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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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Glossary³

7ps	Product, Price, Promotion, Place, People, Process and Presence.
Buying decision process	The conscious and unconscious thinking process a consumer goes through before deciding to buy a product or service.
CBO	Community based organisations who may take an active part in decision making or management of water and sanitation services in their area.
Competition	In this document any water source or provider of supply that tempts a consumer away from using a utility provided source or which deters the consumer from buying water from the utility.
Consumer demand	An expression of desire for a particular service, assessed by the investments people are prepared to make, over the lifetime of the service to receive and sustain it.
Contingent valuation	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. It can be used to assess people's maximum willingness to pay for services that are not currently available. The technique requires specialist skills and is more cost effective in high-density urban and peri-urban areas.
Coping strategy	A behaviour or practice used to sustain or improve a livelihood.
Customer orientation	Turning attention to the needs of the customer and using the organisations resources to satisfy those needs.
Customer value chain	The process of knowing, targeting, selling and servicing customers.

3. The definitions of many of the terms described here agree with those found in the WEDC series 'Designing to Meet Demand', Deverill et al. (2002)

Demand	An expression of desire for a particular service, assessed by the investments people are prepared to make, over the lifetime of the service to receive and sustain it.
Effective demand	Demand for a good or service expressed by a user's willingness to pay in terms of a monetary or economic contribution.
Existing practices	How people obtain, pay and use water now.
Experiences	Accumulated knowledge, feelings and occurrences. Familiarity and know-how.
Focus group	A small group of individuals with a similar social, cultural or economic background, brought together with a facilitator to explore a particular issue.
Informal settlements	In this document it is a generic term used to describe the unplanned areas where the urban poor generally reside. It includes illegal slums, informal settlements, unplanned areas, compounds, low -income areas, townships, peri-urban areas, unplanned zones and shanty towns.
Latent demand	Demand that is only revealed after it has been stimulated (that is open to techniques that unlock demand).
Level of service	(Or service level) describes the quality of the service provided. It refers to the physical infrastructure or technology used: stand post, communal tap, a yard tap, or a house connection. It may also include other factors such as provision of a storage tank or the agreed utility water supply hours each day.
Low-income area	In this document it is a generic term used to describe where the urban poor reside. It includes illegal slums, informal settlements, compounds, townships, peri-urban areas, unplanned zones and shanty towns.
Marketing	There are a number of definitions for marketing including: 'The management process responsible for identifying, anticipating and satisfying customer requirements profitably'.
Market segmentation	The process of identifying groups of consumers in to groups defined by common characteristics, for example social status or housing type for the purposes of understanding the main consumer groups and targeting service options.

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Marketing mix	The way a competitive position relative to other options is achieved.
NGOs	Non-governmental organisations typically work with community groups in low income areas, while liaising with government and service providers with a view to improving services and reducing poverty. They usually have good facilitation skills and experience of working in informal settlements.
Non-revenue water	The difference between water produced and water sold to customers expressed as a percentage of water produced.
Non-utility water sources	Including protected and unprotected springs, rainwater collected in buckets/cooking pots, shallow wells.
On-selling	Water sold from an individual house connection to neighbours. The utility charges one person only.
Perceptions	The way in which people see a situation determining how they are likely to behave.
Poverty	Poor quality of life combining low income, poor health and education, deprivation in knowledge and communications, and the inability to exercise human and political rights.
Preferences	Judgment that something is 'best for purpose' from the user's perspective.
Price & service differentiation	Process of developing appropriate service options (technology and management) at appropriate prices based on the needs of different market segments - customer groups, on a sustainable basis.
Small water enterprises	SWEs are also called small scale independent providers and are part of the informal private sector who provide water services to consumers, particularly in areas where complete water services are not provided by a utility.
Social marketing	The application of marketing techniques to stimulate demand. The underlying motivation is to reduce exposure to environmental health risks rather than a profit motive.
Strategic marketing	Marketing as a management process whereby the resources of the organization are used to satisfy the needs of selected consumer groups in order to achieve the objectives of both parties. Strategic city-wide planning is usually required in the urban water context.
Tri-sector partnerships	In this document partnerships between government, the private sector and civil society.

Unplanned areas	Refer to 'informal settlements' definition.
Utility-direct sources	Including public stand post, kiosk, communal yard taps and house connections.
Utility-indirect sources	Including handcart vendors and bicycle vendors who get their water from a utility source.
Want	A desire for a good or service that goes beyond a felt need in that it may satisfy a person's longer term needs or aspirations, but may not be price sensitive, hence the need to consider consumer demand.
Willingness to charge	The low willingness of key stakeholders such as politicians to increase tariffs to adequate levels is common, hence the need to encourage an increased 'willingness to charge' using appropriate advocacy strategies.
Willingness to pay	The financial or economic contribution that people are willing to make to receive and sustain a particular service.
Willingness to pay surveys	A variety of survey techniques such as the contingent valuation method (CVM) that can be used to illicit the maximum amount that respondents are willing to pay for a given service level.