

## **Making the Case for Harming the Poor – A Review of Marketing Tactics at the Bottom of the Pyramid**

**Shruti Gupta**  
**The Pennsylvania State University at Abington**

*Pioneering research by Prahalad and others under the term “Bottom of Pyramid” (BOP) has stressed for a long time that marketing to the world’s poor is a profitable endeavor for companies. The overriding assumption in this BOP proposition has been that the poor are consumers and make purchase decisions similar to the consumers in the remainder of the pyramid. At the same time, the BOP proposition has been criticized to be exploitative and unethical in nature, especially because the poor are perceived as being vulnerable to marketplace practices. Using a case based approach we describe sample marketing programs in India to provide secondary evidence in support of the above critical view. The paper concludes with an alternative approach to marketing to BOP consumers that doesn’t exploit the vulnerable population.*

### **THE BOTTOM OF PYRAMID (BOP) MARKET – AN OVERVIEW**

A recent news story in Business Week (Capell, 2009) reported that SAB Miller, world’s second largest brewer plans to penetrate the sub-Saharan African market deeply where its current product offerings are unaffordable to the local consumers. The company has decided to create an ultra-affordable branded beer and market it to the segment that currently purchases cheap homemade brews that makes up the informal market valued at \$3 billion. The company plans to do this by replacing hops or maize as a raw material with the locally grown cassava, a root vegetable in the brewing process. The company aims to produce a product that is 50-60% of the cost of the standard lager. This example shows that large multinational companies (MNCs) are serious about marketing to the bottom of pyramid market segment – a term that has been popularized by pioneering research by C.K. Prahalad. The concept of “Bottom of Pyramid” (BOP) marketing has stressed for a long time that marketing to the world’s poor is a profitable endeavor for both national and multinational companies and is the source for future organizational growth as summed in the following quote:

*“The real source of market promise is not the wealthy few in the developing world, or even the emerging middle-income consumers: It is the billions of aspiring poor who are joining the market economy for the first time” (Prahalad & Hart, 2002).*

## THE ECONOMIC SIGNIFICANCE OF THE BOP MARKET

The above statement that summarizes the BOP proposition was initiated by C.K. Prahalad and has been practiced by companies like Unilever and S.C. Johnson. This paradigm translates into a three pronged assertion for companies: existence of untapped purchasing power potential at the bottom of the pyramid, the opportunity for private companies to generate profits by marketing to the poor and the onus on MNCs to be leaders in this initiative (Prahalad, 2004a; Prahalad & Hammond, 2002). The prospective reward for companies who choose to target this segment include "...growth, profits, and incalculable contributions to the humankind" by providing a better life to the poor (Hammond & Prahalad, 2004; Prahalad & Hammond, 2002; Prahalad & Hart, 2002). It is estimated that the segment size is approximately 4 billion people (approximately two-thirds of the world's population) who earn less than \$2 per day and whose size could grow to six billion over the next 40 years (Prahalad & Hammond, 2002; Prahalad & Hart, 2002). It is also estimated that of the above total, India has 171 million poor households with a combined \$378 billion in income (Hammond & Prahalad, 2004). Most of these consumers reside in rural areas or in urban slums with little education and are generally inaccessible via traditional channels of distribution, credit and communications though political reforms and development of low-cost wireless communication networks in developing countries are tearing down previous barriers in accessing the poor in urban slums and villages (Prahalad & Hammond, 2002). The problem with distribution is magnified in the case of the rural poor who make up about 60 percent of the population of India (Prahalad & Hammond, 2002). In addition to the size of the segment and the purchasing power, a second argument that C.K. Prahalad and his cohorts have made in favor of the BOP proposition is that poor consumers are aspirational and are motivated by same desires as the rich. The overriding message for MNCs by the advocates of BOP marketing is: "Ignore poor consumers at your peril" (Hammond & Prahalad, 2004).

Despite convincing evidence that point to the attractiveness of the BOP segment, companies that choose to ignore its potential do so because of three prejudices: the poor don't have a significant disposable income, spending is restricted to basic core needs and preference for inexpensive products (Gabel, 2004; Martinez & Carbonell, 2007; Prahalad & Hammond, 2002). Other assumptions cited by Prahalad and Hart (Prahalad & Hart, 2002) that withhold a company from proactively marketing to the BOP segment are the belief that new technology is for developed markets with the poor being the ones who adopt the older technology, the responsibility lies with government and nonprofits and the difficulty of identifying management talent who would work effectively in the segment.

In addition to pointing out the attractiveness of the BOP segment (in terms of size and profitability), researchers have stressed on the role of innovation and a renewed approach to building a business model as the key drivers of success with this segment (Prahalad & Hart, 2002). In this business model, profits are driven by sales volume with razor thin margins that ultimately lead to extremely high sales volumes. Here, innovation needs to be the foundation of marketing strategy (Hammond & Prahalad, 2004) such as in the case of the much cited example of product packaging in the form of single-serve sachets for nondurable consumer goods like shampoo and detergent by MNCs as Unilever (Sunsilk and Clinic Plus) and P&G (Pantene), priced at a unit price that is easily affordable (Re 1 or 2 per sachet). In other words, simply exporting a standard product from the developed markets to the BOP segment is not a viable option and recipe for success. Smaller unit packaging with a low price allows the poor consumers with limited disposable income to purchase a product, thereby, unleashing their purchasing power (Hammond & Prahalad, 2004). The success of this product strategy is evident since in India, approximately a third of the personal care products and other FMCG (fast moving consumer goods), such as shampoo, tea, ketchup etc. are sold in single serve packets mostly priced at about Re. 1 or 2 (Prahalad & Hart, 2002). One estimate states that 60 percent of the value of the shampoo market and 95 percent of all shampoo units sold in India is in single serve packets (Hammond & Prahalad, 2004; Prahalad, 2004b).<sup>1</sup> The overriding message for MNCs by the advocates of BOP marketing is: "Ignore poor consumers at your peril" (Hammond & Prahalad, 2004).

The preceding section has provided evidence that point to the economic importance of the BOP segment to companies. The next section provides an overview that sheds light on the consumer behavior of the BOP segment.

## **CONSUMER BEHAVIOR OF BOP SEGMENT**

It is argued that poor consumers in India or in other countries like Vietnam have the same needs and desires as middle class consumers (Johnson, 2005). In context of Maslow's hierarchy of needs, BOP consumers are motivated to fulfill the higher order needs above and beyond the survival needs (Subrahmanyam & Gomez-Arias, 2008). This motivation is explained in terms of concepts of social capital and family systems and compensatory consumption. The concept of social capital (Woolcock & Narayan, 2000) refers to networks of family, friends and associates that allow people to act collectively and tap in times of a crisis. The importance of building social capital might explain why BOP consumers prefer to patronize local retailers who charge higher prices but the capital accrued from the ongoing, long term relationship might also allow for credit to the consumer in times of financial hardship (Sridharan & Viswanathan, 2008). Some have suggested that BOP consumers exhibit a high level of interdependence and strong social networks that might have contributed to the apparent success of Project Shakti by Hindustan Lever in India (Subrahmanyam & Gomez-Arias, 2008). The second concept of compensatory consumption (Gronmo, 1988; Woodruffe, 1997) predicts that low income households along with poor or underprivileged in developing countries may spend on socially visible products to compensate for their lack of status in society (Subrahmanyam & Gomez-Arias, 2008). This theory may explain why BOP consumers purchase luxury products for their children instead of nutritional ones and spend above and beyond their means on festivities, cosmetics and even negative goods. (Banerjee & Duflo, 2007) found that over 10 percent of their income is spent on festivals and significant amounts on other forms of entertainment and catching up with neighbors. A quote by Arijit Ghose, marketing manager for Unilever Vietnam cited in the article in *The Time* (Johnson, 2005) provides the summary view of the BOP segment – "I have been to tiny villages where there is no electricity and no running water indoors, and yet there's Sunsilk and Oxo."

In addition to the benefits of a better standard of living and a heightened level of purchasing power, poor consumers gravitate towards these products because it presents value in the form of dignity and choice (Hammond & Prahalad, 2004). Though BOP consumers are price conscious, they are willing to pay more for aspiration products like fairness creams in India (HUL's Fair and Lovely) or relative luxuries that are sold in smaller packages, i.e. sachets or small serving sizes (Subrahmanyam & Gomez-Arias, 2008). An example cited in the paper states how a poor female consumer in India feels empowered by being able to purchase and use a skin whitening cream that has been developed for her. C.K. Prahalad along with others (Subrahmanyam & Gomez-Arias, 2008) has also suggested that BOP consumers, contrary to common belief, purchase luxury or non-essential product items and services (Prahalad & Hammond, 2002). However, often these nonessential products are purchased by sacrificing the purchase of essential items, through installment payments or taking a loan (Subrahmanyam & Gomez-Arias, 2008).

## **CRITICISM OF BOP MARKETING**

Criticized by many, Prahalad argues that squeezing profits from the poor is not exploitation. When companies penetrate new market segments, it creates new jobs and income generated ripples through the economy, creating more new jobs. However, not everyone agrees with Prahalad's point of view. Civic and nonprofit organizations have long made the case that targeting the poor as a profitable segment might cause them to divert their meager income on low priority products and services (Clay 2005, Chapter 5), might displace local products and induce overspending by poor consumers who cannot afford it (Johnson, 2005). At the same time researchers (Jaiswal, 2008; Aneel Karnani, 2007) have argued that marketing to the poor is a mirage or fallacy and therefore, logically flawed. Several sources of evidence have been offered in support of this position. Karnani (2007) has pointed to high costs of market penetration, weak

infrastructure in these regional economies that increases costs incurred by the firm, and the myths that BOP consumers can afford luxury products and single serve packages don't increase affordability but are priced at the same unit price as the larger packages. Jaiswal (2008) on the other hand has pointed out that companies who aggressively target the BOP segment do so for the purchase of nonessentials like cosmetics that divert funds from the purchase of essential products related to education, nutrition and health care.

One strong criticism of the selling to the poor has been Karnani (2009) who argues that the "romanticized view of the poor does not help them, and actually harms the poor" (p. 77) because it lowers the importance of legal and regulatory mechanisms to protect the poor who are vulnerable consumers. This criticism has stressed on the need to impose some limitations on the free markets in order to prevent exploitation of the poor (Aneel Karnani, 2007). Advocates of the BOP idea dismiss the above argument as patronizing and arrogant; because, how can someone else decide what is best for the poor because in their view the poor are value conscious and rational consumers and therefore are best informed about how to maximize utility (Karnani, 2009). A related limitation of this argument is that though expenditure pattern is observable, utility preferences are not. Subsequently, critics argue that this free market perspective (where the poor are described as rational consumers) ignores how vulnerable the poor consumer is to exploitation due to lack of education, lack of information, and economic, social and cultural deprivations (Chakravarti, 2006; Karnani, 2009). It is not right to assume that the expressed utility preferences of the poor are in the self-interest of the poor, since, a person's utility is malleable and shaped by his background and experience, especially more if he has been disadvantaged (Sen, 2000).

Karnani (2009) argues that though the poor might be no different in their lack of self-control, yield to temptation and aspirational purchase behavior (Banerjee and Duflo, 2006) but the consequences of bad choices are more severe and harmful for the poor. It is suggested that that selling to the poor can in fact result in reducing their welfare and therefore, there is a need for imposing some limits on free markets to prevent exploitation of the poor (Aneel Karnani, 2007).

Prahalad and Hammond (2002, p.5) originally argue that "it's also incorrect to assume that poor are too concerned with fulfilling the basic needs to "waste" money on nonessential goods. In fact, the poor do buy luxury items." This claim carries the burden of irresponsibility on part of corporations. Is it ethical for companies who know that spending on nonessentials and luxury products by the poor consumer is not in their self-interest? Karnani (2007) elaborates on the unethical or irresponsible aspect of BOP marketing. He cites the example of selling cigarettes in single units that doesn't make the product more affordable but increases the consumption of the product that is harmful for the wellbeing of the population. Additionally, purchase of branded or aspirational product diverts the funds to purchase products and services that are essential to survival (Pitta, Guesalaga, & Marshall, 2008). A second implication points to the environmental aspect of increasing waste due to the single serve packet revolution which is a keystone of BOP marketing.

We support the view point of Karnani (2007), Jaiswal (2008) and Pitta et al. (2008) and argue that BOP initiatives encourage the poor consumers to divert money from high priority needs such as nutrition and health to nonessentials consumer products like shampoo, ketchup, tea, coffee, cosmetics, alcohol etc. Therefore, the objective of this research is to provide evidence to point out that marketing efforts by corporations targeted at the poor may be exploitative in nature. The following section provides a brief profile of a sample of marketing tactics widely popular in the BOP market in India. Interestingly, all marketing programs described below stimulate purchase and consumption of discretionary products and services. In the final section, an alternative approach for marketing to the BOP is offered that is non-exploitative in nature.

## **BOP CONSUMER MARKETING PROGRAMS**

BOP marketers have innovated promotional programs that may be argued are exploitative in nature. Interestingly, a significant number of consumer goods marketed by companies to the BOP segment in

India belong to the cosmetics category that includes shampoos, beauty and non-essential products. Below is a brief description of a sample of marketing programs/tactics from India:

1. *Coca-Cola's retail training program - Parivartan*: In India, Coca-Cola started a large retail flagship training program *Parivartan* (a positive change), to train small retailers in tier II and III cities and other small rural retailers across India. With the help of vernacular language, plasma TV, laptop, and LCD projector, the company imparts knowledge to small retailers on issues related to trade intricacies and development of business acumen. Initiated from North India, the program was initially made available to 20,000 regional retailers in its first phase and provide information on key decision areas such as shop layout and location, display, basics of finance, knowledge of credit card transactions, and people management skills (Sarkar, 2009). Under this program, store keepers are also given knowledge on how to use attractive store displays and persuasive communication to influence product purchase.
2. *Hindustan Lever's Project Bharat*: The program was designed to expand its presence in the BOP rural markets. Project Bharat was the largest and leading home-to-home rural initiative implemented by any company, encompassing 13 million rural households by year 1999. The first phase of product marketing under the program was accomplished through reaching rural population by way of company vans visits across various villages of the country. The company vans distributed low-unit-price pack samples in Rs. 15 price range, offering products such as shampoo, talcum powder, toothpaste, and skin care cream. The objective was to familiarize the rural population about company's product categories and it's pricing. In extension of phase one, the company subsequently introduced second phase of product marketing through sampling initiative targeted towards villages comprising of population of more than 2,000 people. Further, to acquire better control over rural supply chain, Hindustan Lever conceptualized *Project Streamline* on parallel basis, forming a network of rural sub-stockiest based in different villages. The joint initiative assisted the company in achieving the required competitive edge, offering significant straightforward reach to 37 per cent of the country's rural population (Domain-b.com, 2003). With an objective to extract larger profits, the company has developed a robust distribution system to achieve wider reach in the rural markets, catering even the remotest of rural areas. For instance, the company distributors utilize transportation modes like autorickshaws, bullock-carts, and even boats in the backwaters of Kerala to reach its end consumer (Chandra & Shankar, 2008).
3. *Hindustan Lever's Project Shakti*: The company initially launched *Project Shakti* in Nalgonda district of Andhra Pradesh in 2000 and includes approximately 50 different villages across the state. The objective of the initiative was to create income-generation opportunities for underprivileged rural women through creation of sustainable micro enterprises and improvement in standard of living. At the grass-root level, rural women formed the company's marketing team. Hindustan Lever would select a Shakti entrepreneur commonly known as '*Shakti Amma*' as the company's sales representative for rural villages. The company provides a specially designed product mix to *Shakti Amma*, who also acted as the rural distributor of the company, selling its products directly to the end consumers in rural areas. The typical product portfolio of a Shakti entrepreneur comprised of major consumer brands like Lifebuoy, Wheel, Pepsodent, Annapurna salt, Clinic Plus shampoo, Lux soap, Ponds cream, Nihar hair oil, and 3 Roses tea. The Shakti entrepreneurs procured products on a 'cash and carry basis'. To ensure superior sales turnover by Shakti entrepreneurs the company also provided them with micro credits through local self-help groups and banks. Also, to avoid the situation of over or under utilization of entrepreneurial power, Hindustan Lever allocated separate sales territory to each Shakti entrepreneur comprising of nearly 6 to 10 villages below the population of 2000 people (Chhaochaaria, 2008).
4. *Use of live infomercials*: Since television penetration in rural India is much lower compared to the urban areas, consumer advertisers rely on interpersonal communication via a wedding singer like individual who travels through dirt roads who provides demonstrations and promotes consumer goods like soaps and creams manufactured by large corporations (Bellman, 2009).

These individuals are part of armies of salesmen in India who promote consumer products by staging dances, skits, music and game shows in village squares. These marketing communications tactics use the power of persuasive promotion where these interactions provide the buyer with enhanced feelings of self-esteem and subsequently motivates the buyer via the attention he or she receives from the sales person.

5. *Price Appeal in Advertising:* a recent review of television advertisements in the Indian market from July 8, 2009 through July 21, 2009 for soap, shampoo, fairness creams, biscuits, snackfoods, ketchup, coffee, tea etc. stressed on the low price point of the product package. Hindustan Lever, the Indian subsidiary of Unilever, launched affordable product variants like Lifebuoy soaps at Rs 2 for 50 gm to cater to the large rural population. The claims of only Rs. 5 for a bar of Lux bath soap or Re. 2 for a sachet of Sunsilk shampoo matches the argument that price appeals in advertising are effective inducers of compulsive buying where consumers tend to purchase low priced products. As a result, BOP marketers have relied on sachets and other small packages as an ideal way to tap the BOP market (Prahalad, 2004a). Garnier, a subdivision of L'Oreal Inc. recently has introduced a sachet of its fairness cream priced at Rs. 12 since the regular product package size was at a price unit that made the product unaffordable to the BOP consumers. Similarly, Fairever (fairness brand that belongs to Cavinkare) offers a sachet priced at Rs. 5. In addition to MNCs, national companies like Godrej also market to low income consumers through small unit packs of talc powders, soaps and fairness creams through its FMCG division. The company introduced three brands of Cinthol, Fair Glow and Godrej No. 1 soaps in 50-gm packs, priced between Rs 4 and 5 in the markets of Madhya Pradesh, Bihar and Uttar Pradesh states. The success of this initiative is evident in the fact that rural sales comprise 35 per cent of company's total sales.
6. *Use of aspirational appeal in advertising:* Advertisers who target compulsive buyers tend to create material aspirations for individuals and emphasize the need to reduce inner tension by addressing the extrinsic reward of appearing attractive (Roberts and Pirog 2004). To address this objective, BOP marketers in India almost always rely on celebrities in advertisements, mostly young movie stars who serve as aspirational models and serve as images of status and prestige to the poor consumers who suffer from low self-esteem levels. For instance, Hindustan Lever in India has traditionally used one of most popular movie actress to endorse its LUX brand. The use of the aspirational appeal is also clearly evident in the marketing of fairness creams in India that tout several benefits of purchasing the product – higher likelihood of marriage for young otherwise dark skinned women and the prospect of excelling at the job interview eventually gaining employment. Such advertisements are conducted under the BOP proposition that offering products like fairness creams empower the poor female consumer who otherwise suffers from low self-esteem. Karnani (2007) argues that such marketing initiatives is not empowerment; but instead a fallacy or mirage and serves to entrench a woman's disempowerment. He argues that if she was truly empowered, she would probably not consider a skin whitening product.

The use of television advertising in India is an effective media option to reach BOP consumers since total television viewership is 415 million which is the amongst the highest in the world. One estimate states that there were roughly 119 million homes with television in India by the end of 2004, making it the third largest television market in the world after U.S. and China ("www.diehardindian.com," 2009).

7. *Micro credit financing:* More recently, companies such as Godrej and Hindustan Lever are partnering up with NGO-microfinance groups like *Swayam Shikshan Prayog* to penetrate the BOP market (Karunakaran, 2009). These self-help groups set up micro finance units in rural India to help poor consumers obtain low interest loans to purchase consumer durable products like battery operated refrigerators instead of the more documented practice to start entrepreneurial ventures. By making credit easily available, are these companies persuading the consumer to spend beyond their means, overspending and problems of excessive consumer debt?

The above section provides a sample of secondary evidence of marketing initiatives adopted and implemented by BOP marketers in India that might be argued are exploitative in nature. Such marketing tactics raise the issue of ethics in marketing practice. Are marketers taking advantage of vulnerable consumer populations by implementing tactics that accrue benefits for the company at the expense of exploiting vulnerable populations? At the same time, social policy makers need to be aware of the possibility of such marketing programs and design policies that save these populations from exploitation. In order to constrain any negative consequences, the next section offers an alternative view to the BOP proposition and suggests that companies may choose to serve the poor by further splitting the market segment into the extreme poor and the poor. We suggest that a more effective way to serve the “extreme poor” is through corporate social responsibility (CSR) initiatives and for the “poor” by stressing on inclusionary and exclusionary criteria in the decision to market to this segment.

### **ALTERNATIVE APPROACH TO BOP MARKETING – CSR FOR “EXTREME POOR” SEGMENT**

Prahalad and Hart (2002) have argued that the size of the BOP market is approximately 4 billion people. However income inequality is widespread across the developing countries where the BOP population lives. Many developing countries, especially the least developed countries (LDCs), are characterized by extreme poverty. In these countries, people’s most basic needs must be fulfilled before anyone can look at them as profitable BOP markets. The success stories of MNCs serving poor customers cited in the BOP literature are predominantly in fast-growing economies such as India, Brazil and Mexico.

World Bank data can be used to identify two distinct segments poor and extreme poor in the BOP market. The extreme poor segment may consist of people living in LDCs or those earning less than a dollar a day while the remaining other can be seen as poor segment. In 2005, about 751.8 million people of those lived in LDCs where the per capita gross national incomes averaged US \$378.2. In 2001, 1.1 billion people were living on less than \$1 a day which the World Bank considers to indicate extreme poverty (World). The extreme poor segment living in acute poverty, and struggling to meet even their basic needs, cannot possibly be viewed as a profitable market for large corporations.

We argue that one way to serve the extreme poor would be through corporate social responsibility (CSR) initiatives. Corporate social responsibility (CSR) programs are social contracts generated by organizations that allow the company to encompass “...the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time (Carroll, 1979).” These responsibilities are not only performed for the firm’s sake but also for the sake of society at large. In the case of the extreme poor, CSR initiatives by companies may also translate into socially responsible pricing for essential products as is the case of pricing of life-saving drugs in developing countries (Vachani & Smith, 2004).

### **ALTERNATIVE APPROACH TO BOP MARKETING – INCLUSIONARY AND EXCLUSIONARY MARKETING CRITERIA FOR THE “POOR” SEGMENT**

We have highlighted the risk of BOP marketing to the poor and therefore, offer an alternative approach on how companies should continue to serve this segment. We argue that BOP marketers need to adopt the philosophy of selective consumption (Jaiswal 2008). Selective consumption means choosing to enable or restrict consumption, based on the characteristics of the goods to be consumed and the effect they will have on the wellbeing of consumers. To understand the dynamics of promoting and curtailing consumption by the poor, it is useful to view it from the perspective of which target markets a company chooses to include and exclude. When marketers make such choices, they can have significant effects for the individuals involved (Sirgy & Lee, 1996; Smith & Quelch, 1993).

## **Inclusive Marketing**

Some marketing choices encourage the poor to consume products that have negative side effects. Thus the poor are included in the market, but in an undesirable way. An example of such inclusion is marketing products like drugs and tobacco to vulnerable customers who are likely to abuse them. If companies see BOP consumers as a potentially profitable market, those customers become more vulnerable to unethical inclusion. When companies intensively advertise and promote their products, BOP customers may aspire to buy products well beyond their basic needs, misplacing their priorities as they allocate their scarce resources (Belk, 1986; Sarin & Venugopal, 2003).

## **Exclusionary Marketing**

On the other hand, the poor can be wrongfully excluded from the market if companies curtail or fail to enable consumption of products that enhance the wellbeing of the market segment. One example of an exclusion decision is a company not offering products such as medicines because it assumes the customer cannot pay the specified price. The poor consumers obviously need welfare-oriented goods and services such as fertilizers, pesticides, cattle feed, and other agricultural inputs, as well as insurance and micro finance. Agricultural inputs may directly enhance income of rural farmers. Consumption of welfare goods also helps raise income. For example, health insurance reduces the risk and cost of medical treatment and helps reduce the productivity loss that results from prolonged illness or untimely death and at the same time helps enhance income. Thus, consumption of welfare goods can improve the quality of life of the poor and raise their productivity.

Based on these issues of inclusion and exclusion, four criteria will allow companies to evaluate whether it is appropriate to market to the poor segment: (1) Can the company's products respond to basic needs such as health, nutrition, education, housing, etc.? (2) Is the company's marketing communication educational and informative or does it create and strengthen people's aspirations to consume goods they do not need? (3) As the products are developed, does the company bear in mind the special needs of BOP consumers, or does it import products already developed for non-BOP markets? (4) Do the products enhance customers' wellbeing? Answers to these questions would provide a more viable framework to assess the viability of the BOP segment.

## **CONCLUSION**

It is the objective of this paper to draw attention to ethical concerns the surround the BOP marketing proposition as expounded by C.K. Prahalad and his colleagues. We suggest that aggressive marketing to the BOP segment might carry the risk of inducing negative consequences for the individual and society. We provide a sample of BOP marketing programs that draw attention to its exploitative nature by stimulating discretionary spending. Of course, the claim made in this paper will need to be validated with primary data from a sample drawn from the BOP segment through a combination of qualitative and quantitative methods.

In a second objective, we suggest that in order to serve the BOP segment, companies might need to further subdivide it into the extreme poor and poor segments. In order to serve the extreme poor, corporate involvement might be more justified in building CSR programs with the intent to serve the poor and uplift their wellbeing instead of inducing uncontrollable levels of consumerism. On the other hand, to serve the poor subdivision of the BOP segment, companies will need to pay closer attention to inclusionary and exclusionary criteria (as discussed in this paper) in assessing the viability of the segment and building marketing programs that don't carry the burden of negative consequences or unethical dilemmas.

## **ENDNOTE**

1. Jaiswal (2008) discussed empirical evidence which does not support argument that the poor look for sachets. In India for products including biscuits, jam, washing powder, sanitary napkins, and milk powder,

the smallest available packages are not the largest contributors to the total volumes of products sold in rural areas. The two exceptions are shampoo and razor blades; for these two products the smallest packages do account for the largest share of the total volumes sold. For products such as jam and milk powder, larger packages (e.g. 500 g) are better sellers even though smaller packages are available (e.g., 12 g in jam and 3 g in milk powder). For shampoo sachets are preferred as they offer better value in terms of price per unit of volume than larger packages.

## REFERENCES

- Banerjee, A., & Duflo, E. (2007). The Economic Lives of the Poor. *Journal of Economic Perspectives*, 21(1), 141-167.
- Belk, R., W. (1986). *Macro consumer behavior issues in developing countries*. Paper presented at the The Role of Marketing in Development, Global, Consumer and Managerial Issues, Ball State University, Indiana.
- Bellman, E. (2009, June 10). The Infomercial Comes to Life in India's Remotest Villages. *The Wall Street Journal*.
- Capell, K. (2009, May 25). It's Cassava Time. *Business Week*.
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate social performance. *Academy of Management Review*, 4(4), 497-505.
- Chakravarti, D. (2006). Voices unheard: the psychology of consumption in poverty and development. *Journal of COConsumer Psychology*, 16(4), 363-376.
- Chandra, S. R., & Shankar, S. B. (2008). Opening the Rural Eye. [www.indianmba.com](http://www.indianmba.com)
- Chhaochaaria, S. (2008). Project Shakti - A Win Win Situation. *Ezine Articles*.
- Domain-b.com. (2003). HLL rewrites strategy for greater penetration of rural markets. *Domain-b.com*, (February 4, 2009)
- Gabel, M. (2004). Where to find 4 billion new customers. *The Futurist*, 38(4), 28-31.
- Gronmo, S. (1988). Compensatory consumer behavior: elements of a critical sociology of consumption. In P. Otnes (Ed.), *The Sociology of Consumption*. New York: Humanities Press.
- Hammond, A., & Prahalad, C. K. (2004). Selling to the Poor. *Foreign Policy*(142), 30-37.
- Jaiswal, A. K. (2008). The Fortune at the Bottom or the Middle of the Pyramid? . *Innovations: Technology, Governance, Globalization*, 3(1), 85-100.
- Johnson, K. (2005, May 29). Selling to the Poor. *Time*.
- Karnani, A. (2007). Doing Well by Doing Good - Case Study: 'Fair & Lovely' Whitening Cream. *Strategic Management Journal*, 28, 1351-1357.

- Karnani, A. (2007). The Mirage of Marketing to the Bottom of the Pyramid: How the Private Sector Can Help Alleviate Poverty. *California Management Review*, 49(4), 90.
- Karnani, A. (2009). Romanticizing The Poor Harms The Poor. *Journal of International Development*, 21, 76-86.
- Karunakaran, N. (2009, July 11). India's New Retailers. *Outlook Business*, 44-52.
- Martinez, J. L., & Carbonell, M. (2007). Value at the bottom of the pyramid. *Business Strategy Review*, 18(3), 50.
- Pitta, D., A. , Guesalaga, R., & Marshall, P. (2008). The quest for the fortune at the bottom of the pyramid: potential and challenges. *The Journal of Consumer Marketing*, 25(7), 393.
- Prahalad, C. K. (2004a). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* (4th ed.): Wharton School Publishing Paperbacks.
- Prahalad, C. K. (2004b, November 15). Why selling to the poor makes for good business. *Fortune*, 150, 2.
- Prahalad, C. K., & Hammond, A. (2002). Serving the world's poor, profitably. *Harvard Business Review*, 80(9), 48-57.
- Prahalad, C. K., & Hart, S., L. (2002). The fortune at the bottom of the pyramid. *Strategy + Business*, 26(1), 2-14.
- Sarin, S., & Venugopal, P. (2003, January 4-7). *The Marketing Contribution Barometer*. Paper presented at the The 8th International Conference on Marketing and Development: Globalization, Transformation and Quality of Life, Bangkok, Thailand.
- Sarkar, J. (2009, May 3). Coca Cola India Launches Coca Cola University on Wheels. *The Economic Times*.
- Sen, A. (2000). *Development as Freedom*. New York: Anchor Books.
- Sirgy, M. J., & Lee, D.-J. (1996). Setting Socially Responsible Marketing Objectives: A Quality of Life Approach. *European Journal of Marketing*, 30(5), 20-34.
- Smith, C. N., & Quelch, J. A. (1993). Ethical Issues in Research and Targeting Consumers *Ethics in Marketing* (pp. 145-195). Homewood, IL: Irwin.
- Sridharan, S., & Viswanathan, M. (2008). Marketing in subsistence marketplaces: consumption and entrepreneurship in a South Indian context. *The Journal of Consumer Marketing*, 25(7), 455-462.
- Subrahmanyam, S., & Gomez-Arias, T. J. (2008). Integrated approach to understanding consumer behavior at bottom of pyramid. *The Journal of Consumer Marketing*, 25(7), 402-412.
- Vachani, S., & Smith, C. N. (2004). Socially Responsible Pricing: LESSONS FROM THE PRICING OF AIDS DRUGS IN DEVELOPING COUNTRIES. *California Management Review*, 47(1).

Woodruffe, H. R. (1997). Compensatory consumption go why do women go shopping when they're fed up and other stories. *Marketing Intelligence & Planning*, 15(7), 325-334.

Woolcock, M., & Narayan, D. (2000). Social capital: implications for development theory, practice and policy. *The World Bank Research Observer*, 15(2), 225-249.

World, B. PovertyNet - Poverty Analysis. Retrieved December 2, 2006, from web.worldbank.org:  
www.diehardindian.com. (2009). Retrieved June 22, 2009