

People's Republic of Bangladesh

**Preparatory Research for a Project to  
improve the Living Standard of Rural  
Women  
in Bangladesh  
through Skincare Products  
Executive Summary**

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**JAPAN INTERNATIONAL COOPERATION AGENCY  
(JICA)**

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Kaihatsu Management Consulting Inc.**

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## Abbreviations

Abbreviation	Word
AO	Activation Officer
BOI	Board of Investment
BOP	Base of Pyramid
BSTI	Bangladesh Standards and Testing Institution
C&F	Cost and Freight
CIF	Cost, Insurance and Freight (named port of destination)
CPT	Carriage Paid To
FOB	Free On Board
JI	Jamaat-e-Islami
JICA	Japan International Cooperation Agency
JETRO	Japan External Trade Organization
L/C	Letters of credit
NGO	Non-Governmental Organization
OEM	Original Equipment Manufacturer

<Exchange rates as of February 2015>

1 US Dollar (US\$) = 118.69 Japanese Yen (¥)

1 Bangladesh Taka (Tk) = 1.529 Japanese Yen (¥)

# Chapter 1: Summary of the Project

## 1-1. Project Site

Country: Bangladesh

Region: Tangail District, Dhaka Division

## 1-2. Purpose of the Project

The project will contribute to empowering rural women in Bangladesh and improving their standard of living through selling and disseminating Shiseido's skincare products, combined with awareness-raising workshops on hygiene and nutrition.

## 1-3. Target Customers of the Project

Target customers are rural women in Tangail in their late teens to thirties who belong to higher-income segments of the Base of Pyramid (BOP), with over Tk 12,000 monthly household income. Awareness-raising workshops are open for women in all BOP income segments.

## 1-4. Products and Prices

The project sells four kinds of skincare products specifically developed for the target customers: face wash, gel for dry skin, gel for oily skin and sun protection cream. Prices and quantities of each product are as follows:

Product Name	Price (Tk)	Quantity (gram)
Face wash	200	80 (for 1 month)
Gel	150	40 (for 2 months)
Sun protect	200	40 (for 2 months)

## 1-5. Business Model

The products are manufactured in a Shiseido's factory in Vietnam, imported to Bangladesh by a local import agent (N-WAVE Co. (DB) Ltd.), and sold through rural saleswomen, Aparajitas, who belong to the Rural Sales Program developed by JITA Bangladesh. JITA Bangladesh is the local partner of the project.

JITA's Activation Officers (AOs) engage in both selling products and conducting awareness-raising workshops in which they teach rural women proper methods for using the skincare products and the importance of hygiene and nutrition, in order to improve the women's standard of living.

It is expected that as a result of the skincare products and the workshops, rural women will improve the condition of their skins, become more confident in their appearance and have a better relationship with people. It is also expected that they will improve their and their families' living habits, and increase their self-esteem. Both these will lead to empowerment of rural women in the target region, which is the ultimate goal of the project.

## Chapter 2: Summary of the Research

### 2-1. Research Framework

Table 2-1 Research Framework

1. Period	April 2013 to May 2015	
2. Site	Tangail District, Dhaka Division, Bangladesh	
3. Researcher	Company	Research area
	Shiseido	Business plan, business environment, product design, awareness-raising activity, sales, production, purchase
	JITA Bangladesh	Social development, sales model
	Kaihatsu Management Consulting	Impact assessment, cooperation with JICA, awareness-raising activity, human resource development
4. Topic	1) Environment of investment and business, 2) Implementation and evaluation of pilot project, 3) Business plan, 4) Collaboration with JICA projects, 5) Development effect	

(Source) Study team

### 2-2. Content of the Research

Table 2-2 Content of the research

Research topic	Research content
1. Investment and business environment	1. Investment environment: politics and economy, foreign investment policies and regulations, import tax, commercial distribution and logistics, etc.
	2. Business environment: market for skincare products, target customers, social and cultural aspects, etc.
2. Implementation and evaluation of pilot project	Mode of production, distribution and sales, improvement of products, awareness-raising activity, human resource development, financial analysis, etc.
3. Business plan	1. Non-financial items: business site, product development, procurement, implementation schedule, etc.
	2. Financial items: cost of the project, profit and loss
4. Collaboration with JICA projects	Possibility of the project collaborating with JICA projects
5. Development effect	1. Improvement of living habits and empowerment of rural women
	2. Improvement of ability, income and empowerment of AOs

(Source) Study team

## Chapter 3: Result of the Research

### 3-1. Investment and Business Environment

Below is a summary of information relevant for the project.<sup>1</sup>

#### 3-1-1. Environment for Investment

Research Item	Result
1. Politics and economy	<ul style="list-style-type: none"><li>· Opposition parties have been holding protests over the result of the general election held in 2014 (as of March 2015). Protests against a tribunal set up to try those accused of crimes in the independence war,<sup>2</sup> and strikes by workers of garment factories triggered by the collapse of Rana Plaza in April 2014, have also destabilized the country's politics.</li><li>· The political unrest affected the growth of the country's economy. The Gross Domestic Product growth rate in the latest fiscal year (July 2013 to June 2014) was 6.1%, which was lower than the rate projected by the government (7.2%).</li><li>· Despite these negative factors the government is actively working on social and economic development based on their "Vision 2021" policy which aims for Bangladesh to become a middle-income country by 2021, the fiftieth anniversary of the country's independence.</li></ul>
2. Social development issues	<ul style="list-style-type: none"><li>· Activities to reach Millennium Development Goals for hygiene and nutrition have been achieved to some extent.</li></ul>
3. Foreign investment regulations	<ul style="list-style-type: none"><li>· In principle 100% foreign investment is possible. In reality, however, it is difficult to get permission from the Board of Investment (BOI). Creation of employment and additional value is appreciated.</li><li>· When a foreign company only sells products in Bangladesh it is supposed to agree a sales consignment contract with a local company. A foreign company can only either export, or export and establish a representative office in the country.</li><li>· No Japanese company and few other foreign companies operate wholesale or retail businesses. This is due to rigorous screening by BOI, difficulty in obtaining property, booming property prices, high tariffs, and competition with local companies.</li></ul>
4. Incentives for foreign	<ul style="list-style-type: none"><li>· Corporate tax is waived for designated categories of business.</li><li>· Incentives for foreign investment applied to all categories of business and regions</li></ul>

<sup>1</sup> This information was collected from websites of the Japan External Trade Organization (JETRO) and the Ministry of Foreign Affairs of Japan and interviews with JETRO Dhaka office, local import agents, and Japanese companies operating in Bangladesh, etc.

<sup>2</sup> A special tribunal was set up to try senior members of Jamaat-e-Islami (JI) who were accused of having cooperated in the genocide of Bengali people by the Pakistani army during the independence war in 1971.

Research Item	Result
investment	are: application of accelerated depreciation, exemption from import tariffs for machinery, no double taxation, permission for overseas remittances, provision of citizenship or permanent residency under certain conditions, exemption from capital gains tax caused by buying and selling stock of listed companies, etc.
5. Import list and procedure	<ul style="list-style-type: none"> <li>· It is permitted to import any items except those listed as restricted items. The skincare products that the project imports do not fall under the category of restricted items.</li> <li>· All commercial importers are required to obtain an import registration certificate.</li> <li>· All imports should be conducted under either Cost and Freight (C&amp;F), Carriage Paid To (CPT), or Free on Board (FOB).</li> </ul>
6. Import tariff	<ul style="list-style-type: none"> <li>· Import tariff is reviewed in January and June every year. Tariffs on the skincare products that the project imports have increased every year since 2008.</li> <li>· Bangladesh has signed two free trade agreements, which are hardly functioning.<sup>3</sup> No Japanese companies in the same category of business as Shiseido have benefitted from the agreements.</li> </ul>
7. Letters of Credit (L/C)	<ul style="list-style-type: none"> <li>· Bangladesh Bank (the central bank) announced in March 2014 a new penalty for delays in payment by L/C. Delays have been frequent in most state and private companies in Bangladesh, and there have been 2,000 delays involving Japanese companies in the last year.</li> </ul>
8. Borrowing by foreign companies	<ul style="list-style-type: none"> <li>· Due to relaxation of regulations in 2014 regarding long-term loans in Taka to foreign companies, foreign companies in manufacturing and service industries operating for more than three years in Bangladesh are permitted to receive long-term loans in Taka from the domestic financial market. The loans can only be used for capital investment with advance permission from Bangladesh Bank through BOI.</li> <li>· In 2014 regulations regarding short-term loans were also eased. Foreign manufacturing companies are now able to take interest-free borrowing with repayment terms of a maximum of one year from outside parent companies or group companies without advance permission from Bangladesh Bank.</li> </ul>
9. Product standards	<ul style="list-style-type: none"> <li>· Specific products sold inside Bangladesh are required to obtain a Certification Mark from the Bangladesh Standards and Testing Institution (BSTI). The certification process is cumbersome.</li> <li>· The project confirmed with BSTI in advance that the products of the project with the name of “gel” and “sun protect” did not have to obtain Certification Marks.</li> </ul>
10. Regulations on ingredients of	<ul style="list-style-type: none"> <li>· There is no restriction on ingredients of cosmetic products.</li> <li>· Import of cosmetic products containing ethyl alcohol requires official permission, which does not apply to the products of the project.</li> </ul>

<sup>3</sup> South Asia Free Trade Area and Asia-Pacific Trade Agreement.

Research Item	Result
the products	
11. Product label	<ul style="list-style-type: none"> <li>It is obligatory to identify the following on the package or body of a skincare product: name of product, name and address of manufacturer, quantity, content, manufacturing number, manufacturing date, expiration date, maximum retail price, BSTI Certification Mark (if applicable).</li> <li>There are no regulations on description of product effects, and no need to submit evidence of the effects.<sup>4</sup></li> </ul>
12. Trademark	<ul style="list-style-type: none"> <li>In the case of this project it is necessary to apply for a trademark in both Vietnam and Bangladesh, as the skincare products are manufactured in Shiseido's factory in Vietnam and imported to Bangladesh. In January 2012 Shiseido applied for a trademark for the product brand "Les DIVAS" in both countries. The trademark is still under review in Vietnam and in publication in Bangladesh.</li> </ul>
13. Commercial distribution and logistics	<ul style="list-style-type: none"> <li>The skincare products of the project are manufactured in Shiseido's factory in Vietnam and sold to Shiseido headquarters, then to N-WAVE Bangladesh, a local import agent, then to JITA Bangladesh and then to Aparajitas, rural saleswomen.</li> <li>The products are shipped from Shiseido's factory in Vietnam to Chittagong port in Bangladesh and transported to a warehouse by HR Global Logistics.<sup>5</sup></li> </ul>
14. Warehouse	<ul style="list-style-type: none"> <li>The imported skincare products are stored in a warehouse of JITA Tangail office.</li> </ul>
15. Local production	<ul style="list-style-type: none"> <li>It may be possible to reduce the import tariff by 20-30% when goods are imported in bulk. The project has been looking for a local Original Equipment Manufacturer (OEM) that can fill contents of the products, but has not yet succeeded in identifying one.</li> </ul>

### 3-1-2. Business Environment

Research Item	Result
1. Skincare product market <sup>6</sup>	<ul style="list-style-type: none"> <li>The skincare product market has been growing up to 20 per cent annually since 2010. The market size was US\$ 170 million in 2010, and is expected to be US\$ 500 million in 2016.</li> <li>Skin cream is widely used among consumers, while sunscreen is hardly ever used.</li> <li>Unilever occupies 45 per cent of the market with its strong rural sales channels and effective promotion.</li> <li>Consumers use face wash and skin cream on a daily basis. Every month they</li> </ul>

<sup>4</sup> JETRO Dhaka office recommends Japanese companies follow their own standards for description of product effects.

<sup>5</sup> HR Global Logistics has business transactions with many Japanese companies as well as N-WAVE Bangladesh, the local import agent of the project.

<sup>6</sup> These results are from a market survey on skincare and haircare products and skin medicine in Bangladesh, which Shiseido asked a local research company, Insights & Ideas Ltd., to carry out in 2012. The market size and market share are speculated from interviews with manufacturers, wholesalers and retailers due to lack of official statistical data. Interviews on use of products were conducted with 500 consumers in six major cities in both urban and rural areas.



Research Item	Result
	<p>typically buy both products in 50-60 mg tubes at cosmetic shops. Each purchase of products costs Tk107 for face wash and Tk77 for skin cream.</p> <ul style="list-style-type: none"> <li>· Households with higher incomes use face wash more frequently and purchase more of each product, more at cosmetic stores than at local variety shops. There is no difference in frequency of using skin cream products and the type of product by level of household income: households with higher incomes are more likely to purchase products at cosmetic shops, and those with lower incomes at shops or markets that sell local varieties.</li> <li>· Though use of the Unilever brand “Fair &amp; Lovely” is widespread, higher-income people also use other brands.</li> </ul>
2. Situation of target region <sup>7</sup>	<ul style="list-style-type: none"> <li>· The average monthly household income is Tk5,000-10,000. 10-20% of the population is migrant workers in other countries, whose remittances are an important source of income for households.</li> <li>· The situation of health, hygiene and nutrition in the region is much better than the national average due to the relative proximity to Dhaka and relatively high level of income.</li> <li>· Most women are housewives. Some of them earn their own money by managing livestock and selling livestock products such as eggs and milk. A few married women who have higher education are keen to try new things.</li> <li>· Women in the region typically buy skincare products at a central market (Karatia market) or from Aparajitas, door-to-door saleswomen. There is a corner of Karatia market where there are plenty of cosmetics shops with a good selection and quantity of products.</li> </ul>
3. Situation of target customers <sup>8</sup>	<p>1) Customer profile</p> <ul style="list-style-type: none"> <li>· Average household income is approximately Tk11,000, most of which is spent on food. About 4.5% of household income, Tk490, is spent on cosmetics and/or skincare products.</li> <li>· There is no typical pattern in educational background. More than 70% of survey samples have finished primary education. Literacy rate in Bengali is about 70% and that in English is about 50%, including those who are semi-literate.</li> <li>· Most sample women are housewives. Those who are working generally engage in farming, with a monthly income of less than Tk2,000.</li> </ul> <p>2) Purchase and use of skincare products and skin condition</p> <ul style="list-style-type: none"> <li>· Most samples wash their faces and apply moisturizers on their face more than twice a day. Sunscreen is hardly used.</li> </ul>

<sup>7</sup> The target region of the project is 16 villages in Tangail District where the pilot project was carried out. The project selected villages in which JITA had been operating its social business with Aparajitas and the income level of villagers was relatively high.

<sup>8</sup> The project conducted a baseline questionnaire survey with 300 women between 18 to 39 years old in six villages in the pilot area. Details are shown in “3-5. Development Effect”. The average age of survey samples is 25, and about 70% of them were married. An average household consists of 5 people including 1 to 2 children, the sample woman, her husband, and his or her parent(s).

Research Item	Result
	<ul style="list-style-type: none"> <li>· More than 70 per cent of the samples make decisions on purchasing skincare products, while half of them actually go to buy products by themselves. Husbands have a large influence on their wives' decision-making and purchasing of skincare products.</li> <li>· Many samples purchase products at town markets or from door-to-door sellers, Aparajitas, based on TV advertisements. They get directions on how to use products through TV advertisements or labels printed on the products.</li> <li>· 70% of the samples have problems with their skin such as acne, spots or oiliness, though most do not deal with them. A few of them who try to take care of the skin problems either put skin cream regardless of the kind of problem or wash their faces.</li> </ul> <p>3) Concerns, knowledge and living habits related to hygiene and nutrition</p> <ul style="list-style-type: none"> <li>· Basic hygienic practices such as washing hands and face, washing clothes, and taking care of linens. People generally understand that washing their hands is important in order to remove dirt and germs, while not many people think the same way about washing towels and clothes and taking care of sheets and pillows.</li> <li>· Women have basic knowledge of nutrition but do not necessarily practice it. Their biggest concern when cooking is taste. Only half of them are concerned with nutrition when cooking. Most women understand the importance of having a balanced diet, but tend to lack leafy vegetables in their diet. They know generally that it is not recommended to overcook vegetables, but do not really know that it is important to eat a lot and a variety of vegetables.</li> <li>· Women do not understand properly the negative influence of over-consumption of salt, oil and sugar. Few women know that sugar can cause obesity. Many women wrongly believe that salt can be a cause of anemia.</li> <li>· Women have basic knowledge about the appropriate amount of sleep, proper exercise, sunburn by ultraviolet rays, and damage to health caused by smoking. They do not, however, necessarily do the correct thing - for instance, many women go to bed immediately after eating dinner.</li> </ul> <p>4) Empowerment</p> <ul style="list-style-type: none"> <li>· Most women are satisfied with the condition of their skin and confident to some extent in their skincare practices.</li> <li>· Both women and their husbands have control over decision-making regarding healthcare of the women and their children. Women are confident to a certain extent in their decisions.</li> <li>· More women are active in going out and making new friends compared to those who are not.</li> <li>· They have their own future goals and are confident to a certain extent of achieving</li> </ul>

Research Item	Result
	them.
4. Social and cultural aspects	<ul style="list-style-type: none"> <li>Given that 90% of the population is Muslim, Shiseido obtained Halal certification for its skincare products.<sup>9</sup> There are few skincare products certified as Halal products in Bangladesh. Some consumers mentioned that they would prefer to use Halal products if they were available.</li> <li>Male opinion leaders in the target villages had generally positive comments on awareness-raising workshops provided in the project: “it is important to raise awareness and increase knowledge of women”, “I will cooperate with the project 100%”, etc. Most rural men were also positive about the project carrying out awareness-raising activities and rural women taking part in economic activities such as selling skincare products.</li> </ul>

### 3-2. Implementation and Evaluation of Pilot Project

#### 3-2-1. Framework of Pilot Project

Table 3-1 shows a summary of the pilot project conducted between January 2014 and January 2015 for selling skincare products to rural women and raising their awareness of hygiene and nutrition. Various JITA staff including an area manager, trainer and field coordinators was involved in the pilot project, as well as Japanese project members.

Table 3-1 Summary of pilot project

Framework		Content
Duration		January 2014 to January 2015, 13 months
Target area		16 villages in Tangail District; total population 48,000
Target customers and beneficiaries		Rural women from their late teens to thirties who belong to the higher-income segments of BOP
A. Sales activity	Mode of sales	1) JITA’s saleswomen, Aparajitas, visit the villages they have been put in charge of every day to sell skincare products. The sales activity does not have to align with the schedule of awareness-raising activity mentioned below. 2) JITA’s AOs sell skincare products in the awareness-raising workshops they conduct and during home visits to target customers with Aparajitas.
	People involved in sales activity	1) Aparajitas: 24 (as of May 2014) 2) AOs: always 8, total 11
	Product	4 products in 3 categories: face wash at Tk200, gel (for dry skin and for oily skin) at Tk150, and sun protect at Tk200
	Sales target	Total 10,000 pieces: face wash 4,000 pieces, gel 2,000 pieces each for dry and oily skin, and sun protect 2,000 pieces

<sup>9</sup> Shiseido obtained Halal certification for the products from authorities in Vietnam, where the products are manufactured.

Framework		Content
B. Awareness - raising activity	Mode of activity	2 AOs visit villages in pairs and conduct awareness-raising workshops with about 30 participants. The pilot project consists of three cycles of four months. Each cycle targets the same set of customers. The workshops were carried out twice a day at the beginning of the pilot project; that was changed later to one workshop and home visits in a day.
	The number of AOs	Always 8 in 4 pairs * 3 AOs have left during the pilot project; a total of 11 AOs were involved in the activity.
	Target number of participants	<u>Monthly target for each pair:</u> 60 participants (two workshops) / day for 22 days/month, 1,320 participants in total <u>Total target:</u> 1,320 participants / month for 4 months for 4 pairs, 21,120 participants in 16 villages Villagers who were not target customers were also invited to the workshops in order to disseminate the effects of awareness-raising.

(Source) Study team

### 3-2-2. Review of Pilot Project

The project carried out sales and awareness-raising activities in Tangail District from January 21 2014 to January 31 2015. The sales activity, through the awareness-raising workshops, home visits to target customers, and door-to-door sales by Aparajitas, did not succeed in achieving its target. Various factors can explain why the target was not achieved: Aparajitas sold unexpectedly few products due to lack of sales ability; it was not possible to implement effective promotional activities; the products did not sell well in the awareness-raising workshops contrary to the project's expectation; and sales activities did not reach the target upper-income segments of BOP enough.

Rural women liked all the skincare products a lot; this is a good outcome of product development based on intensive research of the needs of customers.

Awareness-raising activities have brought obvious development effects to the beneficiaries; rural women who participated in the awareness-raising workshops have increased their knowledge on proper living habits regarding hygiene, health and nutrition and have changed their behavior; AOs who conducted the workshops have increased their knowledge, improved their ability to talk in front of people, and increased their incomes.

### 3-2-3. Sales Activity

Table 3-2 shows the sales record during the pilot project. Twenty-four Aparajitas and eight AOs were involved in sales activity in sixteen villages, which were carried out as door-to-door sales by both of them and during awareness-raising workshops by AOs.

Table 3-2 Sales record

(Unit: piece)

	First cycle	Second cycle	Third cycle	Total
Face wash	433	427	438	1,298
Gel for oily skin	132	130	67	329
Gel for dry skin	161	98	140	399
Sun protect	128	86	17	231
Total	854	741	662	2,257

\* The amount of products sold by Aparajitas is included in the total number of products sold.

(Source) Study team

It was revealed during the first cycle that the awareness-raising workshops did not work as well as expected as a sales opportunity: rural women in the higher-income BOP segment were not willing to join workshops where the lower-income BOP women participated; and participants who actually wanted to buy products were hesitant to do so being concerned what other participants thought about them. In addition, Aparajitas' sales performance was lower than expected due to lack of sales ability.

Therefore, the project took several actions in order to increase sales: JITA asked Aparajitas to resume sales activity who were high performers before and had not been in active for some time: and JITA and AOs together continuously supported Aparajitas so that they could sell more.

The project has faced many challenges during the second and third cycles as well: negative seasonal factors such as the rainy season and Ramadan; insufficient follow-up of new customers; lack of carefully thought-out sales approaches to fit a variety of customers; and the plan for AOs and Aparajitas to travel and sell together did not work well. Despite various actions taken to address these challenges, sales only reached 22.6 per cent of the target

The sales results revealed that it was essential to improve Aparajitas' sales capacity for the project to make best use of JITA's nationwide rural sales network. Various actions should be taken such as giving incentives to Aparajitas to sell more products, introducing a different sales system in which Aparajitas have priority in selling products and AOs focus on conducting awareness-raising, and also motivating AOs to support Aparajitas' sales activity through an incentive reward system.

#### **3-2-4. Awareness-Raising Activity**

The awareness-raising workshops have been held 2,337 times in 16 villages, with a total of 27,547 participants. In the workshops AOs provided knowledge on hygiene- and nutrition-related living habits and proper skincare that would nurture beautiful skin. The content was designed with reference to results of the baseline survey mentioned in the Section 3-5-2 and know-how that Shiseido had developed. Flipcharts and

small equipment were used to convey the content so that illiterate participants were able to understand the contents visually.

Three training workshops for AOs were conducted before and during the pilot project. In these AOs gained a deeper understanding of the corporate profile of Shiseido, details of the skincare products, contents of the awareness-raising workshops, effective delivery of the contents, and sales approaches to various customers.

The average number of participants in a normal workshop was thirty women, their children and a few men, while that in a smaller workshop held at villagers’ homes was five women. AOs improved their capacity to hold workshops as time went by. Both AOs and rural women who joined the workshops showed behavioral change and empowerment as a result of conducting and participating the workshops. Details are described in “3-5. Development Effect”.

**3-3. Business Plan**

This section gives the information needed to develop a business plan for the project.

**3-3-1. Non-Financial Information**

Items	Researched information
1. Business site	<ul style="list-style-type: none"> <li>· Pilot project next year will be implemented in residential areas in Gazipur District where many women live who work in garment factories, as well as the same 16 villages in Tangail District.</li> <li>· Most of the population belongs to the middle- or higher-income BOP and have high purchasing power. Literacy rate of the population is higher than that of 16 villages in Tangail.</li> </ul>
2. Needs of beneficiaries and customers	<ul style="list-style-type: none"> <li>· Rural women in 16 villages, the current business site, show high need for skincare products.</li> <li>· They are most interested in face wash out of the “Les DIVAS” products. Sun protect is hardly used in rural areas; it is necessary to find out what kind of content and mode of delivery are necessary to raise awareness of the importance of sun protection.</li> </ul>
3. Product development	<ul style="list-style-type: none"> <li>· The project will sell the current skincare products, as a product review survey conducted in April 2014 did not show any need for change.</li> </ul>
4. Procurement	<ul style="list-style-type: none"> <li>· No local company has been identified that is able to supply raw materials of “Les DIVAS” products. The project will continue to look for one as well as OEMs.</li> </ul>
5. Production, distribution, sales	<ul style="list-style-type: none"> <li>· No OEM has been identified.</li> <li>· The project will consider to use other sales channels such as retail stores and rural sales network of non-governmental organizations (NGOs) together with JITA’s rural</li> </ul>

Items	Researched information
	sales channel, given some issues such as Aparajitas' sales capacity.
6. Staffing and human resources development	<ul style="list-style-type: none"> <li>· Eight new AOs are expected to be employed next year: four for the current site and four for the new project site.</li> <li>· The project will develop the capacity of the new AOs through JITA's general training system and a series of capacity-building measures carried out during the current pilot project.</li> </ul>
7. Local business partner	<ul style="list-style-type: none"> <li>· Shiseido is likely to keep partnering with JITA and N-WAVE and will also identify other local partners with rural sales channels.</li> </ul>
8. Implementation schedule	<ul style="list-style-type: none"> <li>· Pilot project next year will be commenced after a few months' preparation from April 2015.</li> </ul>
9. Environmental and social consciousness	<ul style="list-style-type: none"> <li>· A few customers have thrown away empty containers of "Les DIVAS" products, while most customers have kept them as they liked the containers.</li> <li>· A container with a beautiful design and an appropriate size can help stop consumers discarding it immediately after use.</li> </ul>

### 3-3-2. Financial Information

The total cost of the research as of March 2015 is 52.89 million yen; 8.36 million yen for travel expenses, 36.12 million yen for outsourcing including sales promotion and transportation, and 8.41 million yen for miscellaneous expenses. Personnel cost of Japanese staff is not included. Table 3-3 shows profit and loss of the pilot project.

Table 3-3 Profit and loss of the pilot project\*

(Unit: 10,000 JPY)

	Actual	Ratio to sales	Notes
<b>Sales</b>	<b>63</b>	100%	
Cost of Goods	15	24%	Shipped from Shiseido Vietnam
Tariff	26	41%	Import tariff
Import cost	3	4%	Transportation, customs, storage, etc.
Margin	12	19%	Margin to import agent, JITA, etc.
<b>Gross margin</b>	<b>7</b>	11%	
Local personnel cost	158	252%	JITA staff and AOs
Promotional cost	136	218%	Promotional tools, sample products, etc.
Administrative cost	46	73%	Warehouse, etc.
<b>Operating profit</b>	<b>▲333</b>	-	

\* Sales administrative cost includes only direct costs related to sales activity.

(Source) Study team

The gross margin rate is only 11 per cent due to the high tariff that accounts for as much as 41 per cent of total sales. The sales administrative cost, such as personnel cost of JITA staff and AOs and promotional costs, also became burdensome.

It is imperative to build a sustainable business structure by increasing sales through awareness-raising activity, and decreasing tariff and sales administrative costs through local production or importing products from neighboring countries.

### **3-4. Collaboration with JICA Projects**

Two possible ideas were identified during the research regarding collaboration between Shiseido's business project and JICA projects.

#### **(1) Dissemination of the contents of the awareness-raising and increase of product awareness through collaboration with the JICA technical support project on the establishment of educational television (TV)**

A JICA technical support project on the establishment of educational TV is to be implemented for two and a half years from March 2015. The project plans to design and develop TV programs as a project activity, with the aim of building the capacity of national Bangladesh TV to make and broadcast educational programs.

A possible collaboration between this Shiseido project and the JICA project is for the JICA project to use the content of the awareness-raising activity developed by the Shiseido project for their TV educational programs. The key for an educational TV program is to get the attention of the audience, and motivate them to practice what is shown in the program. Shiseido's awareness-raising activity has proven highly effective, as indicated in the result of the endline survey explained in the next chapter, in improving the living habits of rural women by appealing to their inner wish to become beautiful. That experience could contribute to increase an effect of an educational TV program.

The content of the educational TV program is about hygiene and nutrition, which are focus areas of Shiseido's awareness-raising activity. The Shiseido project has shown that more knowledge is gained and more behavioral change is brought by participants in the awareness-raising activity when its content is more related to beauty, such as the appropriate sleeping time for beautiful skin, the proper time to have dinner and go to bed, and the negative effect of smoking on skin. This content could make the educational TV program effective.



The collaboration would also contribute to the Shiseido project improving the content of its awareness-raising activity, getting feedback from the audience of the educational TV program broadcast nationwide. In addition, using the name of “Les DIVAS” products and showing the awareness-raising workshop during the TV program would increase the visibility of Shiseido products; this would bring a large positive impact to the awareness-raising activity of the Shiseido project.

## **(2) Human resources development of Shiseido’s staff through JICA’s volunteer program for the private sector**

Shiseido send their staff to development institutions such as NGOs in Bangladesh using JICA’s volunteer program for private Japanese companies. Shiseido’s project in Bangladesh is the first trial by the company to develop and sell products in a developing country where the company had thoroughly explored the needs of customers. It is expected that Shiseido will expand its business to additional countries to Bangladesh where people’s income level, climate and culture are completely different from Japan. To be outstandingly competitive, it will become more and more important for Shiseido to build its capacity to develop and sell needs-oriented products with an in-depth, prompt understanding of the needs of customers.

The lower- and middle-class populations in emerging countries in particular, future volume market of the global economy, have completely different income levels and living standards; therefore it is difficult to understand the situation and needs of the population without understanding the social issues on hygiene and nutrition that the population faces. It also becomes important for the company to build a good relationship such as foreign aid agencies and NGOs, as well as business partners, in order to do business targeting these populations. The more the company expands its business in emerging countries, the more necessary it becomes to have staff who are able to deal with the lower- and middle-class markets in these countries.

There are plenty of large-scale NGOs in Bangladesh that are active in various sectors. Sending Shiseido staff to these NGOs to learn about social issues of target customers and their solutions, and to build a network with relevant institutions, could contribute to developing the capacity of staff and creating a foundation for future business. The NGOs would also benefit from Shiseido’s knowledge about beauty and health, and know-how of involving women, for improvement of their awareness-raising activities and organizational capacity development.

### **3-5. Development Effect**

#### **3-5-1. Development Issues that the Project Addresses**

The project tries to bring the following three development effects through selling skincare products and implementing awareness-raising activities:

- (1) To improve living habits of rural women and their family members regarding health, hygiene, and nutrition

- (2) To increase the ability and incomes of AOs
- (3) To empower rural women and AOs through cognitive and behavioral change.

Quantitative research using a questionnaire was conducted to evaluate the effects of (1) and (2). For the effect of (3), qualitative research was conducted as well as quantitative research.

### 3-5-2. Quantitative Research with Rural Women

#### (1) Overview

The quantitative research consisted of a baseline survey conducted at the beginning of the project, and an endline survey conducted at the end of the pilot project. Questionnaires in both surveys had almost the same set of questions, and the development effects were evaluated by comparing answers to the same questions in both surveys.

Table 3-4 Baseline survey and endline survey

Category	Period	Survey sample
Baseline survey	July to November, 2013	· Rural women in 6 villages: 5 pilot villages and 1 control village
Endline survey	January to February, 2015	· 50 rural women in each village; total 300 rural women · 18 to 39 years old; likely to participate in the awareness-raising workshops; 25 higher-income BOP women with more than Tk12,000 monthly income and 25 middle- or lower-income BOP women in each village · Same samples apply to both surveys

(Source) Study team

#### (2) Questionnaire

Table 3-5 shows the content of the questionnaire for rural women. The questionnaire was finalized based on discussions with JITA, interviews with AOs and Aparajitas, and several test interviews. The questionnaire for the endline survey was almost the same as that for the baseline survey, though a couple of new questions were added to ask how many “Les DIVAS” products the samples bought, how much they participated in the awareness-raising workshops, etc.

Table 3-5 Content of the questionnaire for rural women

Development effect	Category	Content
Improvement of living habits in the area of health,	Concerns, knowledge and living habits of health, hygiene and nutrition; whether the	Water, hand washing, washing clothes, nutrition, sleep, exercise, ultraviolet rays, smoking

Development effect	Category	Content
hygiene and nutrition	samples taught their families and friends about this	
	Health condition	Condition of skin, skin-related problems
Empowerment	Satisfaction with own skin	Satisfaction with own skin, confidence in skincare
	Level of self-acceptance	Confidence in self-management and caring of family members
	Interpersonal relationship	Whether the samples are happy with meeting people, willing to go out, confident with themselves, etc.
	Perception of future	Hope for own future, motivation, etc.

(Source) Study team

### (3) Procedure for setting development indexes

The real living situation of the rural women was understood only through the baseline survey. Therefore the project first identified candidate indexes, and later finalized them with target levels based on the result of the baseline survey.

### (4) Results of the research

The pilot project has achieved all development indexes as shown in Table 3-6. There was improvement in all indexes except one between the baseline survey and the endline survey in the pilot villages. This result shows that the awareness-raising activity of the project brought improvements in living habits and empowerment of rural women.

Table 3-6 Achievement of development indexes

Category	Development index (The number of rural women who ...)	Pilot villages (5 villages)				Control village		
		Baseline 250	Target	Endline 250	Change	Baseline 50	Endline 50	Change
Improvement of living habits	Answered 'remove dirt and germs' as the reasons of washing towels	60.0%	80.0%	90.0%	30.0%	72.0%	22.0%	-50.0%
	Answered 'remove dirt and germs' as the reasons of washing face	64.0%	85.0%	98.0%	34.0%	70.0%	84.0%	14.0%
	Answered 'remove dirt and germs' as the reasons of washing linens	26.0%	45.0%	80.0%	54.0%	14.0%	16.0%	2.0%
	Answered that excessive salt intake causes 'high blood pressure'	34.0%	55.0%	98.0%	64.0%	30.0%	28.0%	-2.0%
	Answered that excessive oil intake causes 'diabetes'	2.0%	25.0%	42.0%	40.0%	10.0%	6.0%	-4.0%
	Answered that excessive oil intake causes 'obesity'	44.0%	65.0%	84.0%	40.0%	58.0%	80.0%	22.0%
	Answered that excessive sugar intake causes 'obesity'	2.0%	20.0%	68.0%	66.0%	0.0%	20.0%	20.0%
	Answered that excessive sugar intake causes 'diabetes'	80.0%	90.0%	96.0%	16.0%	86.0%	50.0%	-36.0%
	Are concerned with nutrition when they cook	58.0%	80.0%	94.0%	36.0%	54.0%	14.0%	-40.0%
	Ate leafy green vegetable in the previous day	12.0%	20.0%	76.0%	64.0%	26.0%	50.0%	24.0%
	Wash vegetables after cutting them*	40.0%	30.0%	6.0%	-34.0%	58.0%	86.0%	28.0%
	Are concerned with the variety when they cook vegetable	12.0%	30.0%	30.0%	18.0%	12.0%	22.0%	10.0%
Have skin troubles*	70.0%	60.0%	52.0%	-18.0%	70.0%	38.0%	-32.0%	
Empowerment	Are very much satisfied with condition of own skin	26.0%	35.0%	44.0%	18.0%	22.0%	36.0%	14.0%
	Are very much confident in own skincare	26.0%	35.0%	56.0%	30.0%	30.0%	30.0%	0.0%
	* Achieved if a result is below the target			Achieved				
				Higher improvement from baseline to endline				

(Source) Study team

It should be taken into account that various factors such as seasonality, the political situation, and partial inconsistency in the survey method between the baseline and endline survey, might have influenced the result of both surveys. The project will consider conducting verification activities such as continuous follow-up surveys in order to confirm the development effects of the awareness-raising activities.

**3-5-3. Quantitative research with AOs**

**(1) Overview**

A similar questionnaire survey was conducted with AOs to assess improvement in their capacity and incomes, and changes in their recognition and behavior brought by the sales and awareness-raising activity.

Table 3-7 Baseline survey and endline survey

Category	Period	Survey sample
Baseline survey	October to November 2013	8 AOs
Endline survey	January 2015	6 AOs who were surveyed in the baseline survey and were still working at the time of the endline survey

(Source) Study team

**(2) Questionnaire**

Table 3-8 shows the content of the questionnaire for AOs. The questionnaire was finalized based on a discussion with JITA and interviews with AOs. The same questionnaires were used for both surveys.

Table 3-8 Contents of the questionnaire for AOs

Development effect	Category	Content
Employment, increase in income	Motive for becoming an AO and level of satisfaction with working as an AO	Motive for becoming an AO and level of satisfaction with working as an AO
	Income from working as an AO	Amount of income, what to do with increased income
	Level of skill	Skill in talking in front of people, knowledge about the content of the awareness-raising workshop
Knowledge gained and improvement in living habits in the areas of health,	Concerns, knowledge and living habits about health, hygiene and nutrition	Water, hand washing, washing clothes, nutrition, sleep, exercise, ultraviolet rays, smoking

Development effect	Category	Content
hygiene and nutrition		
Empowerment	Raised awareness	Concern with health, nutrition and hygiene issues; whether talk about these issues with families and friends
	Physical and social space of living	Places where AOs can go by themselves; size and quality of circle of friends
	Interpersonal relationships	Confidence in talking in front of people, etc.
	Power of decision-making	Amount of expense that AOs can decide on their own; goods that AOs can take decision to buy
	Perception of future	Hope for own future, motivation, etc.

(Source) Study team

### (3) Procedure for setting development indexes

As with the quantitative survey for rural women, the project first identified candidate indexes and later finalized them with target levels based on the results of the baseline survey.

### (4) Results of the research

Table 3-9 shows the achievement of the development indexes, and is followed by consideration of the result.

Table 3-9 Achievement of development indexes

(Unit: people unless specified)

Category	Development index	Baseline	Target	Endline
# of samples	(The number of AOs who ....)	6	6	6
Skill	Have spoken in front of people more than 51 times	3	6	6
Knowledge provided at awareness-raising activity	Answered 'remove dirt and germs' as the reason for washing hands	4	6	6
	Answered 'remove dirt and germs' as the reason for washing towels	2	6	4
	Answered 'remove dirt and germs' as the reason for washing sheets and pillows	3	6	5
	Answered that excessive salt intake causes 'high blood pressure'	6	6	6
	Answered that excessive oil intake causes 'diabetes'	0	6	2
	Answered that excessive sugar intake causes 'obesity'	1	6	4

Category	Development index	Baseline	Target	Endline
# of samples	(The number of AOs who ....)	6	6	6
	Ate leafy green vegetable the previous day	2	6	4
	Are concerned with variety when they cook vegetables	2	6	0
Income	Have more than Tk5,000 monthly income	0	6	6
Empowerment	Can go to Tangail alone	4	6	6
	Answered very confident in talking in front of male people	3	Above baseline	3
	The number of items AOs can purchase without consulting others	3.7 items	Above baseline	3.5 items
	Amount of money AOs can decide to spend	917 Tk	Above baseline	6,750 Tk

Achieved  
 Lower than baseline

(Source) Study team

The indexes regarding ‘dirt and germs’ and ‘leafy vegetables’ have shown obvious improvement between baseline and endline. Though a few relevant indexes have not achieved their target, the awareness-raising activity has brought effects to a certain extent.

It appears to be difficult for AOs to gain some knowledge such as ‘too much oil causes diabetes’, ‘too much sugar causes obesity’, and ‘the variety of vegetables should be considered’. These contents were included in the awareness-raising workshop though they were not focused on much; that might have hindered AOs from internalizing that knowledge. Most AOs gave the right answer to questions about content that was focused on such as ‘sugar causes high blood pressure’, ‘sugar causes diabetes’, and ‘oil causes obesity’. It is recommended anyway that the project introduces other mechanisms with which AOs are able to maintain their knowledge.

Little change has been shown in AOs’ confidence in talking in front of men. The number of AOs who are confident in talking in front of women, which is not in the index, has decreased from six at the baseline survey to four at the endline survey. This can be explained by AOs realizing how difficult it is to talk effectively in front of people as they experienced more awareness-raising workshops.

Income and the amount of money AOs can decide to spend have significantly increased. One AO mentioned at the endline survey that she could now spend more money because her husband and children trust her more than before. Though little change is shown in the number of goods they can decide to buy on their own, one young AO said in the endline survey that she could now buy clothes and daily goods without consulting anybody, whereas before she could only take a decision on her own to buy stationary. The

independent income earned by working as AOs must have increased their control over the amount of money they can spend, and the items they can decide to buy on their own.

**3-5-4. Empowerment Study**

**(1) Basic Measures by Empowerment Indicators**

The following two methods were used to collect indicators to measure the empowerment of rural women and AOs:

- ① Quantitative data collection based on baseline and endline surveys
- ② Qualitative data collection by in-depth interviews.

The qualitative data is used to complement the quantitative data, measuring (unexpected) changes in awareness and actions of the women.

**(2) General Framework of Empowerment Study**

**① Study period**

- First Study (baseline): 30 March – 8 April 2014
- Second Study (endline): 9 – 17 December 2014

**② Study Method**

Applying the “Fujikake Model”,<sup>10</sup> the following group of indicators was utilized to measure women’s empowerment. This model identifies how three types of outcomes showing empowerment<sup>11</sup> have appeared, by extracting the “narratives” that the interviewed women gave freely. From the narrative, each positive change recognized counts as one, then the total points for every positive change are visualized in graphics for individual women and for the indicators.

Table 3-10 Empowerment Indicators for the Qualitative Study

1	Participated	2	Spoke out	3	Changed mind about something
4	Took action	5	Networked / Cooperated	6	Created
7	Had a new goal	8	Negotiated	9	Was satisfied
10	Became confident	11	Administrated (only for AO)	12	Decided
13	Managed time				

(Source) Study Team

<sup>10</sup> To conduct the qualitative empowerment study, Dr. Yoko Fujikake of Yokohama National University joined as research authority to advise the Study Team.

<sup>11</sup> Type I is expected outcomes generated by a project; Type II is unexpected outcomes generated by a project as its by-product; Type III is change in women’s social roles and increase of capacity that makes the impossible for women possible, which are based on outcomes of Type I and II.

### ③ Study Objects

In the Qualitative Empowerment Study, the AOs and rural women were separated to measure changes. All eight AOs who have been engaged in the work were taken as study objects. The rural women were categorized into four groups: A) those who had purchased three items of the products; B) those who had purchased one item of the products; C) those who had participated in the awareness workshop but had not yet purchased any item; and D) those who had neither participated in the workshop nor purchased any item. Two women were selected for each group. The same women were interviewed in the first and second study to identify the level of change in empowerment.

### ④ Villages for Study

Two villages were selected for comparison of the rural women: Gulya, which is seen as relatively open to external factors; and Korati para, which is seen as conservative or closed to the outside.

## (3) Summary of the Study Results

### ① Rural Women

The result of rural women’s empowerment is shown in Figure 3-1. They are codified A-D, according to the four categories mentioned above. The baseline result is shown in blue and the endline result in red.<sup>12</sup>

In Category D, those who did not participate in the awareness workshop, there is no empowerment caused by the workshop. In addition, among Categories A-C - those who did participate in the workshop - there has been no causal relationship between the number of items purchased and women’s empowerment.<sup>13</sup>

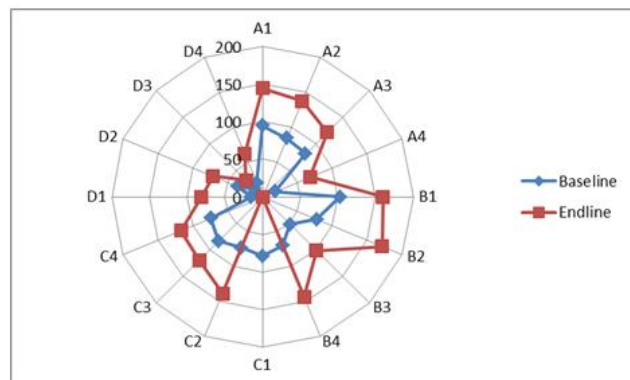


Figure 3-1 Empowerment of Individual Women  
(Source) Fujikake, 2015

Figure 3-2 shows the points counted for each indicator in the rural women’s narrative. No. 3 “Changed mind about something” and No. 4 “Took action” can be observed as high even in the baseline result (blue line). As there is no such change in Category D, it can be observed that the women who participated in the project and workshop had changed their awareness and

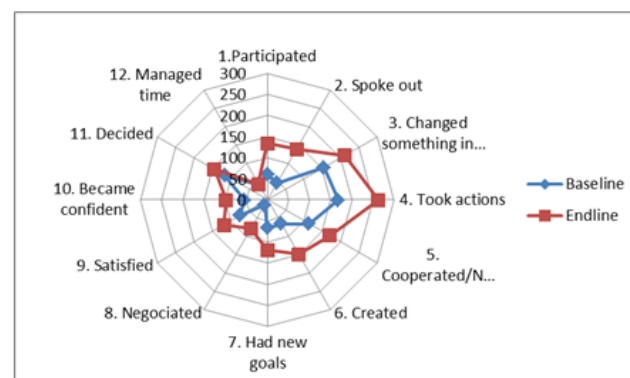


Figure 3-2 Rural Women’s Empowerment for Indicators  
(Source) Fujikake, 2015

<sup>12</sup> It was not possible to continue the interview with woman C1, due to sickness in her family. This is why her endline result is 0 points.

<sup>13</sup> Fujikake, 2014



ability to practice what they had learned and promote what they practiced.<sup>14</sup>

Among the rural women in the baseline survey, the outputs for expected project results for Type I of empowerment are observed in positive impacts like “practice of washing face with foam”. In addition, there are more points for Indicator No. 11, “Decided”. However, in the baseline survey there was no clear impact for Type II outcomes as an unexpected sub-product of the project, except for the suggestion of kitchen improvement, nor for Type III outcomes of changes in social role and capacity.<sup>15</sup>

In the endline study (shown in red by Figure 3-2), there are more diverse changes observed in Indicator No. 2 “Spoke out” (speaking with unknown persons), No. 7 to obtain a new goal, No. 6 “Created” (using gas to improve kitchen facility), and so on. In addition, some narratives about changes in negotiation and decisions are recognized in Type III levels.<sup>16</sup>

## ② AOs

Figure 3-3 shows the total points for each AO in the baseline survey in blue. Experienced women in their thirties and forties tended to obtain higher scores, and younger women under 20 years old tended to get fewer points.

As observed in the red line (endline result) of Figure 3-3, the points of empowerment have increased among AOs in general. Through interviews in the baseline and endline studies, it was observed that the socially-experienced AOs took leadership in guiding younger and less-experienced AOs, sharing their knowledge and experience. It can be noted that the project has worked as a “place” for training women and as a “device” for transferring knowledge.<sup>17</sup> Though the empowerment of AO-07 is shown highest in the graphics, the red line (endline result) in Figure 3-3 shows that all changes of AOs have been achieved by implementation of the project.<sup>18</sup>

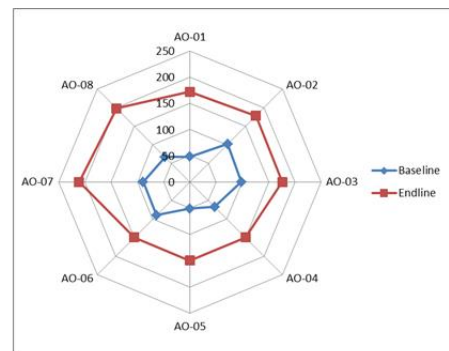


Figure 3-3 Individual Empowerment of AOs (Source) Fujikake, 2015

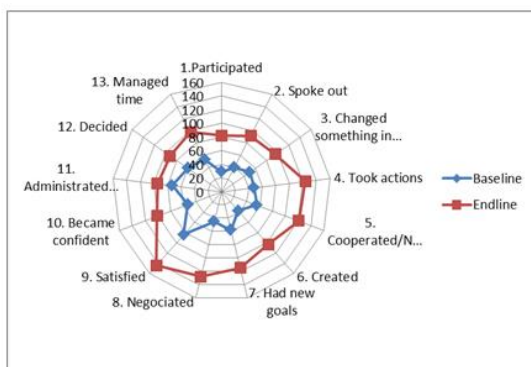


Figure 3-4 AO's Empowerment for the Indicators (Source) Fujikake, 2015

<sup>18</sup> Fujikake, 2015

“Administrated”.<sup>19</sup> Indicator No. 9 “Get satisfied” tended to obtain high scores (84 points) even in the baseline, and also has the highest score (144 points) in the endline. This shows that the project was evaluated positively by the AOs. Although Indicator No. 8 “Negotiated” only got 45 points in the baseline, it increased up to 128 points in the endline. That means that they have started to negotiate in many ways with their husbands, mothers-in-law, fathers-in-law and the community.<sup>20</sup>

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<sup>19</sup> Fujikake, 2014

<sup>20</sup> Fujikake, 2015

## Chapter 4 Challenges and Way Forward for Business Development

The pilot project has highlighted two challenges for the business:

- 1) Sales through the Rural Sales Program does not work.
  - Target customers of the program are different to those of Shiseido's business.
  - Aparajitas, who are supposed to play a leading role in sales, lack capacity to sell new products.
- 2) Profit rate is low due to high import tariff.

In order to address these challenges, the first one in particular, the next pilot project in 2015 will be implemented as follows.

### (1) Activities in the sixteen current villages

The project will implement awareness-raising activities with students as new targets. AOs will train Aparajitas to sell "Les DIVAS" products more effectively and support their sales so that the Rural Sales Program functions better. Given that RSP does not function well and that it will affect a profitability of the project to keep employing AOs for long time, AO will focus on training of Aparajitas and sales promotion of products to strengthen RSP so that the project could rely on Aparajitas as entrepreneurs for its sales. In parallel, the project will implement a pilot sales at retail stores in order to outreach more upper BOP women, a main target of the business, and increase recognition of "Les DIVAS" products.

### (2) Activities in garment factories

There are a number of garment factories where many women are working. The new pilot project will look at female factory workers as targets for awareness-raising, and implement the same activities with the same contents of flip charts as the first pilot project. "Les DIVAS" products will be sold at neighboring retail stores. Given that many workers are single and their disposable income is relatively high, the project expects to increase sales.

Based on the results of the next pilot project in 2015, Shiseido will decide how to roll out its business.