Market development is an efficient and sustainable means of enabling businesses to thrive, while achieving a positive health outcome at the same time. At iDE, we use human-centered design to create products that catalyze business models, resulting in greater economic opportunities for local businesses, and healthier lives for customers.

Markets are always evolving. Our approach to market development is more than solving a static problem, it’s about building a model that will remain dynamic and responsive over time. It’s about leaving people with a new sense of confidence — as savvy customers and successful entrepreneurs.

Working with local businesses leads to organic growth and efficient scale. Local business owners can reach more people more cost-effectively than a traditional NGO program. A smart business model will ensure that businesses see the potential in the latrine market, and are motivated to learn how they can get involved. With a short-term investment from the business owner, we can make a long-term social impact.

Once a market is functioning efficiently, it becomes a valuable resource for other approaches to leverage. Piggybacking on a strengthened market is more cost-effective than creating a new one from scratch.

iDE has been building markets for over 30 years. We’ve learned a lot since our early success with the treadle pump in Bangladesh. For example: replicating what works in one context is not a guarantee of success in another. We replicate our approach, and each context dictates a unique solution.

— Thoughts of a sanitation sales agent after receiving training with iDE —
Diagnosing Markets

Every market is different. We analyze them on several criteria to ensure our understanding is deep and broad. To achieve this level of understanding, we use a human-centered design process. We take into account every stakeholder—the producer, the retailer, the end user, and anyone who might have an influence on the end customer. This depth of research helps us identify why the market is inefficient and develop business solutions that are viable over the long term.

In this chart, you can see how we analyze each country on key criteria that have an impact on the market overall. The diversity shows why we replicate an approach, but don’t replicate a specific business model.

A Spectrum of Exit Strategies

A likely exit strategy is determined by the combination of market dynamics in place. Below you can see how the exit strategies for Cambodia, Bangladesh and Vietnam are very different from each other.

Designing a business model

The business model for each context must be designed specifically for the unique dynamics of the local market. Effective business models must also be desirable, feasible and economically viable for the customer, the entrepreneur, and the businesses in the value chain.

CUSTOMER-FOCUS

Create demand through marketing an innovative product design that addresses the customer’s wants and needs.

Example tactic: In Nepal, we make it easy for customers to buy. Previously when shopping for a latrine, customers had to leave the village, shop around for the components, get it transported home, and hire a mason for installation. Now, it’s easy. Sales agents make home visits, and the product is delivered right to their door.

ENTREPRENEUR-FOCUS

Design a business model that is profitable enough to attract and engage businesses. Build their capacity in technical and business skills. Monitor and analyze business performance data.

Example tactic: In Cambodia, we designed a viable business model around a product offering that meets customers needs. With a 26% profit ratio, latrines are the cash engine of the businesses. They sell a complete product, rather than just components, with upgrade potential for delivery and installation.

VALUE CHAIN-FOCUS

Build lean value chains with suppliers.

Example tactic: Our partner in Bangladesh, RFL, is mass-producing a latrine pan using plastic, which easily lends itself to economies of scale. RFL brings formerly disconnected concrete producers into a network of retailers by providing quality control, training, and marketing support. These 3,500 retailers overcome the “last mile” problem, which is notoriously difficult in rural settings.

How do we know it’s working?

- The average cost-effectiveness ratio across our programs is 8:1. Every dollar invested in an IDE WASH program results in $8 of increased income for rural entrepreneurs.
- The ripple effect in Cambodia is 1:1. For every latrine sold by one of our entrepreneurs, another is sold by a local business demonstrating overall growth in the latrine market compared to project baseline.
- Major multinational corporations are investing and profiting through their partnership with IDE, a fact we view as a major achievement.