

## Living Goods

[www.livinggoods.org](http://www.livinggoods.org)



### Door-to-door healthcare in Uganda

**History of organization:** Living Goods (LG) was launched in 2007 in Uganda via a partnership with BRAC (a world-leading NGO with over 100k staff) by Chuck Slaughter, a successful American entrepreneur. It aims to distribute door-to-door healthcare in Uganda through a micro-franchising model. In 2009, LG started a second network of LG-owned and operated branches “LG Direct”, independent from the partnership with BRAC. LG Direct now aims to expand to other African countries – starting with Kenya in 2013– and grow its network across Uganda and Kenya from 900 to 2,000 sales agents in the next 2 years. LG is currently launching a 2.0 model, targeting higher coverage and profitability

**Product/service offering and value proposition:** LG’s motto is “Empowering micro-entrepreneurs to deliver life-saving and life-changing products to the doorsteps of the poor.” CHPs sell health treatment (infectious diseases, wound care, cough and cold medicine, deworming tablets), health-related products for prevention (fortified foods, hygiene products, bed nets or condoms) as well as consumer goods (soaps, sanitary pads) and durable goods (cook stoves, water filters and solar lanterns). The current product mix includes over 70 items across four key categories:

- *Treatment:* ORS, ACT, de-worming, amoxicillin, paracetamol.
- *Prevention/ Nutrition:* Water filters, bed nets, condoms, vitamin A, iron, safe delivery kits, oral contraceptives, fortified foods, sanitary pads.
- *Productivity:* Solar lanterns, clean cook stoves, solar phone chargers, reading glasses.
- *Fast Moving Consumer Goods:* Soap, sanitary pads, diapers, toothpaste, laundry soap, lotions.

LG products are typically sold 10 to 30% below market price CHPs sometimes offer informal installments for more expensive household products (e.g. solar lamps).

LG 2.0 will focus largely on the same products including pregnancy care. It will exclude treatment products (specifically for malaria and ARI) that require more monitoring and quality control and therefore enable it to support more agents at lower cost.

Gross margins are very different across products. Incentives between LG and CHPs (wholesale and retail margins) are relatively aligned. The average retail margin for certain treatments is roughly double the average retail margin for products. The introduction of cook stoves in the portfolio resulted in an upward shift of gross margins.

**Value chain:** As of September 2012, 30 local branches (staffed with a branch manager) support a network of 825 CHPs in Uganda. Living Goods Direct oversees approximately 300 Community Health Promoters (240 from LG 1.0, 60 in LG 2.0, 600 from BRAC). 24 branches are in the BRAC partnership and 6 are LG owned and operated branches. LG buys from a few manufacturers (including d.light for solar lanterns). Products are sent to LG local branches where CHPs re-supply once or twice a week. Most sales are then operated door-to-door. LG CHPs also have signage for home stores, occasionally sell through groups and leverage markets to set up “pop up shops”.

**Results:** In 2011, LG reached ~100k households (each of its 650 CHPs reach ~160 households, majority of sales are made to ~60-100 households). In Q4 2011, LG Direct reached sustainability at the branch level. A RCT impact study is currently being conducted by J-PAL to measure impact on under-5 child mortality. LG aims to serve 3m poor consumers in the next 5 years.

**Exchange rate:** 1 USD= 2500 UGX

**Sources:**

Field visits to Living Goods operations, June 2011. Interviews with Chuck Slaughter, CEO; Molly Christiansen, Director of Research and Partnerships; Chris Murphy, Director of Marketing & Development, June to November 2011

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