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USAID DIV Milestone Report #1

Household Handwashing Device - Commercial Scale-Up in Vietnam

WaterSHED DIV Stage 2 (#32338)

Milestone Report #1 Overview

- Updated Project Gantt chart
- Implementation Plan - Update
- Plan to Assess Cost Effectiveness & Value of the Solution
- Draft Press Release Announcing Stage 2 (for USAID review)

Implementation Plan - Update

Since WaterSHED's original Stage 2 proposal submitted in December 2012, there have not been any major revisions to the proposed strategy or implementation plan. Please read the following update as an addition to – not in place of – the December plan.

1. Team Recruitment

Ms Ai Huynh, *Project Coordinator*, is responsible for overseeing the whole implementation activities in Vietnam. She has worked with *HappyTap* Stage 1 as *Operations Lead* and has been promoted to be a team leader directing the senior team of four and also serves as liaison between WaterSHED Vietnam and government and project partners. Following more than a month of active recruitment and receipt of over 250 professional candidates, WaterSHED has formed a senior team whose responsibilities are as follows:

Mr Loc Tran, *Director of Direct Promotions*, is charged with the entire direct sales push across 15 provinces in southern Vietnam. He will recruit, train, and supervise the team of Facilitator Trainers who represent the critical interface between the project team and the target audience of rural consumers. His responsibilities are primarily to empower the sales team after finalizing the direct promotions strategy and direct sales value proposition – the outcome of which will be well-coordinated with the Women Union. The latter will be instrumental in organizing group sales events – community meetings of roughly 20 villagers (mostly female) through which WU conducts its Behavior Change Campaign (BCC) and where the team will present the *HappyTap* handwashing device.

Mr Quy Nguyen, *Marketing Specialist*, brings his insights to develop a marketing strategy that elevates *HappyTap* with a professional and friendly appearance/impression, which in turn creates positive momentum in the purchase decision. Another of his main areas of responsibility is to bridge *HappyTap* with existing and planned BCC in Vietnam to leverage the consumers' knowledge of handwashing with the trigger that "*it's time to adopt a handwashing device*". He will also support export and indirect sales promotions, including exhibition and workshop presentations and displays so as to set the foundation for a sustainable and scalable sales system that can be run by private sector actors.

Mr Duy Nguyen, *Director of Indirect Promotions Channel*, is responsible for building the immediate term distribution channels for the *HappyTap* product at the same time as building the long-term platform for *HappyTap* enterprise growth and sustainability. His main responsibility is designing the supply chain system, implementing retail incentives schemes, organizing retailer workshops, and rolling out point-of-sale materials, service, and support. Within the 27-month stage 2 project, he will ensure delivery support to the Direct Promotions channel and over time, will build the Indirect Channel to be the self-sustaining (e.g. without direct promotions) and main distribution channel for the handwashing device as managed by a private sector firm.

Mr Hien Nguyen, *Admin and Finance Assistant*, will prepare all payments and ensure all supporting document are complete and accurate before processing.

With everyone's different strength in one team, the *HappyTap* project will follow the high-level implementation plan as shown in the Gantt chart above.

2. Marketing

Understanding the importance of an effective brand including name, graphics, and packaging, the team made finalizing the brand design a priority in the first month of the project (Sept 2013).

Using the results of the Stage 1 test-marketing regarding popular colours (blue and yellow-green) and name ("Tien Loi" – which means 'Convenience' in Vietnamese), the Marketing Specialist has developed several options within the first two weeks of the September. Those works have been tested with several potential distributors (who are in discussion with the Director of Indirect Promotions Channel regarding partnership) and with potential *Facilitator-Trainers* (among whom the Director of Direct Promotions is recruiting). Four sample options are shown below:



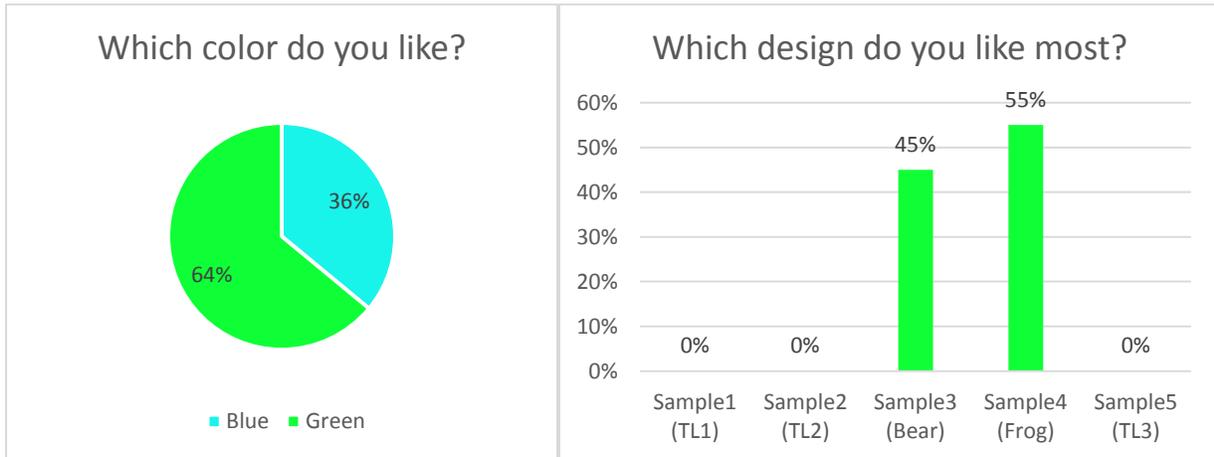
The project team aims to have a logo that is helpful to trigger both the purchase decision and the practice of handwashing. In many similar and different product categories, consumer attraction & product understanding must be achieved without a seller's availability to answer the question "what does this logo mean?" The methodology to question initial survey respondents is to explain nothing, but to show them several pictures in a row and ask them three questions in order:

1/ Among these, what is your most favourite color?

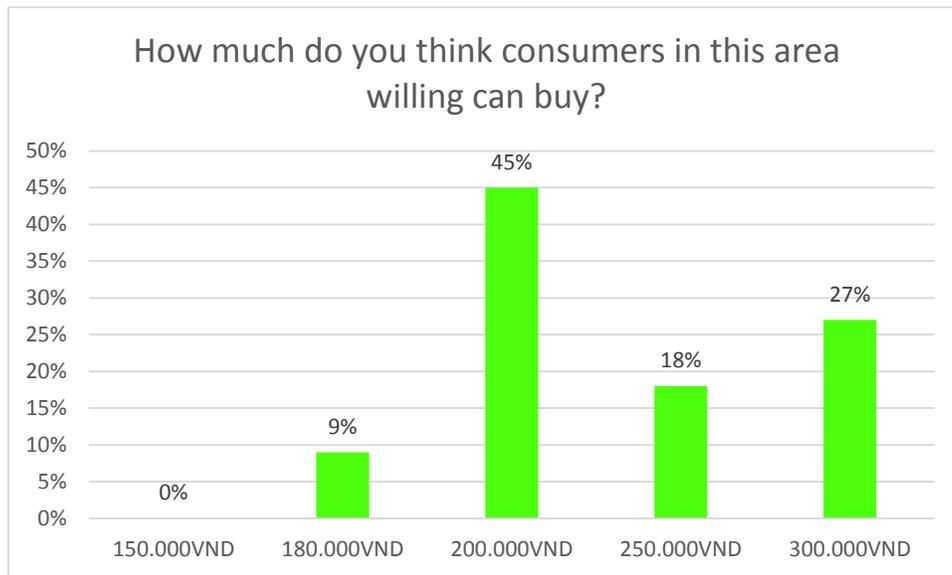
2/ Among these, what is your most favourite logo?

3/ By that colour and logo design you just chose, how much do you think the people in this area are willing to pay?

The survey results so far:



* Note: Sample 3 (Bear) not shown.



It is heartening (from the sellers' perspective – distributors and facilitators) that nearly half of the interviewees said it is worth 200,000 VND and 27% considered it should reach 300,000 VND.



Following the logo design, embedding *HappyTap* (Tien Loi) within existing BCC campaigns is an important opportunity to launch the scale-up. In October, the team will focus on integrating with the campaigns of Unilever, UNICEF, and the Ministry of Health to celebrate Global Handwashing Day (October 15, 2013).

Together with the crowd awareness peak, direct promotions tools will be developed iteratively within the first six months to enhance direct sales capability. These tools will be calibrated frequently along the project time. Meanwhile, two months before each new phase comes, the tools will be carefully adjusted due to geographic diversity (coastal region, alum water supply region, different average incomes or educational backgrounds). Those activities will assist the Marketing Specialist to achieve the milestones of i) product marketing campaigns finalized and ii) product marketing integration with BCC partners due in February, 2014.

3. Direct sales channel extension

Realizing that the quality and performance of Facilitators are among the key sales success factors, the Facilitator recruitment began in early September 2013 and will be finalized by the last week of the month in time to reach the first milestone of Recruiting and Training Facilitators in first 5 provinces. Recruiting freelance sales agents will be the task of facilitators along the project time, and we aim to improve their sales skills to reduce turnover, but remain conservative regarding the challenges of retaining commission-only sales staff – especially when the harvest seasons arrives. The sales team structure is designed to achieve the two-year project target of over 70,000 units sold – chiefly support

by the efforts of the Direct Promotions team:

	5 Provinces/ 22 months (Area A)	5 Provinces/ 14 months (Area B)	5 rovinces/ 6 months (Area C)
Rural household	1,809,250	1,263,833	775,875
Sales target on population propotion	51,707	36,119	22,174
Sales target adjustment	5,000	2,000	-7,000
Sales target	56,707	38,119	15,174
Sales target/ day	86	91	84
Sales target/day/ 1 province	17	18	17
Number of attendants/ Sales event	85	90	85
Number of people invited/day/province	170	180	170
Number of facilitators/province	4	4	4
Number of people invited/1team/day/province	42	45	42
People invited by Faci	2	5	2
People invited by sale exe/Group	40	40	40
Number of sales executive per group	8	8	8
Number of people invited/sales executive	5	5	5

By dividing the project scale into three 5-province phases at every 8-month interval, the project team is planning the recruitment and training of sales staff 4 months in advance to maximize the local team's ability when their phase starts. Ongoing facilitation of the local authorities and Women's Union will be made along the way in order to reach the following targets:

- 10,000 units sold in February, 2014;
- 25,000 units sold in August, 2014;
- 45,000 units sold in February, 2015;
- 70,000 units sold in August, 2015.

4. Domestic and International Distribution

Recruitment of new domestic distributors will be developed throughout the entire project time, starting in September 2013. The project team headed to recruit a few key distributors and learn about the benefits/margins/requirements of each link of the supply chain, as well as the challenges leading to lower 'mindshare' among distributors for new products (e.g *HappyTap*). As long as the team can maintain quality performance and a high-level of activity, we plan to expand the distribution channel in width and depth, to make it cost-effective and convenient for the sellers to involve, also, to make it easy for rural customers to adopt *HappyTap* once it is incorporated into BCC campaigns that influence them.

We place a high priority on establishing a "Non-Control" methodology, which is the way of several plastic goods manufacturers such as DuyTan and in contrast to the system of Dai Dong Tien. In short,

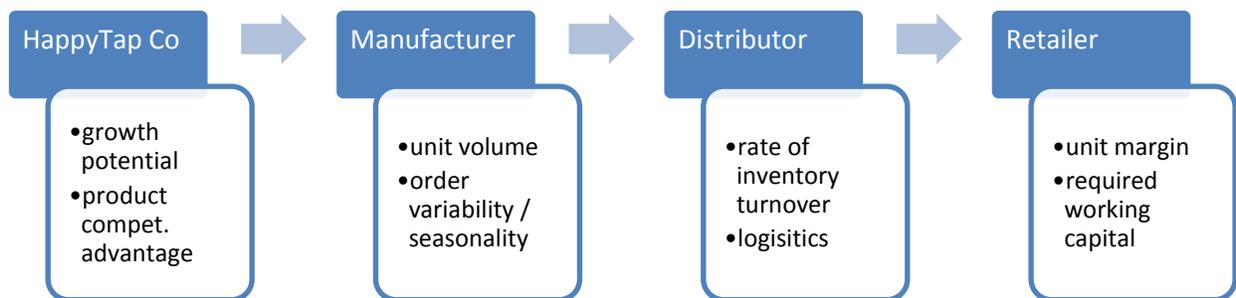
with the Non-Control methodology the project team does not set a fixed price for the *HappyTap* across the whole country, which means that the supply chain actors have flexibility on pricing. As costs to reach different customers vary and as prevailing market conditions can be regionally distinct, distributors can adjust the retail price accordingly. If the average income in one area is low compared to neighboring regions, the price can be slightly adjusted down. The team will embrace the dynamics of the market in order to optimize penetration and reach, and believes this is the best way to balance the market and let it soar naturally in the long term - and of course, to lower the risk and burden on the young social enterprise - the new *HappyTap* Co.

Domestic Distributor and Export exhibitions will also be conducted in every quarter or two, to increase the possibility to reach 6,000 units at month 26 and 70,000 units sold domestically two months before that.

Plan to Assess Cost Effectiveness & Value of the Solution

WaterSHED & EMC plan to assess if the overall viability of the solution based partially on the investment decision criteria by various providers of capital, including public, private, and social investors. From early discussions with supply chain participants, there have some emerged criteria that these businesses use to allocate their finite resources. For instance, manufacturers (in this plastic consumer goods space) are keen to make products that enhance capacity utilization of their capital-intensive businesses and thus reduce idle machinery and boost returns on capital. Distributors are naturally focused on inventory turnover, since their core business is essentially optimizing the management of inventory and the employment of working capital. Similarly, rural Vietnamese retailers have frequently expressed a preference to sell low-value & higher margin products that take less space and move quickly, providing a less ‘lumpy’ revenue stream which lowers their risk when working capital is constrained.

Figure 1 - Example Investment Decision Criteria Categorized by Role in the Supply Chain



WaterSHED & EMC also consider USAID and other sources of public funds as investors (as opposed to donors) who must also allocate finite resources among a wide range of possible interventions. Impact/social/patient capital investors make similar considerations when evaluating potential deals.

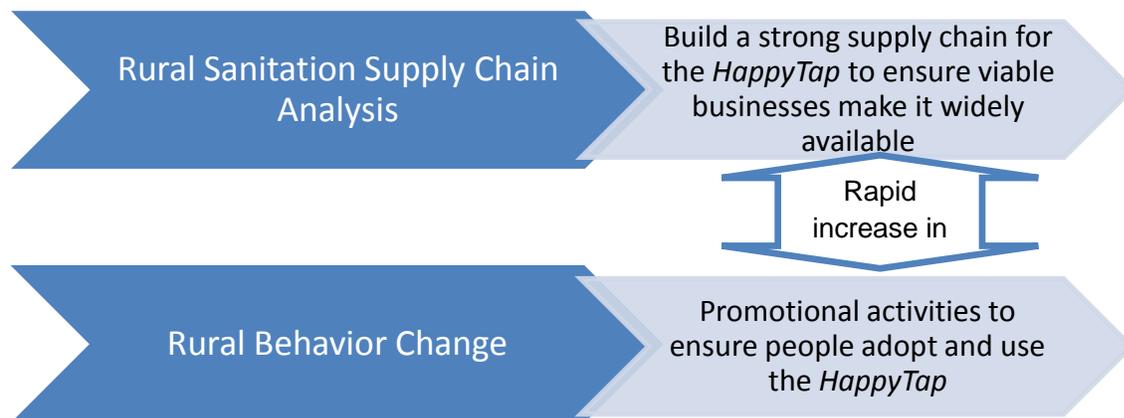
With this philosophy in mind, the evaluation of the cost-effectiveness of this public sector investment will distill into a very concise analysis i) the proven outcomes of the project in comparable terms to other intervention options; and ii) the expected cost per unit of outcome. WaterSHED hopes to reduce

the required public sector investment relative to proven outcome to such a level as to be an extremely attractive ‘no-regrets’ public health investment ready for wide-spread scale-up and replication. Data-driven evidence will be critical to understand how *HappyTap* will compare.

1. Ex-Post Assessment

The success of this handwashing device commercialization program will depend on the lock-step rise in two mutually reinforcing processes: generating market demand for the *HappyTap* to encourage the rural BOP to engage in more handwashing with soap (HWWS); and ensuring the development of viable businesses to manufacture & distribute the *HappyTap* in adequate supply. While the London School of Hygiene and Tropical Medicine (LSHTM) will assist in rigorously measuring and evaluating the success of *HappyTap* in increasing HWWS behavior and thereby in improving health outcomes, EMC will assist in an assessment of the value chain in order to clearly understand the viability of the *HappyTap* market and advise possible improvements to ensure widespread distribution growth and product adoption. This will be an ‘ex-post’ assessment because there will be significant implementation experience and performance data gathered, which will allow EMC to analyze real data and not expected or hypothetical factors. It will begin in mid-2014 and conclude before the end of the project in 2015.

Figure 2 The ex-post assessment will include evaluation of *HappyTap* consumer adoption (LSHTM) and supply chain (EMC)



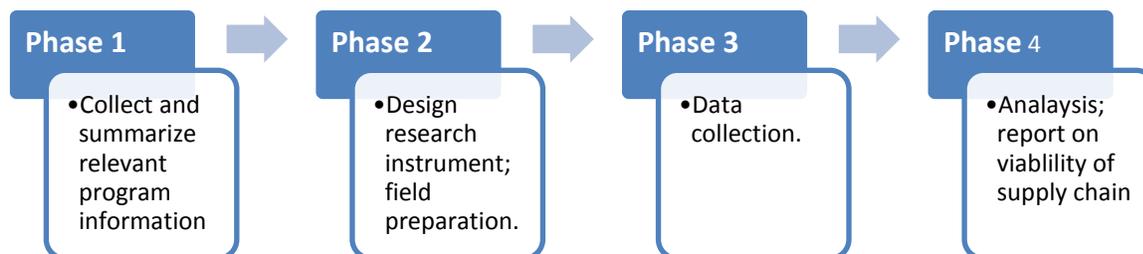
2. Value Chain Mapping

WaterSHED’s *HappyTap* team understands that sales numbers are only the last indicator of a product’s market viability. In order to demonstrate the *HappyTap* as a viable market-based hygiene intervention, this analysis will examine the buy-in of actors at each step of the *HappyTap* value chain.

The EMC team will approach the ex-post evaluation of the *HappyTap* from the classic business consulting perspective of the supply chain analysis. By mapping the *HappyTap* supply chain –from input suppliers to manufacturers, distributors, wholesalers, retailers, and finally, end consumers – and evaluating profitability at each step, EMC will clearly demonstrate where and how the *HappyTap* has succeeded in establishing a sustainable, profit-generating position in the market, and where (if anywhere) actors are in danger of leaving the supply chain due to low profits or other factors.

Our methodology benefits from EMC’s extensive experience in value chain mapping – and sanitation value chain mapping in particular. The value chain ex-post evaluation will proceed as below. EMC anticipates taking between 2 and 2.5 months to conduct the full assessment, including four weeks for field work and data entry.

Figure 3 Business ex-post assessment work flow



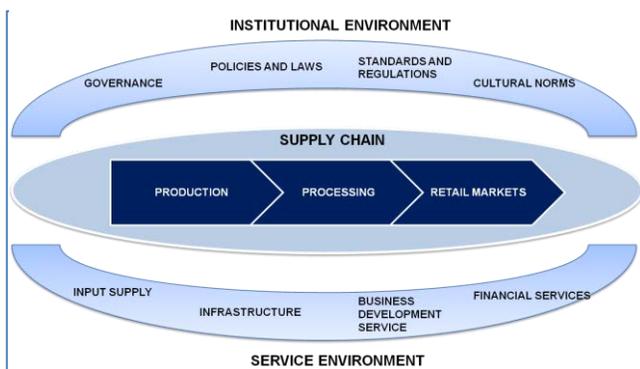
Phase 1 – Desk research

In Phase 1, EMC will collect and summarize relevant *HappyTap* value chain information from program documents and field staff reports in order to develop a *HappyTap* value chain map that includes all key actors.

Phase 2 – Research design

In Phase 2, EMC will develop research tools in order to assess the success of the *HappyTap* program at each link of the value chain. EMC will develop an analytical framework for the desirability of a given

Figure 4 Stylized value chain diagram



business along the *HappyTap* value chain.

Profitability will be an important bottom line, but this will be put in the context of other factors that are important to rural entrepreneurs and businesses – including factors like opportunity cost as compared with other activities requiring similar skill sets; competition and barriers to entry (including, for instance, finance and other considerations); consistent cash flow; and other factors to be

developed based on experience working with rural WASH businesses.

EMC will develop a sampling methodology in order to develop a detailed value chain map across all relevant regional and other differences within the project area of the Mekong Delta Region. Based on this framework and sampling methodology, EMC will work with talented Vietnamese researchers to develop efficient, highly relevant interview questionnaires (and, potentially, FGD guidelines) to collect robust, nuanced information from potentially busy entrepreneurs.

Phase 3 – Data collection

EMC anticipates taking approximately four weeks to conduct field research and data entry. EMC may be able to leverage existing *HappyTap* program staff to conduct research, although this option may be foregone in favor of more independent researchers depending on the final shape of the project.

Phase 4 – Analysis and reporting

EMC will clean and code collected data and use the analytical framework developed in phase 2 – modified as necessary by preliminary research findings – to develop a business overview for each step in the *HappyTap* value chain. EMC will produce a report highlighting particularly robust links in the *HappyTap* value chain, as well as links where actors may be in danger of dropping out of the value chain due to various market forces – higher profitability from competing activities, for instance; barriers to entry or cash flow problems; human resource or other issues; etc.

EMC will circulate a draft version of the report for stakeholder comments and questions. EMC will then incorporate this feedback into a final report for submission.

Draft Press Release Announcing Stage 2 (for USAID review)



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2013-09-16

News Release

USAID & WaterSHED Engage the Private Sector to Market Handwashing in Vietnam

WASHINGTON, DC | HO CHI MINH CITY, VIETNAM - The U.S. Agency for International Development announced a Development Innovation Ventures (DIV) award to WaterSHED to scale-up the commercial production and distribution of the *HappyTap* handwashing device. Led by the local private sector in the Mekong Delta Region of Vietnam, the goal is to enable improved handwashing practice for over 200,000 rural Vietnamese people, while at the same time building a sustainable supply chain and market for such products.

Quote from USAID

The concept of the *HappyTap* device, originally conceived under the World Bank – Water & Sanitation Programme’s *Global Handwashing Initiative* in Vietnam, is to bring together soap and water in an affordable, purpose-built, and attractive handwashing station that makes hygienic behavior convenient and easy. Developed through a rigorous design and iterative testing phase through 2010, the *HappyTap* product reflects the right mix of aesthetic appeal, functionality, durability and affordability.

This ‘Stage 2’ DIV award builds on earlier USAID investments to test a commercial approach for the product. In 2012, WaterSHED recruited key manufacturing and distribution partners and validated the marketability of the device through test-marketing across Tien Giang and Vinh Long provinces in southern Vietnam.

“I like it [HappyTap] because it is convenient. I don’t have to go to the outdoor basin or concrete jar to get the water every time I want to do handwashing” said La Thi Mi Dung, Head of Women Union, Tan Loc Village, Vinh Long Province, *“and villagers ask me when this device is coming to this area.”*

WaterSHED’s experience shows that commercial viability is central to the long-term sustainability of project impact. The expected outcome is a dynamic commercial market in Vietnam for handwashing devices in which businesses can earn an attractive income, consumers are empowered, and in which the gains from large-scale behavior change programs are cemented with consistent, practiced behavior. Key



partners include the Vietnam Ministry of Health and the Women’s Union, whose objectives are aligned for maximum hygienic practice.

“We hope to achieve consumer uptake of at least 70,000 units in the near term, and we will measure how well the device provides the means to make it more exciting and convenient to change awareness into habit,” said Ms. Ai Huynh, WaterSHED Project Coordinator. *“In the medium term, our ambition is that private sector actors are marketing HappyTap by themselves while NGOs and government can lessen their focal support,”* she added.

This DIV Stage 2 project will be implemented from September 2013 until December 2015 and was made possible with the generous support of the American people through the U.S. Agency for International Development.

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ABOUT USAID

Boilerplate USAID-DIV

ABOUT WaterSHED

WaterSHED is a local NGO with activities in Cambodia, Laos, and Vietnam. Its mission is to engage local enterprises and government in the development of sustainable market-based approaches that empower households to be active and informed consumers of water, sanitation and hygiene products and services. www.watershedasia.org | @watershedasia | @HappyTap_TM

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Evaluating the impact of the provision of a fixed-place handwashing station (the *HappyTap*) on handwashing practices in households in rural Vietnam.

Introduction

The *HappyTap* was designed through iterative consumer research as a dedicated handwashing station for rural Vietnamese households. It is intended to be a commercially viable product that will ultimately be made available through local shops and markets. It is hoped that *HappyTaps* will bring public health benefits by increasing rates of handwashing with soap at key times. *HappyTaps* might achieve this by making handwashing more convenient, pleasant and salient. By removing structural barriers to handwashing, *HappyTaps* may have the potential to increase handwashing even in the absence of handwashing promotion, which by itself has often given unsatisfactory results.

Aims

The aim of this study is to assess the impact of *HappyTaps* on handwashing practices by addressing the following question:

- 1) Does provision of a *HappyTap* without hygiene promotion impact on handwashing practices in rural Vietnamese households? (primary aim)
- 2) Explore evidence of sustained use of *HappyTaps* over a 6-month period, collect qualitative information on households experiences of using the taps and assess willingness to pay for them. (secondary aim)

Methods

Study design and sample

The study will use a randomised, controlled trial design with two arms (intervention and control). Five neighbouring communes will be selected to take part in the study. Two hundred and two households will be recruited to take part. Selection criteria will include having at least two children in the household. Households with fixed-place handwashing stations will be excluded. Fifty percent of households will be randomly allocated to receive the intervention. The remaining households will receive nothing initially but will be offered *HappyTaps* at the end of the study.

Intervention

Households in the intervention arm will receive basic instructions on how to use the *HappyTap* but no instruction that this is specifically intended for handwashing. No specific recommendations on handwashing practices will be given in addition to what is needed to understand the functioning of the device. We believe that this minimal intervention offers little potential for contamination across the arms of the trial.

Outcome measures

The primary outcome measure will be the proportion of key events (latrine use, food handling, cleaning a child after defecation) accompanied by handwashing with soap.

Further outcome measures will include the proportion of key events at which hands are washed with water alone and total number of handwashes observed.

Additionally the proportion of *HappyTaps* remaining in use at the time of observation will be recorded.

Data collection

Data will be collected 6 months post-intervention and will be collected by a team of enumerators who have had no prior contact with households and who are not associated with provision of the *HappyTaps*.

Data on handwashing practices will be collected by structured observation in households over a specified time period at a specified time of day (times and timing to be established through a pilot study).

Functioning and use of *HappyTaps* will be recorded using spot-check observation at the start of the observation period.

Consumer experience and willingness to pay

Provision of *HappyTaps* over the 6-months of the trial offers an opportunity to learn from householders about their experience of using the taps and about their willingness to pay for them.

We will carry out short, semi-structured interviews with householders (sample stratified for age, gender and *HappyTap* use) to learn about their experiences and opinions of the *HappyTaps* and their reasons for continuing for to use them or for abandoning them.

At the end of the trial households from both arms will be offered the opportunity to purchase a *HappyTap*, allowing willingness to pay to be evaluated through revealed preference (i.e. actual purchase behaviour). This will either be done using a predetermined price point or through an auction method allowing households to generate the price they believe is appropriate.

Sample size

Based on previous data we expect in the absence of *HappyTap* about 20% of handwashing occasions to be followed by handwashing with soap. We expect an increase by 15% to be a worthwhile effect size, resulting in an expected handwashing prevalence of 35%. Handwashing rates are expected to vary between household irrespective of group allocation. Based on previous data we expect a standard deviation of 0.2 in the control arm and of 0.3 in the intervention arm of the respective household level mean handwashing proportions. This gives a sample size of 46 households per arm with 80% power. Assuming a loss to follow up of 10%, we recommend a sample size of 51 households per arm. If the aim is to detect an increase of 10% rather than 15%, the same parameters would result in a sample size of 103 households per arm.

Risks and limitations

The main risk with the proposed design is that of bias in the observed handwashing practice. This could occur either because of 'reactivity'(changes in behaviour that occur because of the presence of

the observer) which may be greater in the intervention arm or because of observer bias. The latter could occur because observers expect households with *HappyTaps* to have better practice or because they believe that they should show a positive result for the *HappyTap* or simply because *HappyTaps* make the recording of handwashing practices easier.

We will minimise the risk of bias by doing as much as possible to dissociate the observation from the intervention in the minds of the observed and the observers. Participant households and observers will be kept naive as to the precise purpose and nature of the study. Observation data will be collected only once, at a considerable time (6 months) after the intervention and by observation teams who were not involved in the delivery of the intervention.

Given the limited penetration of the *HappyTap* at present it is not possible to make meaningful statements about the characteristics of the average user. The proposed study is a proof of concept study and it is difficult to assess the external validity. Qualitative work following the opportunity for purchase may help us to understand more about the characteristics of adopters versus non-adopters. Further quantitative analysis may also be possible on this basis however the study is not powered for sub-group analyses.

This study evaluates the impact of *provision of HappyTaps* on handwashing in a random sample of households. It does not assess the impact of *HappyTap purchase* in self-selected, purchasing households. It is possible that the impact in purchasing households could be greater, given their motivation and sacrifice of resources in purchasing the taps. Or it could be that the impact in purchasing households is lower, perhaps because these are highly motivated households who already wash hands or because the taps are purchased for the use of guests rather than as aids to routine, daily practice.

Evaluation of the impact of *HappyTap* purchase is more complicated because it requires pre-and post-purchase data to be collected, which raises the problem of identifying purchasing households prior to their purchase. We plan to investigate the possibility of using an auction method to identify households who will purchase and using this as a means of sample selection.

Indicative timeline

Ethics and research clearance	7 weeks
Select communes for main study, recruitment, consenting and social/economic/demographic survey	3 weeks
Distribute <i>HappyTaps</i> to intervention households	2 weeks
Leave taps in households	30 weeks
Train observers and pilot test observation methods	(2 weeks)
Prepare and pilot data collection tools and information and consent forms	(2 weeks)
Train observation team	(2 weeks)
Consent households for observation	(3 weeks)

Collect observation data, consumer interviews and willingness to pay	3 weeks
Data entry and cleaning	3 weeks
Analysis and write-up	4 weeks
Total	52 weeks

USAID DIV Milestone Report #3

Household Handwashing Device - Commercial Scale-Up in Vietnam

WaterSHED DIV Stage 2 (#32338)

Milestone Report #3 Overview

- Rollout across initial provinces
- Sales agents working with distributors across initial provinces
- Exposure visits for staff, sales agents, and Women's Union promoters
- Commercial product marketing campaign development
- Agreement with Vietnam Ministry of Health

Rollout Across 5 Provinces

1. Direct Sales Channel

Overview

The *HappyTap* project has established a Facilitator team of 10 people working across 6 initial provinces.

- An Giang province: 3
- Can Tho city: 2
- Tra Vinh province: 2
- Vinh Long province: 1
- Tien Giang province: 1
- Ben Tre province: 1

The difference in number of facilitators per province is explained by the diversity in size of the geographic area and rural population.

For example, An Giang province has 1.5M rural people living across 3,406 km², while Vinh Long and Can Tho each roughly 1,700 km² and have about 600k people each.



Initially, WaterSHED planned to include 5 provinces during its first phase of direct sales rollout. However, domestic suppliers of many household products typically group some provinces together for distribution purposes. As an example, three provinces (Vinh Long, Tra Vinh and Ben Tre) are grouped together because the market demand in each one is not strong enough to require dedicated distributors. Moreover, transportation routes have made it easy to trade between them. As such, WaterSHED decided to be opportunistic and leverage existing distributors, including a sixth province in our initial rollout phase –Ben Tre province.

Training

On Nov 2nd & 3rd, the first sales team training took place in Can Tho city. The two day course aimed to empower the on-the-ground sales team with skills and knowledge of selling *Tien Loi* handwashing device through the training flow as following:

Day 1:

- Six steps of conducting sales



Sales team training, *HappyTap* project, Can Tho city, 11/2013

- Presentation tool instructions

Day 2:

- Sales event role play
- Customers’ objection handling practice
- Freelance sales agent recruitment methods

The team training was a good exchange opportunity for staff from the six provinces to meet together and share their understanding of local cultures in various regions, which was also among the key factors to lead the sales event role-play and customers’ objection handling practice and to make it a lot more lively, realistic and interactive. They were also instructed in how to make a plan to arrange sales events with the commune Women’s Union, and to map out door-to-door sales so as to optimize their time and to benefit from the supervisor’s support. At the end of the course, the facilitators received a summary and the main scripts for leading a presentation during sales events, as well as initial inventory for starting to work in their respective areas.



Ms. Tuyet Minh, Facilitator in Ben Tre province practices the presentation Sales team training, HappyTap project, Can Tho city, 11/2013

Exposure Visits

In November 2013 all Facilitators from the 6 provinces traveled to Tra Vinh province to share the experience of conducting sales events with each other and representatives of the provincial Women’s Unions. The trip was designed to coincide with three sales events in Chau Thanh and Cau Ngang districts, Tra Vinh province, and to be integrated with discussions with local authorities. The WaterSHED team to advantage of the visits to review and improve the sales methodology of the community group meeting approach. The communities were mixed Vietnamese and Khmer people. This test and strengthened the communications effectiveness of the Facilitators in various cultural environments. The exposure visit was also joined by Mr. Aun Hengly, Executive Director of WaterSHED HQ to share his experience from sanitation marketing from Cambodia. The Women’s Union was enthusiastic to share their communication experience with low-educated caregivers, and they emphasized:



Facilitator team in sales event in Tra Vinh prov. 11/2013

- I. Converting formal vocabulary into informal / local ones. It is not the formal, academic-sounding communication that can successfully persuade the villagers to change their hygiene habits. Less solemn expressions matter much more as they close the gap between the presenters and the audience. It makes villagers feel like they are talking with friends, instead of being taught the right things by haughty educators.
- II. Praising villagers for having good health knowledge and handwashing technique. Recognize the villagers' efforts to organize a water source for multiple daily purposes (cooking, food preparation, washing clothes and dishes, and handwashing with soap) is difficult. Encouraging people to lift handwashing with soap into their *habit*, instead of "a simple thing I know already", by using the **Tien Loi** device. This technique makes villagers feel their previous effort has been recognized and that we empathize with their not yet practicing HWWS as a habit.

2. Indirect Channel

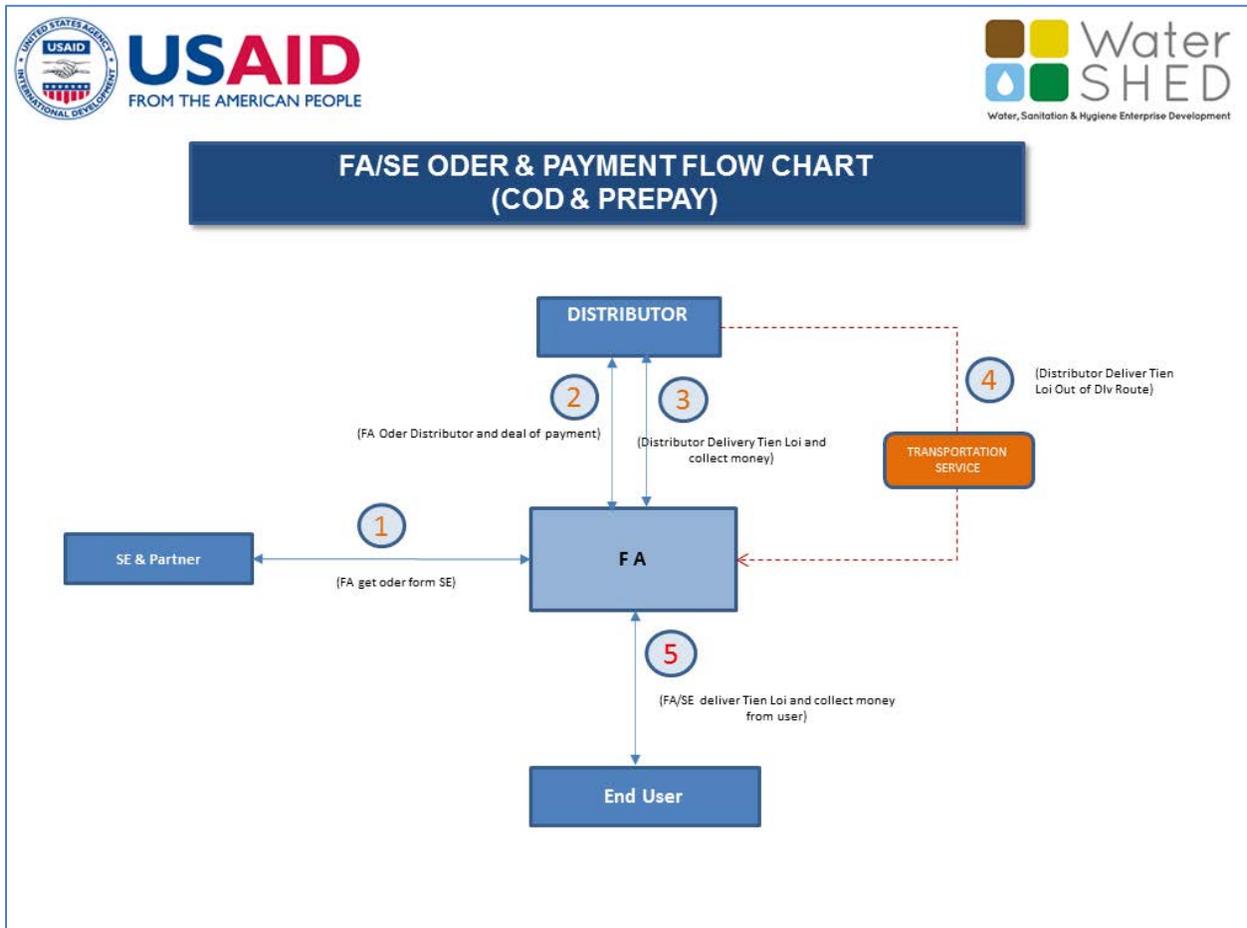
To optimize the effectiveness of the relationship between distributors and the sales team, the indirect channel has set up the system for exchanging goods and money. The system can be divided into two major categories:

Sales Team & Distributors

The following is the order and payment flowchart for Facilitators (FA) and independent Sales Executives (SE) to work with distributors. WaterSHED encourages the sales team to buy the device from distributors/retailers before taking them to the end-user (circumstance #1). That way, the sales team is more committed with the volume they are selling. However, the SEs are working based on commission per unit; they don't have a basic salary. Therefore, they may not be able to afford to buy devices in advance to sell to the community. Thus, in the second circumstance, WaterSHED can provide a guarantee through distributors so that they can take the products out of distributors' store and repay after the sale to the end-user is made (circumstance #2)

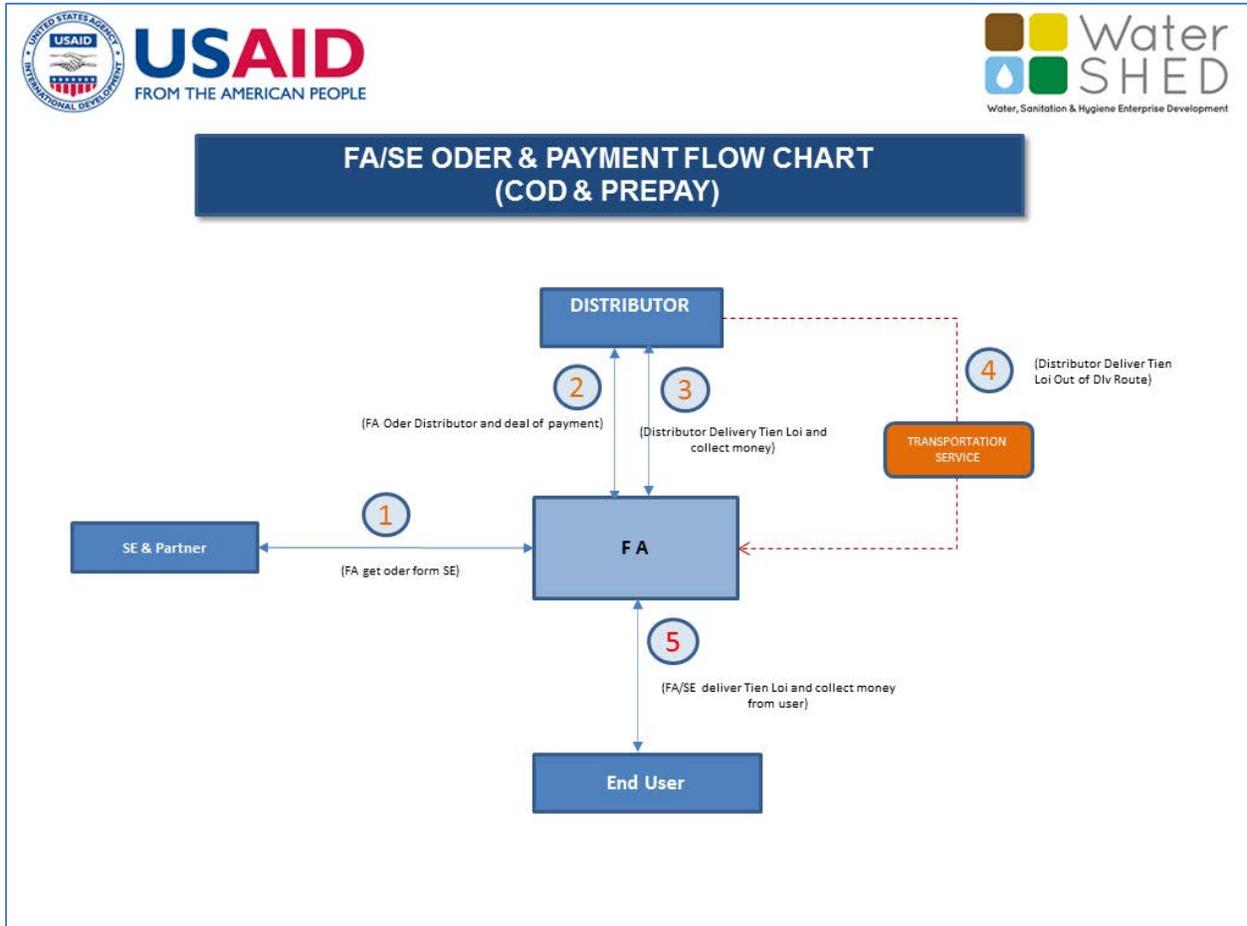
Circumstance #1:

FA / SE is able to pay for the device when they receive it from distributors:



Circumstance #2:

FA / SE cannot afford to buy *Tien Loi* in advance. WaterSHED plays as guarantor to distributors, persuades distributors to let FA/SE get limited inventory and pay money after the sale to end user is made:



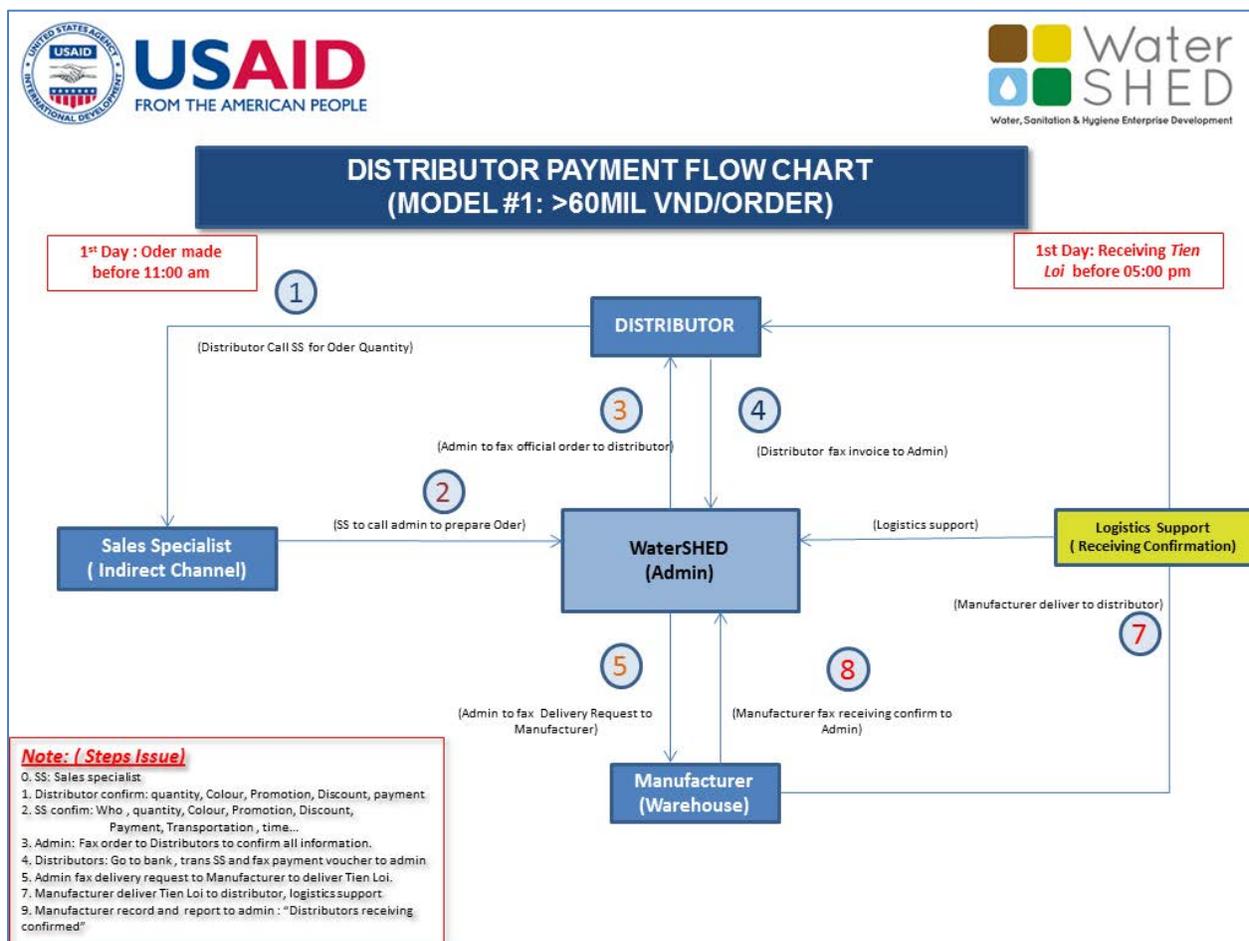
Distributors & WaterSHED

With a minimum of 60M VND per order, manufacturers give free delivery within one day to any location across Southern Vietnam. Otherwise, the manufacturers are not responsible for delivery and a third party goods transportation service is needed to deliver products. In this case, there is more logistics support needed to make sure that products arrive at the right time to the right buyers. In short, the different size of order value decides the different model of transportation & payment as well as the level of primary buyer (distributors vs. retailers).

So, the distributors' payment flowchart is divided into three schemes:

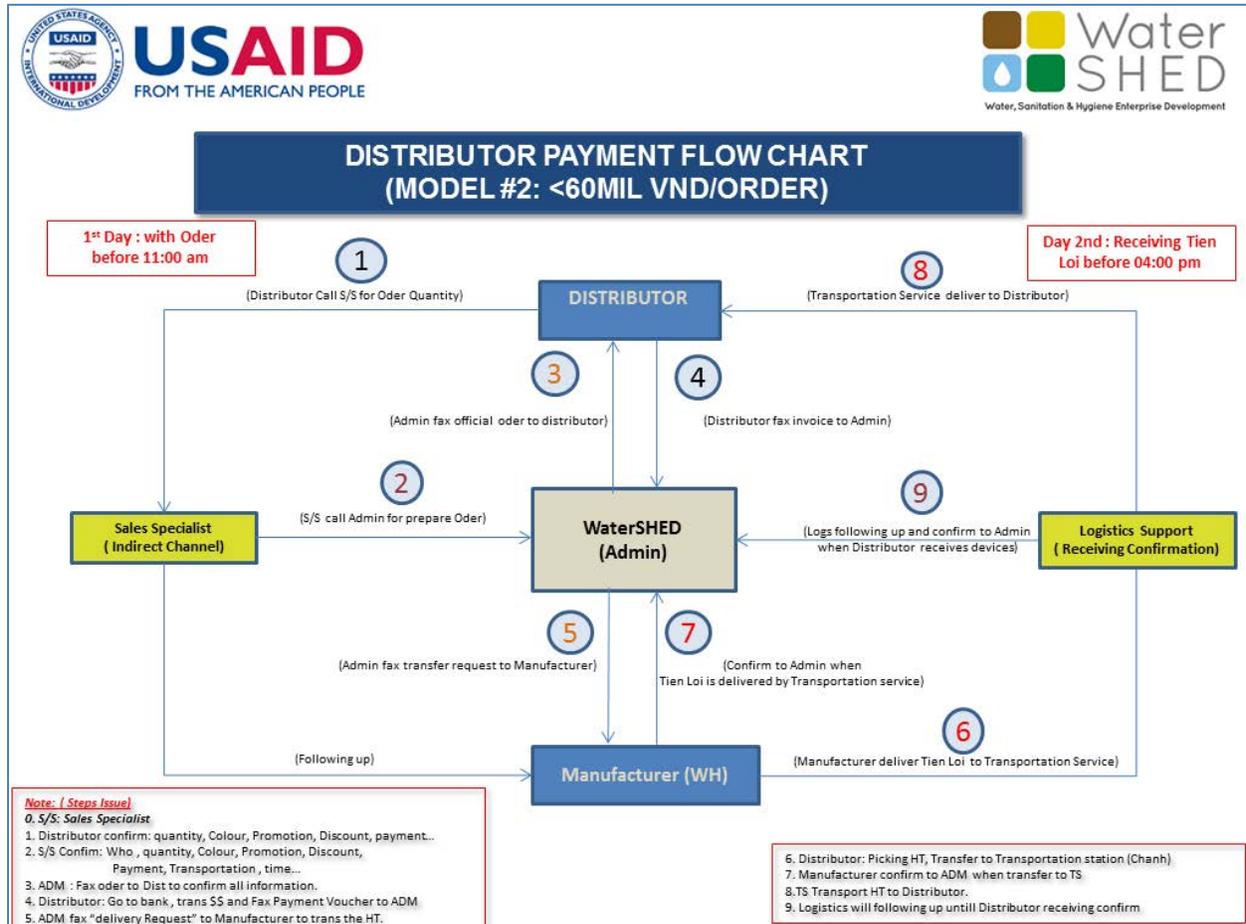
- Model #1: > 60M VND/order (~450 devices/order)
- Model #2: 5M – 60M VND/order
- Model #3: <5M VND/order

Model #1: >60Mil VND/order (~450 devices/order): Orders made before 11:00 will be sent to distributors on the same day. WaterSHED assists to coordinate manufacturers with volume and time delivery.



Model #2: 5M-60Mil VND/order:

In this model, WaterSHED arranges its product as an OEM (Original Equipment Manufacturer) to be delivered to distributors through third-party good transportation service.

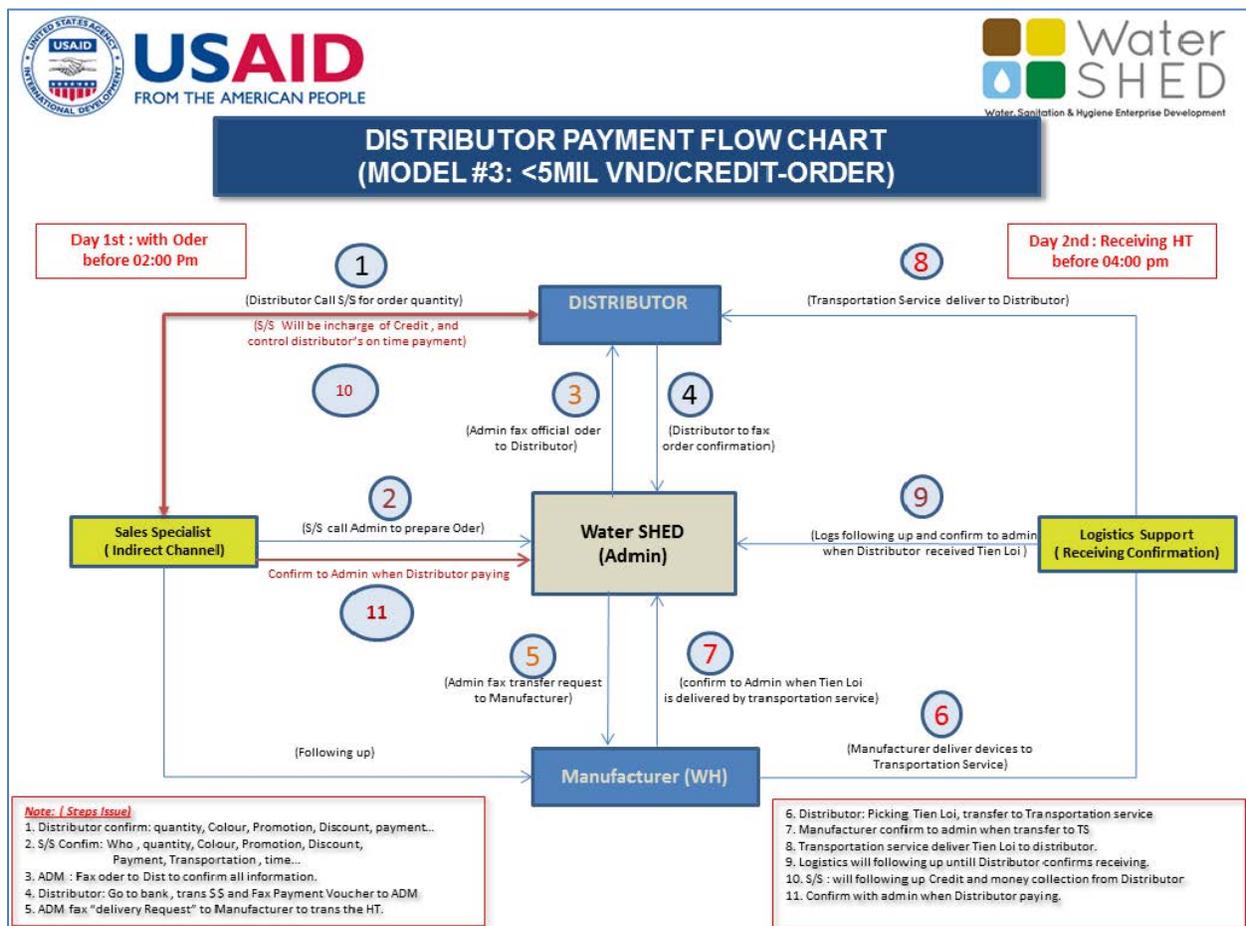


Model #3: <5Mil VND/credit-order (~22 device/order):

This model is applied to:

- New distributors who want to take few inventory to start to sell, but not ready yet to be committed.
- Retailers at commune level who want to take enough products for their small covering region (commune).

Model #3 is similar to Model #2 with WaterSHED’s involvement as an OEM to its clients. The only difference is that WaterSHED allows its clients to take trade credit (take products first, pay later) through flexible negotiation depending on potential influence of distributors/retailers and potential market demand (new regions WaterSHED expects to reach).



Marketing Campaign Development

Product Packaging: Innovative Box Design

The WaterSHED team has finalized the box design for the **Tien Loi** device. Usually plastic housewares products are not packaged in a box – only high-technology and eatable products. The consumer feedback from Stage 1 test marketing suggested that a box would make the **Tien Loi** feel like a ‘complete set’ hygienic product. Since **Tien Loi** is simple to operate, the box is designed to be a gift for moms and kids rather than to be used only to convey product usage instructions and HWWS knowledge.

The front of the box has a huge image of the frog that triggers curiosity of customers. “*Thiet bi rua tay TIEN LOI*” means “*TIEN LOI handwashing device*” and introduces the product itself. On the side of the front is a white text that says “*Gio com den roi, ve rua tay thoi*” meaning “*Its meal time, let’s do HWWS.*” It is a reminder for one important time to do HWWS, but also, in Vietnamese, is a greeting sentence, similar to “*How are you doing?*” People in the countryside like to start conversations by asking others if they have had their meal yet.



The front and back are designed to be gifts for moms and kids. The frog picture is a part of the 2014 calendar for moms to hang on the wall. The back is a traditional board game for kids, which has 4 participants racing horses. In this version, the original 4 horses are converted into four teams:

- 1) Germs; 2) Hands; 3) Soap and 4) Water.



Calendar for mom



Board game for kids



Under the on-going discussion with the Vietnam Ministry of Health, VIHEMA agency, the lid (top) of the box was recommended to showcase the two most important times to do HWWS: before eating and after going to the toilet. Putting the reminder on the top is intended to be more likely to attract (and therefore remind) customers when they open it up. Last but not least, the side of the box is a brief description of components of the device and the major benefits.

Global Handwashing Day 2013

On 14 October 2013, WaterSHED co-organized a musical event promoting Handwashing with Soap (HWWS) with the Vietnam Women's Union to celebrate Global Handwashing Day in Phu Tho, a northern province of Vietnam. The **Tien Loi** device was among the key actors of the event and served as a unique tool for delegates to demonstrate HWWS in front of hundreds of women



and students in attendance at the stadium of Viet Tri high school. The event attract four hundred students and mothers to attend. In the event, Mrs. Tran Thi Huong – Vice-President of the Vietnam National Women Union, gave a speech and demonstrated HWWS with the **Tien Loi** device. The local caregivers overwhelming agreed that the product would encourage HWWS because of its convenience and are looking forward to its availability in Northern market.

Renovating the Sales Presentation Tools

Collecting feedback from early training and sales events, the WaterSHED team has made additional revisions to the presentation tools. The updated presentation retains its structure but is shortened from 19 slides to 14 in order to ensure the attention of villagers at sales events. Also, the team increased the selected photos and lessened the text on the slide to ensure that low-educated villagers can focus in communicating with Facilitators rather than to struggle to spell the text in the slide. The structure is as follows:

Slide	Concept	Supporting ideas
1	Greeting	<ul style="list-style-type: none"> - Break the ice with villagers. - Introduce the the purpose of the community event (sales event) today
2	Why HWWS is important?	<p>A research citation:</p> <ul style="list-style-type: none"> +HWWS can reduce 48% diarrhea. +Diarrhea causing more deaths than HIV/AIDS, Tuberculosis, and Malaria combined
3	Our current HWWS practice?	<ul style="list-style-type: none"> - Popular practice: kids playing with dirt all days. Caregivers washing baby’s bottom is a compulsory task. - Popular HW station: river bank, outdoor ceramic water jar. - Rarely people know: HW with water is not enough. - Rarely people know: missed area in proper HW.
4	Introduction of Tien Loi	General design.
5	Benefits of Tien Loi : - Convenience	<ul style="list-style-type: none"> - No more HWWS outside in a rainy/extremely sunny day. - Elderly to do HWWS in home, instead of going outside at night - Safe and convenient for pregnant women and women breastfeeding babies.
6	Benefits of Tien Loi : - Protect family health	Lesson repeated: HWWS can reduce 4 popular diseases: diarrhea, EV-71, avian influenza, respiratory diseases.
7	Benefits of Tien Loi : - Protect family health	Above diseases are caused by germs on hands though hands look clean
8	Benefit of Tien Loi : - Saving medical expense	<p>Proper HWWS with Tien Loi can save up to 605,000 VND of family expense for a child illness.</p> <p>Expenses include: hospital entrance fee, hospital bed, food for kids, parents’ 2 days wages lost, parents’ meal in hospital, fuel /vehicle, 3 days’ medicine.)</p>
9	Benefit of Tien Loi : - Children’s illness causes more loss than just money	<ul style="list-style-type: none"> - Prevent children from speedy physical and mental growth. - Can cause child fatality. - Need more time and money to get recovery and gain back normal weight.
10	Benefit of Tien Loi : - Beautiful design suitable for all family	- To show Tien Loi in various typical middle-income households
11	Benefit of Tien Loi : - Other benefit	- Keep children away from ruining ceramic water jar (main water resource of the house).

		<ul style="list-style-type: none"> - The device having lid to protect clean water, and to prevent mosquito growth causing malaria, dengue fever. - Saving water every time doing HWWS: the device has a tap to easily wash two hands at same time.
12	Benefit of Tien Loi : Compare the price with other products	<ul style="list-style-type: none"> - Phone credit: 100,000VND/per month - Plastic chair: 135,000VND/unit. - Plastic cooler box: 230,000VND/unit
13	Conclusion: Tien Loi, simple solution for the family	Buying Tien Loi now to receive: <ul style="list-style-type: none"> - Physical object: <ul style="list-style-type: none"> • A device • A calendar • A board game - Macro objective: <ul style="list-style-type: none"> • Protect the family • Convenient HWWS • A beautiful home equipment,
14	End of presentation	- A happy and healthy family with Tien Loi. Slogan: “Handwashing with soap. Living on the top”

FAO video

WaterSHED’s latest success in getting **Tien Loi** embedded in other marketing campaigns, following its high level strategy, was that it was embedded in an FAO educational video. On 24-26 Nov 2013, WaterSHED collaborated with FAO, USAID Vietnam and VTV (Vietnam Television – VTV) to produce a documentary film about biosecurity standards of duck hatcheries in Quang Tri province (central Vietnam) and Can Tho city (Mekong delta). The film is intended to promote the correct technique of hygiene and sanitation in poultry farming and daily life, and the demonstrated result is that villagers’ families can have a wealthy and healthy life. In the video, the standard family owner does HWWS (with **Tien Loi**) as a habit after leaving the incubation area and before eating with the family.



Hatchery filming, Quang Tri province, central Vietnam, 11/2013

Agreement with Vietnam Ministry of Health

After a year advising the project under the auspices of Dr. Tran Dac Phu, Vice-Director of Vietnam Health Environment Management Agency (VIHEMA), Ministry of Health, VIHEMA is now directing the *HappyTap* project to work directly with the **Community Environment Health Division** – the major department to make strategy and implement all communicable disease control projects, including handwashing with soap.

At the beginning of the Stage 2 in September, VIHEMA suggested that its involvement with the project should be as a key advisor. However, since that time they have decided (and WaterSHED agrees) that both parties should have shared deliverables to achieve HWWS practice in rural communities.

Since early November 2013, the two parties have drafted a new primary activity plan and a draft MoU, which received the prompt remote approval of Dr. Nguyen Huy Nga, Director of VIHEMA. Dr. Nga has been travelling abroad this month. Under the bureaucracy of MoH, an official contract at the national level should be made by the General Director and the NGO; and the functional sub-departments will be responsible for implementation across the country. Therefore, the *HappyTap* project is successfully able to work under agreement with the implementer: the Community Environment Health Division. However, since this division has no legal right to represent for the Agency to sign the official contract, on Nov 19th, the Division has issued a letter to request for re-schedule the signing date after Dec 15th (attached) – when Dr. Nga is back in the country.

USAID DIV Milestone Report #4

Household Handwashing Device - Commercial Scale-Up in Vietnam

WaterSHED DIV Stage 2 (#32338)

Milestone Report #4 Overview

This milestone requirement is considered fulfilled when the following actions have occurred and the deliverables and/or associated narrative have been submitted to the AOR for review/concurrence

- 1. 5,000 units sold**
- 2. Product marketing campaign finalized for mass roll out**
- 3. Product marketing campaign built into MoH/Unilever and/or other major hygiene campaign program plans.**

1. 5,000 units sold

A total of 5,489 units were sold by 30/June/2015.

After continued delays by the government of Vietnam in approving field operations for WaterSHED as an INGO, WaterSHED tackled the situation by establishing *HappyTap Co. Ltd* in January 2014. It is a domestic enterprise under the auspices of which field sales operations can be carried out.

Though not being able to conduct field activities as an INGO entity entails certain constraints, such as not being able to promote the device at meetings of the Vietnam Women's Union, there are several advantages of operating under an enterprise structure:

- clear expectations among stakeholder partners that the *HappyTap* product (marketed as *LaBobo*) is not a charitable donation product but rather a commercial product targeted at consumers;
- employees recognize themselves more clearly as sales people than NGO staff;
- clear legislation and regulation of enterprise law (compared to INGO law) allowing more room for the company to work and grow; and
- clear understanding and expectations among business network, including supplies, distributors, retailers, who are used to dealing with companies and not NGOs

Because of this challenge and necessary shift, the HappyTap Co. team traded a significant amount of time for the establishment of an improved structure. However, we believe that working as an enterprise is a more sustainable solution –growing the company and merging it into the real business network of Vietnam, rather than into the NGO sphere.

2. Product marketing campaign finalized for mass roll out

- **LaBobo brand**

Following the results of the test-marketing in DIV Stage 1, *HappyTap Co.* first launched the handwashing device under the brand “*Tien Loi*”(meaning “convenience” in Vietnamese) as it was the highest ranked name by focus group participants in the Mekong Delta region. However, when the product reached rural market, our team soon witnessed an interesting market reaction: the most understandable brand is not the most attractive to trigger purchase decision. As with many other products in market, consumers may require one or more core functions, but may choose the product itself based on its aspirational qualities. Moreover, in Vietnam a foreign-sounding brand gives people the feeling that the product is high-class and increases their willingness to buy regardless their correct understanding and spelling. Hence, we changed the functional brand name into an aspirational name.

The new brand name is “*LaBobo*”, which sounds like “lavabo”– of French origin meaning “washing sink”– and which Vietnamese people have commonly adopted in spoken language as a result of French



colonialism. Also, “Bobo” in “LaBobo” is the name of the animated frog that is the friendly product ambassador to help the product speak to children. The new *LaBobo* branding opens a new chapter of product marketing on a broader level.

- **Marketing via retailer and market booths**

Since the *LaBobo* represents a new product category, marketing to consumers is important to raise their awareness of the existence of the device. Customer acknowledgement is the first step to their purchase demand, as well as necessary to send demand signals to retailers when customers inquire about it.

HappyTap Co. set up market and retailer booths in order to pursue that mission of direct interpersonal communications with local villagers. The market and retailers booths are designed to be very portable so that it can serve as a frequent task of sales people without distracting other daily sales activities. They set it up early in morning, from 6:00am to 8:30am (because rural people go to the market very early before farming begins). At the booth promotion, villagers can experience how to use a LaBobo. There is also audio advertising on loudspeaker to create interest and excitement. One audio clip introduces the highlights of *LaBobo* while the second reenacts a typical dialogue between a husband and wife about the product. Understanding the Mekong culture, the dialogue aims to arm the proponent of the device within the family with compelling arguments in favor of purchasing it.



- **Promotional campaigns**

To build on product acknowledgement, HappyTapCo. also conducted some limited promotional campaigns to kick-start sales. Each promotion campaign lasted about one month, including promotional gifts aimed at children as the main users while trying to engage their parents as purchasers.

In August 2014, everyone who purchased a LaBobo also received a frog paper lantern to celebrate the mid-Autumn festival [right].

In April 2015, every LaBobo sold came with a free bar of Lifebouy soap to create a ‘full package’ of handwashing. This proved to have a significant uptake on sales.

In June 2015, every LaBobo sold came with a free combo of notebook, pen and key chain to celebrate summer and back to school season.



- **High-end children toy segment**

In July 2015, LaBobo first launched in high-end children toy segment in Phnom Penh, Cambodia. Prior to that, LaBobo was only known as an affordable and portable household infrastructure. The approach of high-end children toy segment is no longer seeking to solve the problem of not having in-house water, instead it provides a dedicated and fun handwashing tool for urban children, and that can bolster aspirational desire associated with the product.



- **Global Handwashing Tour**

To celebrate Global Handwashing Day 2014 (October), *HappyTap Co.* led an edu-tainment tour across 7 provinces in Mekong Delta. Every province had an open theatre night, where children and parents gathered to watch musical handwashing videos, a movie short with flashbacks of daily rural life that promoted handwashing as a habit, and product promotions.



3. Product marketing campaign built into MoH/Unilever and/or other major hygiene campaign program plans

- **Hand – Foot – Mouth Disease (HFMD) exposure with Ministry of Health**

In May 2014, HFMD broke out across Vietnam. Since no medical treatment can cure the disease, handwashing is strongly encouraged to control the plague. The Vietnam Ministry of Health (MoH) led a “*Handwashing to prevent HFMD*” campaign with a kick-off event in Ho Chi Minh City on 27/May/2014.

The event was attended by the Minister of Health, the President of the Vietnam Women’s Union, and over two hundred pupils. The MoH chose LaBobo as the only handwashing tool for all participants to practice. The kick-off event was published in many national newspapers, such as *Nguoi Lao Dong*, *Tuoi Tre News*, *Vietnamnet*.





Phu Nu National Newspaper, 17-May-2015

- **VNHIP project in central Vietnam**

The Vietnam Health Improvement Project (VNHIP) is an NGO based in Quang Nam province whose focus is to improve health for vulnerable communities in central Vietnam. In March 2015, *HappyTap Co.* collaborated with VNHIP to embed *LaBobo* in the handwashing component as a part of a general health improvement project. A total of 17 schools (8 kindergartens, 8 primary schools, and 1 secondary school) in mountainous areas of Nam Giang district, close to the Laotian border, were targeted. The *LaBobo* embedded marketing in this project reached more than 600 students in such remote areas. News from VNHIP: <http://www.vnhip.org/nam-giang-health-and-hygiene.html>

- **UNICEF project in Dong Thap and An Giang Provinces, Vietnam**

In October 2014, 400 *LaBobo* units were embedded in the Provincial Child Friendly Program (PCFP) program of UNICEF. PCFP project aims to improve education, water, sanitation and hygiene for children in six target provinces. Unlike the VNHIP project to introduce *LaBoboto* schools, UNICEF introduced *LaBoboto* hamlet clinics in border districts of Dong Thap and An Giang provinces so that doctors can practice handwashing, as well as educate mothers and children who come for treatment, especially vaccinations.

- **FAO documentary hatchery biosecurity**

On 24-26 November 2013, WaterSHED collaborated with FAO, USAID Vietnam and VTV (Vietnam Television – VTV) to produce a documentary film about biosecurity standards of duck hatcheries in Quang Tri province (central Vietnam) and Can Tho city (Mekong delta). The film is intended to promote the correct technique of hygiene and sanitation in poultry farming and daily life, and the demonstrated result is that villagers’ families can have a wealthy and healthy life. In the video, the standard family owner does HWWS (with *LaBobo*) as a habit after leaving the incubation area and before eating with the family.

