilities and strength of the reseller channel is crucial for Nazava's growth and market penetration. In order to increase the capacity of the reseller sales channel, we recommend more reseller training to fill knowledge gaps among resellers. With further training, resellers will be able to expand their sales knowledge and improve their sales efforts. Finally,

the key to growth for resellers will be their ultimate understanding of their customer base. Understanding the customer is crucial to connecting with them and executing sales. By using data collected in surveys and by collaborating with other resellers to determine which strategies work with various groups, resellers can better tailor their sales practices within the target market and provide a more directed sales pitch. By doing this, resellers can set themselves up for success



ACKNOWLEDGEMENTS

We would like to take the time to thank everyone that was involved in making this nine month process a memorable experience. First, we would like to thank our professors Keith Warner and Thane Kreiner for guiding us through the fellowship process and filling every class with passion and excitement. We would also like to thank Spencer Arnold for keeping up with us during our time abroad and providing assistance in seconds. Next we would like to thank our faculty advisor David Pinault for his support throughout the entire fellowship process. Thank you for teaching us so much about Indonesia and its rich culture. We will cherish our amazing experience with you and Jody in East Java. We also would like to extend a very warm thank you to Lieselotte Heederik (Lisa) and Guido van Hofwegen of Nazava Water Filters for welcoming us to Indonesia and providing so much support throughout our time in the country. Your work at Nazava has inspired us. Finally, we would like to thank the resellers we were able to meet and work with throughout the research experience. Our research would not have been possible without your cooperation. It was an honor to work with you all and your passion truly shines through. Finally we would like to thank Santa Clara University's Center for Science, Technology, and Society for its commitment to social entrepreneurship and for allowing us to have this wonderful experience. As we learned in Indonesian, terima kasih banyak (thank you very much).

