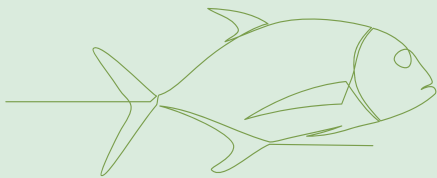


# Business Model Adaptations for Meat, Fish and Poultry Products

## BUSINESS MODEL FEATURES FOR REACHING LOWER-INCOME CONSUMERS WITH NUTRITIOUS FOODS

The **GAIN Business Model Research Project** aims to identify promising business models to reach lower-income consumers with nutritious foods. This series of briefs summarises the results of the project's systematic review of existing research and evidence to identify these approaches.



### Serving lower-income consumers: the business and nutrition opportunity

Lower-income consumers represent a large market, estimated at 4 billion people worldwide. Many low-income consumers' diets are lacking in food diversity and quality. There is a business opportunity for private companies to help improve this by providing safe, nutritious foods that meet customers' needs at an affordable price – as long as they do so in ways that are profitable and financially sustainable for the company.

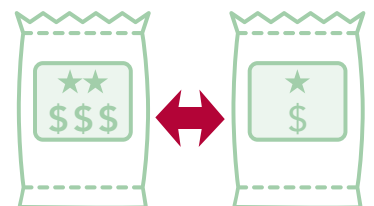
## WHY MEAT, FISH, AND POULTRY?

Animal-source flesh foods like meat, fish, and poultry can be sources of high-quality proteins as well as essential micronutrients like iron, iodine, zinc, vitamin D, and B vitamins. Given their high nutrient densities, even a small amount can make a meaningful contribution to making a diet more nutritious and preventing illnesses related to micronutrient deficiency, such as iron-deficiency anaemia. Consuming certain fish products can also help reduce the risk of heart disease. However, these products are often relatively expensive in many low- and middle-income countries.



## WHAT ARE SOME APPROACHES USED IN THE MEAT, FISH, AND POULTRY SECTOR?

**Cross-subsidisation** – One product is sold with a larger margin, with excess profit used to subsidise another product sold at a smaller margin. Firms can sell the same product to different consumers (e.g., export, institutions, supermarkets), or different product lines to different consumers, at different prices.



### Example:

**Danone Milkaut, Indonesia** – Marketed a premium fortified milk-based beverage in an appealing, tiger-shaped bottle; those profits enabled selling a basic version at about half the price (with a smaller margin).

**Use of waste products** – By taking food that would otherwise be wasted and repurposing it into something that can be consumed (or can be an input into something that can be consumed), firms may be able to create a more affordable product, given that ‘waste’ is usually available cheaply or for free. This can have the added benefit of reducing the environmental impact of the local food system by cutting food waste.



**Example:**

**A fish and chicken processor, Kenya** – Waste material from slaughtering fish and chicken has historically been disposed of after processing. Keep it Cool began selling the waste to producers of animal feed, who feed it to fly larvae and use the larvae as raw material for animal feed.

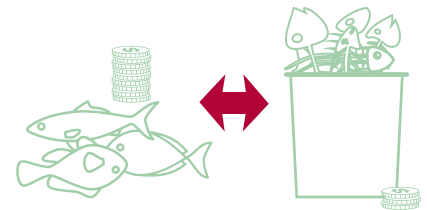
**Less-desired parts** – Parts of a product that are usually considered less desirable can often be sold at lower prices than the more desirable parts. This can be done for products that would normally be sold as a whole (e.g., chicken) or for which only desirable parts would be sold and the other products diverted to waste or non-food uses.



**Example:**

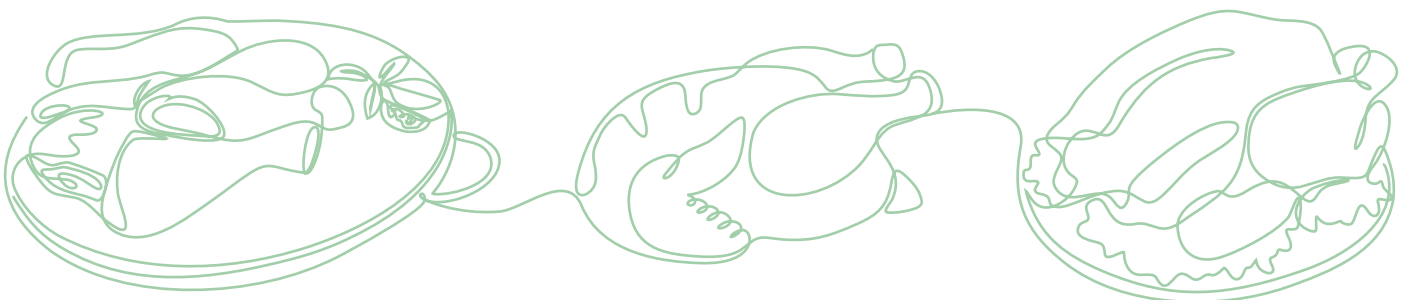
**MozAgri, Mozambique** – Sold main goat meat to urban markets at market prices and the ‘fifth quarter’ (e.g., organs, intestines, head, bones, and/or fat) to the local rural population around the farm at affordable prices.

**Quality segmentation** – Firms can grade a product by quality, directing the lower-quality but still useable product to the lower-income market at a lower price.



**Example:**

**A fish processor and retailer, Kenya** – Processed fish and packaged fish fillet for high-end markets while selling other fish products, like trimmings, fan, and fins, to low-end markets

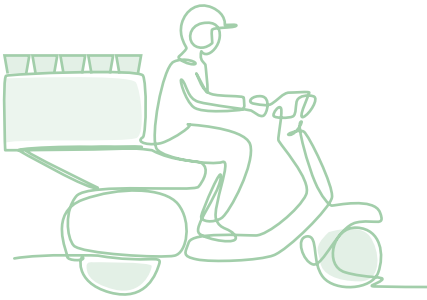




**Distribution hubs** – Aspects of distribution are grouped together instead of done separately, to improve efficiency and cost-sharing, reducing costs overall.

**Example:**

**Copia, Kenya** – Rural customers purchase various food and non-food goods through local sales agents, paying in cash or with mobile money and obtaining assistance as needed. Each order is grouped with others in the area to be fulfilled in one shipment to the agent.



**Bespoke last-mile distribution network** –

A new last-mile distribution network, specific to a company or product, can be created to reach lower-income consumers. This involves recruiting and training a new workforce of distribution/sales agents; equipping them; and providing appropriate pay, incentives, and supervision.

**Example:**

**FanMilk, West Africa** – Sold frozen dairy desserts through about 25,000 mobile street vendors who reach lower-income urban and peri-urban areas, including customers who do not have freezers and thus could not store such frozen foods at home.



**Support existing retail networks** – Retailers can be supported through micro-distribution models, capacity building, marketing support, or access to financing. This can incentivise selling a new product and improves capacity to do so.

**Example:**

**A fish and chicken processor, Kenya** – Targeted small retailers in low-income neighbourhoods by using local butcher shops as distributors and supporting both the butchers and retailers with branded freezers.



**Direct sales in underprivileged areas** – Undertaking retail sales directly can help cut out the costs of intermediaries and allow companies to more directly control pricing. When done in low-income settings with limited access to affordable nutritious foods, this can help to reach lower-income consumers.

**Example:**

**Nestlé, Brazil** – Created a barge that can sell its products in remote parts of the Amazon that cannot be reached by road.





## WHAT ARE SOME SPECIAL CONSIDERATIONS FOR MEAT, FISH, AND POULTRY SECTOR?

Meat, fish, and poultry products can pose food safety risks, so firms should be careful when applying new business model features to ensure these do not compromise safety. This includes following best practices for handling, packaging, and storage.

Moreover, highly processed meat products can be harmful to health: it is best to focus on minimally processed products, such as ground meat or dried fish, as opposed to highly processed ones such as sausages.

Meat, fish, and poultry products' distribution and retail can also be restricted by limited access to refrigeration along the value chain, at points of sale, and within consumers households. Firms should consider how new approaches could be leveraged to either extend shelf stability or strengthen access to cold chain technology.



### To Learn More:

Nordhagen, S, Demmler KM. 2023. How do food companies try to reach lower-income consumers, and do they succeed? Insights from a systematic review. *Global Food Security*. Doi: 10.1016/j.gfs.2023.100699.

MozAgri: <https://www.mozagri.com/index.php/blog/goat>

Copia: <https://copiaglobal.com/copia-impact/>

Berthault L, Darodes A, McGrath LK. 2022. Leveraging Direct Sales Forces for Impact at the Last 100 Meters: Lessons learned from practitioners. Paris: Hystra.

Gaertner K, Ishikawa E. Shared Prosperity through Inclusive Business: How Successful Companies Reach the Base of the Pyramid. Washington, DC: International Finance Corporation (IFC); 2014.

Euromonitor, 2016. Q&A: How to Reach Emerging Market Consumers. <https://www.euromonitor.com/article/qa-reach-emerging-market-consumers>.

While we hope this offered useful advice, users should always consider their company's circumstances when adopting new approaches – and make sure that they are used as part of a broader viable business model. The examples cited come from a 2022 document review and may not be fully up to date.

This work was funded by the Dutch Ministry of Foreign Affairs



Ministry of Foreign Affairs of the Netherlands