Request for Proposals
Customer Segmentation and Market Diagnostic Project

TechnoServe invites you to participate in this competitive solicitation for proposals related to a Customer Segmentation and Market Diagnostic Project in Nairibo, Kenya. The work will be conducted closely with the ZEBU Africa Food Security Fund (AFSF) Technical Assistance Facility (TAF) team based in Johannesburg, South Africa and the Copia Management team in Nairobi, Kenya.

Position Location: The project will be completed in multiple locations across Kenya, and at the leading B2C e-commerce company's head office.
Anticipated start date: 28 September 2022
Estimated Duration: The timing of the project is September-December 2022

I.   About TechnoServe

TechnoServe is the implementing agency for the AFSF TAF. The AFSF is a second-generation fund managed by Zebu Investment Partners (ZIP) and targets high-growth Small, Medium Enterprises (SMEs) across the food value chain in Africa. Africa's food requirements are expected to double in the next 30 years with a food import bill estimated to reach USD 50 –70 billion per annum. Food value chains remain weak and under developed, while agriculture is the main form of economic activity for most people on the continent. Private investment in the agriculture sector is critical for Africa's food security and growth. The AFSF will target deal sizes of USD 2–8 million, with the goal of investing in a minimum of 10-12 agribusiness SMEs over the next 8 years. This segment of SMEs often faces challenges related to business skills, weak accounting and management systems, poor visibility and/or limited bandwidth to take advantage of market opportunities. And yet, SMEs are able to pivot and scale quickly, when the right resources are provided.

TechnoServe works alongside ZIP to implement the AFSF TAF alongside the AFSF. This is a $1.9m grant-based facility tasked with supporting the capacity building of AFSF portfolio companies and deepening the development impact of the AFSF investments. The facility is tasked with providing TA to AFSF portfolio companies that receive investment through the AFSF, promoting new opportunities for smallholder farmers, farmer business groups, rural communities and enhancing local economic development. This will be achieved by linking private equity investments to economic opportunities for smallholder farmers (including women and youth) and micro-enterprises; promoting uptake by AFSF investee companies of inclusive business models thereby increasing beneficiary incomes and thus enhancing economic access to food. Moreover, the TAF will support AFSF investee companies with their growth objectives by providing them with expertise and support that drive best practice and innovation.

The AFSF TAF is able to support projects in and around portfolio companies under the following components:

Inclusive Business Technical Assistance

Inclusive business TA supports investee companies to plan and pilot new business models that improve commercial and broader community (or development) impact often demonstrating the business case for smallholder sourcing and supporting SMEs to integrate more farmers into their supply chains and micro-retailers into their distribution chains.

Core Business Support
The Core Business TA is intended to enable AFSF portfolio companies to attract and take full advantage of capital investments from the AFSF, realising their potential as high-growth companies, creating jobs and contributing to the agricultural and economic development of Africa.

Ecosystem Development Technical Assistance
Ecosystem Development projects will seek to strengthen market systems around AFSF portfolio companies and will be measured by quantitative indicators such as finance mobilised as well as qualitative indicators for market development such as policy change, industry influence and stakeholder learning. This component will serve as an important knowledge sharing conduit emphasizing key thematic and common areas/issues identified through the scoping, design and execution of TA.

II.   Background

Mobile technology and digital financial services are a proven success story in Africa and the continent's next big leapfrog solution. Copia is a leading B2C e-commerce platform with a distribution solution to serve the rapidly growing 750 million middle and low-income African consumer market who are remote, unbanked and unconnected.

Launched in Kenya in 2013, Copia Global harnesses mobile technologies, a network of approximately 30,000 local Agents, and proprietary Copia Logistics to reach a market that formal retail and Western e-commerce models cannot. Copia brings quality products at the lowest market prices delivered at no cost to thousands of customers every day. To date, the company has fulfilled more than 10 million orders. Copia broadens access to affordable everyday products for families, regardless of their income level, access to technology or location. The company is able to meet customers where they are, online or offline, including in person, by phone, text messaging, USSD or smart phone app, whichever interface they prefer. As a result, the company is serving hundreds of thousands of Kenyans and Ugandans, including those with little access to the internet.

The Opportunity:
According to the IMF, consumer spending in Africa is projected to reach $2.1 trillion by 2025, with the middle class driving this growth, a vast source of potential for prosperity. However, due to high logistics costs, formal retailers and Western-style e-commerce companies struggle to profitably serve this customer group. Tackling geographical barriers with world-class delivery capabilities, truck routing software, local knowledge, and mobile tracking technology, Copia can profitably serve a previously unprofitable market.

The Challenge:

Copia's Customer Today
Copia's primary customer today is the middle- to low-income African consumer who today does not have access to formal retail without traveling a significant distance from their home. Copia's

value proposition today is access to quality everyday products, at the lowest prices, delivered to them free within 2 to 4 days of order placement.

That said, the Company does not have sufficient insights on:
- The existing customer segments and for each segment the:
o Demographics: age, gender, education, occupation, income, family status, etc.
o their life motivations.
o their shopping motivations, attitudes, needs, behaviours and habits
o their smartphone penetration and type of smartphones.
o their digital products penetration.
o Size and shape of their wallet.
- Existing segments, sizes and their commercial potential

Copia's Customer of the Future (the next 2 – 5 years)
To ensure that Copia remains relevant in the coming 2-5 years, the Company would like to gain an understanding of future Copia customer (non-customers) demographics range (in the same model as above), based on:
- The future customer segments and for each segment the:
o Demographics: age, gender, education, occupation, income, family status, etc.
o their life motivations.
o their shopping motivations, attitudes, needs, behaviours and habits
o their smartphone penetration and type of smartphones.
o their digital products penetration.
o the size and shape of their wallet.
o the digital platforms of customer choice.
o their digital customer experiences and expectations.
- The segments, sizes and their commercial potential
- To quantify the size of the e-Commerce retail opportunity for Copia based on this customer.

An opportunity exists for the TAF to support Copia's core operations, top-line growth and profitability by understanding its customer segments. The key insights from this market research will be used to 1) rationalize the Company's product offering, 2) improve delivery efficiency, 3) inform suitable marketing mediums to increase product awareness and visibility in the market, and to 4) support capacity building of the Company's Agents - its micro-enterprise points of sales and distributors to support their growth and income generation.

By understanding the customer segments and the size of its market and then adjusting its product offerings, delivery and marketing according to these segments' needs, Copia will be in a position to increase the volumes sold by its micro-enterprise agents and directly on its platform and thus increase its turnover and brand equity.

This project will be the first of three phases of a broader inclusive business TA project. Phase two will be the refinement and operationalization of a profitable and sustainable delivery model to serve the most attractive customer segments identified during the study based on recommendations made by the contracted Agency; and phase three will be the capacity building through training of agents using the key customer segmentation insights and other supportive business skills development modules.

III. Duties and Responsibilities

1. Conduct primary (face to face) interviews to gain a 360-degree view and in-depth understanding of *a) Copia's existing field customers, b) Copia NTM (Nunua Tutafikisha Mashinani) customers and c) Non-Copia customers* particularly their purchasing behaviours (e.g. where are they located, what do they purchase, what influences their decision making, who are key decision makers in their households, where do they buy from, average and total income and frequency, and average purchase frequency and volumes, alternatives to Copia, expectations around speed of delivery of consumable versus durable goods, other offerings required not provided by Copia, asset ownership (house, car, bike,..), etc.).
2. Clearly define and quantify the *a) Copia field customer segments, b) Copia NTM (Nunua Tutafikisha Mashinani customer segments, and c) the Copia non-customer demographic range* today as well as the future (2-5 years) and quantify the e-commerce opportunity based on the purchasing consumer (both urban and rural customer) and the end target rural consumer. Criteria of segmentation must be clear and exhaustive, and resulting conclusions must be logical and critically analysed.
3. Conduct face to face interviews with agents to get their perspectives on customer purchasing behaviours and product preferences, and insights into how they make sales decisions, etc.
4. Clearly define the customer segmentations' key constraints and challenges, and opportunities that exist for each.
5. Synthesize research findings to *develop actionable recommendations* with regards to, but not limited to, a) the most profitable customer segments Copia should target or focus on, b) the product categories and top products in each category that Copia should drive into the market, c) a profitable and sustainable delivery model to serve the most attractive customer segments identified during the study, d) which marketing modes/media would best increase Copia's product and brand awareness and visibility, e) what factors/aspects should Copia focus on to increase volumes and revenue e.g. digitalization of agents/customers, and f) best ways to, and areas to, upskill Copia agents i.e. its micro-enterprise Points of Sales and Distributors serving these customers segments, etc.

Please note: The segmentation criteria will be established and refined in collaboration with Copia Management and the AFSF TAF. The project will be co-managed to ensure research outcomes are achieved within the define parameters.

All the above activities form the major and critical parts of the scope. Candidate selection and performance will be judged on capability to implement and successful achievement of these.

IV. Deliverables

Activity	Deliverable	Anticipated due date
Workshop to ensure alignment on scope, survey protocol and tools, and develop exhaustive list of questions and detailed work-plan, in collaboration with Copia team and AFSF TAF.	1. Alignment on scope and approval by stakeholders	7 October 2022

	2. Final, exhaustive list of questions to be used in face-to-face interviews 3. Implementation workplan	
Project kick-off		14 October 2022
Conduct thorough market assessment and customer segmentation and detailed analyses (under duties and responsibilities 1-4 in section above)	Weekly Progress Report	11 November 2022
Develop customer segments and commercial recommendations (under duties 1-5)	Customer Segmentation Report with Detailed Commercial Recommendations	2 December 2022

V.   Expected Impact:

In addition to the current revenue generating initiatives and expansion of the e-commerce platform, Copia requires these customer segmentation and market insights to sustainably support and grow its top-line growth going forward.

Micro-enterprises impact: The Company is able to optimally distribute, more relevant products through at least 32 000 micro-retailers, thereby increasing their incomes and also enhancing economic access to food in the low-income communities they serve.

Business impact: The Company will be able to sustainably increase its volumes and top-line, and future profitability through the implementation of insights and or recommendations provided from this research.

VI.   Skills Required

- Experienced Market Research Agency with expertise in Customer Segmentation working with B2C e-commerce and social impact focused business models in developing countries with prior experience consulting for FMCG companies on their sales & distribution strategy
- Track record of successfully supporting companies with Customer Segmentation and particularly these types of consumer engagement/surveys, developing strategic recommendations and recommending businesses on appropriate sales/distribution models; with experience in Africa preferred.
- At least 8-10 years of relevant experience required.
- Experience working with private sector companies required.
- Prior strategy consulting experience will be reviewed favourably.
- Strong stakeholder engagement and communication skills required.
- Demonstrated leadership skills, teamwork and relationship building.
- Proven expert analytical and quantitative skills.
- Excellent written and verbal communication and interpersonal skills.
- Strong computer skills, including MS Word, PowerPoint, and Excel.

- Ability to work collaboratively and co-create solutions with multiple stakeholders
- Ability to work independently, flexibly, and responsively.
- Ability to adapt to changing working conditions.
- Ability to prioritise and meet deadlines.

VII. Instructions

Interested candidates should submit their CV with cover letter /Company Profile; detailed budget and a workplan which captures their indicative approach to implementing the required assignment. Travel across multiple location in Kenya is expected.

TechnoServe reserves the right to award the contract to the submission that is deemed to be in the best interest of TechnoServe and the Donors. The winning submissions will be notified in writing. Those who were not selected may or may not be notified, at the sole discretion of TechnoServe.

Submission deadline: 26 September 2022

Questions regarding this request may be addressed to Wadzanai Nyambayo (wnyambayo@tns.org) and must be received no later than 26 September 2022.

TERMS AND CONDITIONS

1. The Request for Proposals is not and shall not be considered an offer by TechnoServe.

2. All responses must be received on or before the date and time indicated on the RFP. All late responses will be rejected.

3. All unresponsive responses will be rejected.

4. All awards will be subject to TNS contractual terms and conditions and contingent on the availability of donor funding.

5. TNS reserves the right to accept or reject any submission or cancel the solicitation process at any time, and shall have no liability to the proposing party submitting for such rejection or cancellation of the request for qualifications.

6. TNS reserves the right to accept all or part of the submission when award is provided.

7. All information provided by TNS in this RFP is offered in good faith. Individual items are subject to change at any time, and all bidders will be provided with notification of any changes. TNS is not responsible or liable for any use of the information submitted by bidders or for any claims asserted therefrom.

8. TNS reserves the right to require any bidder to enter into a non-disclosure agreement.

9. The bidders are solely obligated to pay for any costs, of any kind whatsoever, which may be incurred by bidder or any third parties, in connection with the Response. All responses and

supporting documentation shall become the property of TNS, subject to claims of confidentiality in respect of the response and supporting documentation, which have been clearly marked confidential by the bidder.