The provision of municipal water and sanitation is now in the realm of international businesses, with large companies providing public services. In low-income countries, many urban water utilities are only providing direct water and sanitation to as few as 50% of city-dwellers.

As the urban population grows by 2 to 6% per year, many people have to rely on water vendors who charge high prices or use contaminated water sources such as wells, springs and rivers.

Meeting the needs of the poor makes business sense

Increasing revenue by providing better services

Current research is investigating how utilities can reach more customers, including the poor, to provide services that they prefer while increasing revenue. Themes include:

- Market segmentation
- Willingness to sustain payment
- Offering technical, management and payment options
- Negotiated demand
- Customer services
- Increasing sustainable revenue bases
- Services to the urban poor

Working with partners in three countries, the team is looking at the transferability of commercial marketing techniques to the urban water and sanitation sector. Research, in the form of developing strategic marketing plans for utilities, is being carried out in Kenya, Uganda and India. Lessons and experiences are also being drawn from South Africa.
**Strategic marketing:**
Marketing is the process for identifying, anticipating and satisfying customer requirements profitably. For urban water, this is based on the customer value chain concept:

- Knowing your existing and potential customers, their attitudes, practices and preferences
- Targeting specific customer groups with appropriate service, payment and management options
- Selling options using appropriate promotion techniques
- Service provision of the highest quality delivered through a balance of people, process and technology

Implicit in strategic marketing is satisfying customer needs. In development this is increasingly expressed as the ability to be 'demand responsive'. This is a deliberate move away from the supply driven traditions of large-scale water and sanitation projects that have often proved unsustainable. Being 'demand-responsive' involves service delivery that is based on dialogue between the supplier and the consumer.

**Working in partnership:**
Shared management of water supplies between a utility and community group is becoming more common. This arrangement can reduce a utility’s operational costs, empower communities to manage their services and enable improved service provision in areas where a utility may be reluctant or unable to work.

**Working in partnership:**
Amongst the emerging water service, payment and management options, strategic marketing offers approaches to extending public or private utility water services to unplanned areas in a financially sustainable manner. It is a systematic and flexible approach to providing improved sustainable services to all consumer groups, including the poor, provided the methodologies have been adapted for the sector.

This project summary sheet is based on an article from Water, a newsletter about DFID’s research related activities. The project was carried out by the Water, Engineering and Development Centre. The strategic marketing website is www.lboro.ac.uk/departments/cv/wedc/projects/psd/index.htm.

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