EcoZoom Enterprise Marketing Fund Kenya proposal

To: GACC & CCAK

Enterprise Marketing Fund proposal for the regions of Nairobi, Coast, Central, Rift Valley, Nyanza and Lower Eastern

On behalf of: EcoZoom East Africa LTD, Cathy Flats, Lenana Road, Nairobi

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**1. Executive Summary**

EcoZoom products are known for its performance, quality and durability. From internal research we found that 95% of people would recommend our products to friends and family. Since our products are relatively expensive for our target group (women between 25 and 55 who cook with charcoal or aspire to do so) we have strong business partners who can support end-users in acquiring our products via loans or payroll deductions.

However, since we have a limited marketing and sales budget we face the following key marketing and sales challenges (derived from our SWOT analysis):

1. How to drive brand & product awareness with a limited marketing budget?
2. How to drive sales (with a very good product) in key Kenyan regions where our presence is limited?

The EMF gives us an excellent opportunity to address these two challenges as it can help us improving our brand & product awareness and drive marketing & sales efforts in the regions where our presence can be improved.

Our focus will be on the ‘Promotion’ and ‘Place’ marketing aspects by doing a multi-channel marketing campaign (Above The Line & Below The Line) for all regions (Nairobi, Central, Coast, Rift Valley, Nyanza and Lower Eastern) we want to address: combining radio-campaigns (local radio stations) with market days, roadshows, social media outreach and demonstrations with customers.

We plan to do this over a 6 month period, doing a focused multi-channel marketing campaign per region monthly. Instead of doing a one-time national approach we prefer to do a focused region by region approach to ensure we maximize the marketing & sales effort and we can still implement learnings along the way.

We have chosen this approach based on the external recommendation coming from GIZ (2012) and IPSOS (2014) reports to use radio as the main tool to create awareness. We want to combine this advertising tool with our own proven marketing tools (Facebook, Market activations & demonstrations with customer) to ensure we maximize the awareness creation and we lead end-users to a final purchase.
2. **Organizational Background:**

EcoZoom is a social enterprise and Certified B Corp dedicated to bringing ecological products to the world. We specialize in cook stoves and solar lighting. We believe that all people should have access to beautifully designed products that will improve their health, income and environment. EcoZoom makes these products accessible, affordable and aspirational and provides the after sales services needed to ensure long-term user adoption and scalable uptake. We’ve designed our approach to provide the products, pathway to customers, education and follow-up needed to create satisfied customers and lasting relationships.

EcoZoom has been trading as a player in the cook stove industry since the company’s inception in 2011 and has since established itself as a leading brand in the manufacture and supply of improved cook stoves. In late 2013 the company established a head office in Nairobi, Kenya and to date has manufactured and distributed over 600,000 cook stoves globally.

In Kenya, we have sold over 35,000 efficient charcoal stoves to date and in 2015 our turnover for both cook stoves and solar lamps almost reached 1.1mln USD (cook stoves being about 40% of that). In Kenya our stoves are being recognized by customers and end-users for its excellent quality, performance and durability (proven by internal & external independent field, lab & end-user research). Currently all of our stoves are manufactured in China and we have a proven production capacity of 20,000 stoves per month (Rwanda cook stove project)

As a recipient of both a Global Alliance for Clean Cookstoves (GACC) Spark Fund and Pilot Innovation Fund, EcoZoom has a reputation for excellence and is respected internationally as a leader within the cook stove industry.
3. **Current marketing strategy:**

- **Target Market & Customers:**

  Currently we are selling our Cook stove’s across the country but we are specifically targeting young to middle-aged women (age 25 to 55) with families (up to 7 people) who are cooking on charcoal or are aspiring to cook on charcoal. We mainly target urban or peri-urban areas, but also in small rural town there is quite some interest in our stoves (for example in the Lower-eastern and Mnt Kenya regions). Most women who buy are from the lower income classes as our product can save them over 2000 KES on charcoal monthly. These women our stoves 3 times a day to cook traditional meals such as Ugali, Githeri, Sukuma and of course morning tea.

  The main regions we are currently targeting are the regions with the highest population density and purchasing power, being: Nairobi, Coast, Central Rift Valley, Lower Eastern, Nyanza and Western. Since data in Kenya is in general quite unreliable and it is difficult to get trustworthy information we cannot give market size estimations per target market. This means we have to base our market size estimations on ‘external reports’ combining it with our own findings & assumptions.

  Based on the GIZ research of 2012 (see table underneath), a minimum of 40% of Kenyan households currently cook with charcoal. This likely has increased in the last 5 years, but since ‘far-away’ parts of the country (where people more likely cook with wood) have not been included we think this is a good number to take as a starting point. If take the 8,77 Mln household (reported Kenyan bureau of statistics), take most of the Northern counties out (about 0.5Mln households) and multiply it with 40%, it leaves us an addressable market of 0.4 * 8.27 Mln = 3,3 Mln households (multiplied with an average of 5 people per household gets to 16.5 Mln Kenyans)

  ![Graph showing primary and secondary cooking methods](image)

  Based on our own market research (separate ones done in Q1 2015 and Q1 2016) we know that the main purchase driver for buying our Cook stove’s is to save money on charcoal. Women also appreciate the health aspect of the Cook stove, but that is always a secondary benefit. Since our stoves save 70% on charcoal cost we see that linked to this in areas where charcoal is expensive the uptake is the highest (urban & peri-urban areas).

  Selling our stoves works best when demonstrating them physically as they are all about ‘seeing is believing’, this usually makes a big impact and instantly creates demand from end-users.
**Product:**

The charcoal stove we are currently selling is called the Jet 2 or also called ‘Jiko Bora’. It has the following key benefits vs. the KCJ (see also attached technical sheet):

- It saves over 70% on charcoal expenses
- It cooks twice as fast
- It saves almost 60% on smoke/CO2 output
- It has a lifetime of up to 5 years
- It has a 2 year warranty
- It is portable
- It has an aesthetic design
- Reduces risks of burns
- Retail price: 4499 KES

Key features are:

- **Cast Iron 28cm 3 prong Stovetop** - Good conductor of heat ensures that large sufurias, pots and pans can be used, very durable
- **Combustion chamber** – refractory metal to ensure thermal efficiency
- **Insulation** - high-grade, lightweight ceramic fiber and high temperature thermal insulation for thermal efficiency and durability
- **Body** – painted sheet metal with car paint, so no color loss due to heat
- **Adjustable door** – to control heat with silicone tip to prevent burns
- **Handles** – Steel and silicone to carry (even when burning), to reduce burns on self and on surfaces
- **Door** – metal with silicone grip to regulate heat and prevent from getting burns
- **Feet** – non slip rubber feet to ensure stability when cooking with big pans/pots and to ensure cooking can be done on any surface

**Jiko Fresh – a new introduction:**

By mid-June we are going to introduce (add) a new charcoal product, called the Jiko Fresh (see technical sheet attached). It basically is an ‘economy version’ of the Cook stove Bora with slightly lower performance on charcoal savings (65% to 70%) and smoke output but similar durability and a much better pricing (3799 KES). Since it is an economy version we offer a 1 year warranty (which is still as good as the main competitors).

All main features are exactly the same as for the Jiko Bora, only the stovetop is 26cm (instead of 28cm for the Cook stove Bora).

By making a high-quality charcoal stove more affordable for Kenyan consumers we think we can make our quality and performance more accessible to more Kenyans and therefore increase our addressable market.
Pricing:

From consumer research (both qualitative and quantitative) we know that Kenyan consumers highly appreciate our stoves because of performance, quality and durability (out of 100 customers, 95 would recommend the product to friends & family – see also the attached consumer satisfaction research report).

When testing our stoves next to competition – for example the Burn Cook stovekoa – 9 out of 10 end-users choose ours because of its design and durability. Kenyan women like to buy quality when they spend such a big amount of their income on a product, so when they are aware of the options they usually choose to spend a bit more for a higher quality, more durable and better looking product. Heb je deze testgegevens ook bijgevoegd?

Therefore we choose to sell both our Cook stove Fresh and Cook stove Bora in Kenya at a RRP of 3799 and 4499 respectively. With that offering a premium flagship product and a more economical option which has a better performance than the main competition (Burn Cook stovekoa – priced at RRP 3990 KES) and a better price.

We realize that even our economical Cook stove Fresh is often not affordable to pay in cash at once for our target consumers so therefore we work together with different customers who can offer financing plans via loans. (Burn & Envirofit are doing as well). Such customers are MFI’s, FSA’s (Fedha Service Authority – basically a community bank) and Sacco’s, but also customers like Equity Bank and corporate organizations like tea and flower farms (Finlays/Oserian) who can do payroll deduction to finance stove purchases. Depending on the company we work with end-users can purchase the product in 3 to 6 instalments, paying between 650 and 1500 KES monthly.

As such we can maintain our pricing to achieve the margin the company needs and make the products affordable to end-users.

Place:

We currently distribute our products to all main regions in Kenya (Nairobi, Central, Eastern, Coast, Nyanza, Western and the Rift Valley). We have warehouses in Nairobi, Mombasa and Kisumu to be able to serve our customers in the best way possible.

Our main distribution channels are MFI’s (e.g. Yehu, Juhudi Kilimo, Ark Development, FSA’s), Sacco’s (e.g. Sochem Sacco Eldoret, Simba Chai Kericho) and Corporates (e.g. Equity Bank, Finlays, Oserian Flowers) and distributors (e.g. Pamoja Life). We prefer to work with these companies over small entrepreneurs or agents as they have the financial strength to purchase bigger volumes upfront and most importantly they can offer financing schemes (loans/payroll deductions) to their members/workers.

We do also sell to individual entrepreneurs and agents, but we have had bad experiences with them not paying for products and defaulting on loans we gave them so we are very careful with that. Lately we have seen that our online sales is increasing as well by selling via Jumia and our own Facebook channel.
Promotion:

Our value proposition is centered on performance, quality and durability. We offer the best charcoal saving (70%) in the market in our price range (between 3500 and 5000 KES) and our products are unique in its quality and durability because of the materials we use (e.g. cast iron). Therefore we are the only company that can offer a product lifetime of up to 5 years (and live up to it) and a warranty of 2 years.

In our messaging we focus on ‘Punguza Gharama’ in combination with communicating the end-user benefits (saving money, less smoke, product lifetime and warranty) and showing the high-quality materials and design of the product (see example leaflet underneath). This is very much in line with the EcoZoom brand promise: efficient, healthy and eco-friendly.

Due to the lack of budget we currently only use BTL (‘Below the Line’) tools for our communication such as Point of Sale displays, posters and leaflets. Combining this with having our sales people and marketers constantly working with our customers doing demonstrations at AGM,’s, Chama group meetings, work lunches, and other events, works pretty well.

In general we see that communicating about our products works best when cooperating with resellers and demonstrating our products. Since our products are made out of high quality materials they are about ‘seeing is believing’. Combining that with the perception of Kenyans that they have to see the product before they trust it, we see this as a key requirement for success.

We also heavily communicate via Facebook, doing paid and unpaid advertising (https://www.facebook.com/ecozoomkenya/). We have the biggest Facebook following of any cook stove company in Kenya (over 4000) and we believe that this is a very strong and future-proof marketing tool since Kenyans are very active on social media and more and more people join this channel every day. Our success has even lead to us starting up our own Facebook sales channel which is now almost selling one Cook stove every day.
4. **Proposed marketing activities under the EMF:**

To explain properly what our marketing challenge is we have prepared a SWOT analysis which explains our current situation and the key challenges we face (see underneath and attached).

Derived from the SWOT there are two main (marketing & sales) challenges we face:

1. How to drive brand & product awareness with a limited marketing budget?
2. How to drive sales (with a very good product) in key Kenyan regions where our presence is limited?

The EMF gives us an excellent opportunity to address these two challenges as it can help us in improving our brand & product awareness and drive marketing & sales efforts in the regions where we are less present. We have prepared a one-page marketing plan (see underneath and attached) in which you see a combination of our current strategy and the newly planned marketing activities.
Our focus will be on the ‘red square’ which is combining both the ‘Promotion’ and ‘Place’ marketing aspects by doing multi-channel marketing campaigns (Above the Line & Below The Line) for every key region we want to address: combining radio-campaigns (local radio stations) with market days, roadshows, social media outreach and demonstrations with customers.

We plan to do this over a 6-month period, doing a focused multi-channel marketing campaign per region (Nairobi, Central, Coast, Rift Valley, Lower Eastern & Nyanza) per month. Instead of doing a one-time national approach we prefer to do a focused region by region approach to ensure we maximize the marketing & sales effort and we can still implement learnings along the way.

Rationale for our approach:

The 2012 GIZ ICS report found that ‘Radio at 42%, was cited by the surveyed respondents as their main source of information on improved cooking stoves. A further 31% of the surveyed respondents indicated that they heard about the improved cooking stoves through the word of mouth and 14% found out via the market center. Furthermore the Ipsos 2014 ICS research concluded that ‘Radio and particularly Swahili is more suitable over TV between 5am and 9am for maximum reach’

In our proposal we have taken these recommendations and when combining them with our proven marketing tools (Facebook, Market activations & demonstrations with customer) we are confident we have the right tools to tackle our main challenges as described above (awareness creation & distribution outreach).

We will do the localized radio and Facebook campaign followed by market activations & demonstration with key customers such as Equity Bank, Juhudi Kilimo, Yehu, Ark Development, Pamoja Life and FSA’s (community banks) to ensure that end-users get concrete information on our products (‘seeing is believing’) and we complete the consumer purchase funnel (from awareness to preference to purchase) in a short period of time.