

THE PUBLIC POLICY HUB

Policy Brief 1

Enhancing the Marketing Strategy for “Productive Families” in Egypt

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Background

With a total population exceeding 95 million, around 30% of Egyptians live below the poverty line (World Bank, 2017). Responsible for social protection and development, the Ministry of Social Solidarity (MOSS) created the Productive Families Program in an attempt to combat poverty. The program aims at creating job opportunities through a microfinance scheme which in turn enhances the livelihoods of the poor and boosts the national economy.

Initiated in 1964, the Productive Families Program was created with the aim of enhancing the economic capacities of poor families who are capable of developing productive skills. MOSS provides the beneficiaries with the raw materials, skills development trainings, and funding to produce a variety of items including handicrafts. Today, there are around 2.7 millions registered families under this program, most of which, however, are inactive.

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Problem Definition

The program has been struggling to succeed due to a number of internal and external factors. These include macro-level challenges such as the program structure and the overarching laws, as well as micro-level difficulties, including quality control and revenue streams. With a considerable percentage of the poor population relying on this program as a source of income, its inefficiencies lead to a tremendous loss in producing power on the family's side and a waste of funds on the governmental side.

The ministry allocates a large sum of money to employing staff in its department running the Productive Families Program, creating NGOs that act as intermediaries, providing training centers, lending to the families to purchase resources, and dedicating venues for permanent or temporary sales, whereas there is no assessment of the return on investment (ROI). Officials recognized the marketing strategy as an area in need of improvement for the program sales. Hereunder, the following points are to be put into consideration:

- a) The products are decided upon based on the available resources in the surroundings of the productive family, without consideration to the market needs and demand for these products.
- b) The prices are set by the running NGOs without a financial plan. The pricing strategy does not take into consideration the operational expenses of the program.
- c) The sales only occur through the dedicated shops and fairs organized by MOSS, with limited access to the venues from the families.
- d) Promotion is minimal and carried out conventionally. It has limited outreach and low impact on sales.

A closer look at the program reveals additional issues:

- e) MOSS created NGOs to act as a legal umbrella and intermediary between MOSS and the families. They receive the funding from the ministry, provide the families with the training and materials, decide on the product pricing, and showcase the products for sale. NGO personnel do not have the expertise of running a business.
- f) Monitoring and evaluation is carried out by the same NGOs, who only report on the successful models, neglecting the majority of families who suffer from the program's deficiencies. They are biased due to conflict of interest.
- g) There is no dedicated quality control unit and the NGOs do not monitor the quality.
- h) Families are funded in the form of grants. They borrow money from MOSS and are expected to return it from their sales. Failure to sell results in high debts for the families and a financial loss for the ministry.



Policy Alternatives

Looking at the above list, the program requires many changes to be fully efficient. The below alternatives focus on increasing the sales volume, and, by extension, the generated revenues:

- a) Adopting a demand-oriented offering: choosing the products based on the market need. Accordingly, the time and energy spent on creating them is less likely to go to waste and products are more likely to be sold.
- b) Applying Guerilla Marketing: promoting the products using a low-budget modern marketing approach and ensuring wide outreach to target markets. This will result in program awareness and consumer need.
- c) Integrated Production-Line: working B2B by producing items that are used as inputs in further production lines, such as packaging material and silk threads. B2B agreements will secure long-term sales; thereby providing sustainable income for the families.
- d) Cooperating with the private sector: partnerships with businessmen will lead to more

effective business models and grant families access to wider markets on the national and international levels and online. They will also yield higher incomes for the markets as businessmen have the expertise in developing profitable business models.

e) Small Industrial Clusters: learning from international best practices, Egypt can study the model of small industrial clusters, where small villages become specialized in a certain industry. This will result in higher quality products, while pricing can be more competitive due to economies of scale.



Conclusion and Recommendations

The main objectives of the Productive Families Program is to support skilled families who are capable of producing good quality products. MOSS identified marketing as the main obstacle hindering the progress and success of the program. Nonetheless, research has revealed that the marketing strategy is one of many issues to be tackled here. Therefore, in addition to the suggested policy alternatives, the following recommendations have been derived:

- a) Revisiting the overarching laws formulated to guide this program.
- b) Implementing structural changes in the program design to match the accustomed objective and program activities.
- c) Considering partnerships with other NGOs who have successfully implemented similar programs.
- d) Investing in human capacity building of the employees managing this program in the ministry and in the NGOs.
- e) Developing a financial model that bases prices on a competitive analysis, as well as detailed costing of material and operation.
- f) Considering online sales platforms to address customer convenience and outreach.
- g) Allocating an independent quality control unit and appointing an independent monitoring and evaluation unit.

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