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Serving all urban consumers - a marketing approach to water services in low- and middle-income countries: Book 3 - PREPP - utility consultation with the urban poor

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Chapter 1

About this book

1.1 Purpose of this book

This book shows how a water utility or similar service provider can establish a dialogue with urban poor consumers to gain quality information about the services they receive and require. This is achieved through the use of a new approach called PREPP, a consumer consultation process developed primarily for this purpose.

PREPP is the acronym for Participation-Ranking-Experience-Perception-Partnership. The PREPP approach was developed and jointly piloted by social scientists and engineers who work for utilities.

PREPP helps utility staff to learn about urban poor consumers in a way that assists the actual development and marketing of utility services to poor communities and households. PREPP provides information about:

- the experience of being a low-income consumer in an urban setting;
- these consumers' perceptions of existing and future water and sanitation services; and
- their preferences for different services, payment and management options, including an indication of willingness to pay.

This information can be used to assist a utility to determine which service level (including its management and payment option) is appropriate for which situation. This consultative approach to determining appropriate options is important if the chosen service level is going to be offered at a price the consumer is willing to pay and the utility feels is financially viable.

The underpinning principle of PREPP is the value of participation and partnership between utilities, communities and NGOs, engineers, social scientists, and community development workers and residents.

1.2 Who this book is for

This book is for professionals who work to improve the delivery of water and sanitation services to the urban poor. The focus is on water supply but the techniques can be adapted, for example to reach agreement about technical options for on-plot sanitation. People who are likely to find this book useful include:

- senior managers facilitating services for the urban poor;
- staff working in utility-based slum or peri-urban units;
- utility-based engineers and managers;
- NGO/external agency staff contracted by a utility or working with one on a project;and
- NGO/external agency staff implementing projects in low-income communities.

1.3 Links to other publications

This book can be used alone or in conjunction with the marketing and business management strategies found in two other books in the series. These books focus specifically on the use of commercial marketing approaches to improve water services in low and middle-income countries. If used in conjunction the approaches in this book can help to facilitate specific aspects of an overall marketing plan leading to viable investment plans for all consumers. The series titles are:

Serving *All* Urban Consumers

A marketing approach to water services in low and middle-income countries

Book 1: Guidance for government's enabling role

Serving *All* Urban Consumers

A marketing approach to water services in low and middle-income countries

Book 2: Guidance notes for managers

Serving *All* Urban Consumers

A marketing approach to water services in low and middle-income countries

Book 3: PREPP - utility consultation with the urban poor

Book 1 presents key concepts and principles about commercially viable service provision, marketing approaches and government's enabling role in providing services to the poor. Book 2 describes how water utilities can meet the water and sanitation service needs of the urban poor by developing an understanding of the needs and wants of all consumers through the adaptation of a marketing approach. Water sector managers, typically engineers and administrators in low and middle-income countries, will find this second book useful.

1.4 How this book is organized

This book is organized in two main parts each containing different sections.

Part 1: Principles and concepts for serving the poor

Part 2: PREPP

Part 1 provides valuable background reading to make the best use of PREPP. Part 2 is practical and describes how to use PREPP. Summaries highlighting key points are provided throughout.

1.5 About PREPP

1.5.1 What using PREPP can do

From a utility's perspective the main benefits of using PREPP include the opportunity to:

- gain a greater understanding of the nature of consumer preferences for different potential service options that the utility is both willing and able to offer;
- improve understanding of consumer preferences for existing sources and their coping strategies;
- build mutual understanding and trust between the utility and its existing and potential customers that can continue after the initial PREPP process;
- improve knowledge of the utility's comparative advantage - or disadvantage - against other providers such as small-scale water enterprises; and
- use the information generated to inform an assessment of needs and investment planning.

PREPP is rapid to conduct, reasonably inexpensive and above all practical.

1.5.2 What using PREPP cannot do

PREPP will not result in a blueprint for the provision of water supply services to low-income consumers. PREPP can result in, and lead to, an improved consultation process that will enable the utility to understand the position of poor consumers, identify problems (both consumer and utility), and set up a way of working through the options to agree a solution. The solution may be different from one place to another.

PREPP cannot replace the need for engineers and managers to engage directly with consumers on an ongoing basis. Although it involves social scientists it requires engineers to be active in the consumer consultation process. This is important from a technical and financial perspective, for example to answer tariff and supply-related questions, and PREPP provides a way to do this.

PREPP will not instantly replace the need for other types of survey and consultation methods. PREPP is rapid, it is situation-specific and its use depends on a number of factors. PREPP is designed to be able to contribute to a larger picture and complement other survey and consumer research activities that will inevitably need to take place, for example willingness to pay (WTP) surveys using methods such as contingent valuation.¹

1. Contingent Valuation is a demand assessment technique. Several options (each associated with a range of prices) are described to a sample of potential users who then indicate their preferences. The technique requires specialist skills and is cost effective in high-density urban and peri-urban areas.

While PREPP can give an indication of consumers willingness to pay, it will not provide data on the maximum amount that people are willing to pay - which is useful for determining future tariff policies. This can best be achieved by comprehensive WTP surveys. However PREPP is much quicker and cheaper to undertake than WTP surveys and is particularly suited to working in informal settlements.