

## A study on marketing initiatives for BOP (bottom of pyramid) in India

Gagandeep Kaur Dhanju<sup>1</sup>, Manisha Rani<sup>2</sup>, Kaushal<sup>3</sup>

<sup>1</sup> Assistant Professor, IHGI, Jalandhar, Punjab, India

<sup>2,3</sup> MBA, IHGI, Jalandhar, Punjab, India

### Abstract

The Bottom of the Pyramid (BoP) is a concept popularised by C.K. Prahalad. Major role is played by the marketer in the development and bringing improvement at the bottom of the Pyramid (BoP) market in terms of spreading awareness about necessary consumption, favored and focused spending on the utility products and services and also the promotion of the village-based communities in production and production related activities. The objective of this study is (a) to study the concept of Bottom of Pyramid (BoP) marketing and (b) to study the marketing initiatives at Bottom of the Pyramid (BoP). The present study is based on the analysis of secondary data have been collected from various journals, government websites, research papers, publications etc. The present study concluded that there is an enormous initiative taken by multinational corporations to made available merchandise and services at rock bottom of the Pyramid. It was concluded that many new innovations coming from corporations like Tata, HUL, Godrej and Boyce and Vortex among others who have been working on innovative offerings to the BoP.

**Keywords:** BoP (Bottom of pyramid), marketers, initiatives

### 1. Introduction

The idea of Bottom of the Pyramid (BoP) was first introduced by L. Stuart and C.K. Prahalad in 2002 in their broadly applauded article "The Fortune of the bottom of the Pyramid". The thought behind BoP is that the most effective way to meet the wants of the poor are through a profit driven marketing-based approach. There are tremendous advantages for the businesses if they prefer to serve the highly unwarranted and fewer competitive markets at the BoP. At constant time there are vital advantages for the poor in term of economic condition reduction, overstated productivity and management. Firms are fascinated and explore the opportunities at the BoP and look through for solutions within the type of new product and new business models. The property of the approach lies during this inherent win-win state of affairs.

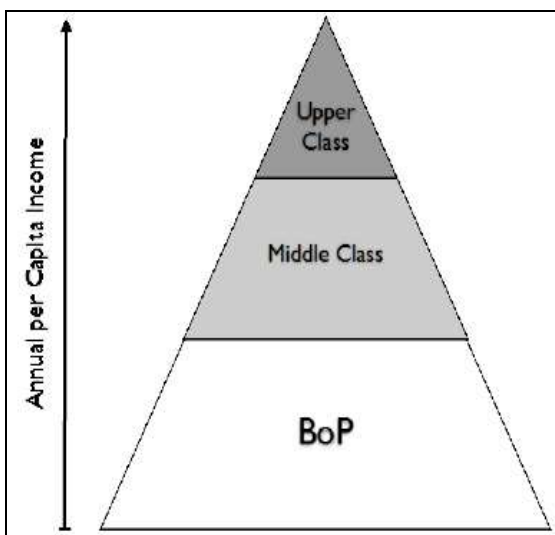


Fig 1

The Bottom of the Pyramid (BoP) constitutes the market created up by the world's poorest folks. Poor people- at all-time low of the Pyramid (BoP) - represent a really engaging market chance. The BoP proposition' argues that the mercantilism to the poor can at the same time be profitable and facilitate to eradicate poorness. This is often at the best a harmless illusion and probably a dangerous delusion. Bottom of the Pyramid may be a term that represents the population of the globe that primarily lives and transacts in an off-the-cuff laissez-faire economy.

As mentioned by Kotler and Keller (2011), marketing can be a social and group action methodology by the individuals and teams by which they acquire what they need and wish through creating demand. However because of the special and complicated nature of the BoP markets, the conventional marketing strategies applicable in most of the developed countries is not applicable in this context of BoP consumers. Hence, there is a replaced promotional strategy in BoP.

According to Karamchandani, Kubzansky, and Lalwani, "BoP selling has been outlined because the method of developing, pricing, promoting and distribution of specific merchandise and services to the poor that satisfies the demand of the poor and achieving organizational objectives".

BoP selling continues to be a "work in progress"; there is a need for comprehensive and standard understandings that need multi-disciplinary approach to analysis and gain a creative insight.

In the present scenario, marketers need to play a major role in the development of the bottom of pyramid (BoP) and bringing advancement at the same market by spreading awareness about meaningful consumption, favored and focused spending on the utility products and services and promotion of the village based communities in production and production related activities.

## Understanding Impoverishment and Conjointly the Bottom of the Pyramid

Widespread impoverishment is associate degree of economic, social, political and moral disadvantage. Eradicating or a minimum of, pacifying impoverishment is an indispensable challenge for many decades. Varied institutions have tried to cope with this challenge – native governments, developed country governments, international organizations (such as a result of the International Bank for Reconstruction and Development and conjointly the United Nations) and foundations and non-governmental organizations. So far, the intellectual discourse has been principally inside the fields of public policy and development science. Impoverishment can be a condition where somebody is empty bound amount of money or material possessions likewise as belongings, holdings or property. In India rural poverty line is Rs. 32 per day and urban poverty line is Rs. 47 per day. If somebody is incapable, or haven't got enough money to shop for the essential human needs like article of clothing, shelter, clean and water, health care, nutrition and education, then it implies that he/she is belong to a lower place & state of 'absolute poverty'. As per the statistical data out there, around 1.7 billion people reside inside the condition of absolute impoverishment. Another term associated with impoverishment is that the 'relative poverty', that indicates absence of a regular or socially acceptable level of earnings associate degreed resources compared with folks living.

### Understanding the BoP Consumer

Consumers at the "Bottom of the Pyramid" (BoP) do not appear to be merely targets of policy aimed toward impoverishment reduction, improved consumption aspiration and capability, and accrued well-being. These "next four billion" shoppers represent associate degree of unprecedented likelihood for process and innovation. However, this "marketplace" poses nontrivial challenges for governments, development agencies, NGO's, companies, entrepreneurial organizations and others who work to foster new economic likelihood, manufacture new jobs and drive positive social modification.

BoP shoppers represent elaborate surroundings and inside that ancient economic, psychological and socio-cultural contemplative behavior sometimes bites the dirt. Hence, degree of awareness and understanding of the system of belief of shopper in BoP markets is very important for every practitioner seeking impact and lecturers seeking new abstract challenges.

The BoP proposition views the poor primarily as potential shoppers i.e., as untapped market. Providing accrued consumption selections to the poor will increase their welfare. It is yet to be proved that the poor act rationally. Some civil society organizations have argued that targeting the poor as a market could cause them to wastefully pay an area of their already meager gain on low precedence.

Hammond and Prahalad dismiss such arguments as hollow and arrogant. They believed that no one can decide about the best for the poor. The BoP proposition argues that the poor have the right to check how they pay their restricted gain and are, in fact, value-aware consumers; the poor themselves are the foremost effective decider of some way to maximize their utility.

## Bottom of the Pyramid Framework (C.K. Prahalad)

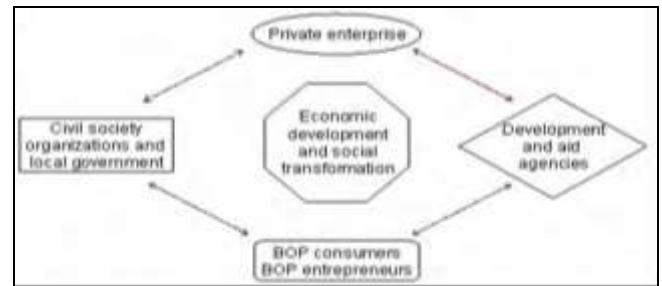


Fig 2

### 2. Objectives of the Study

1. To study the concept of Bottom of Pyramid (BoP) marketing.
2. To study the marketing initiatives at Bottom of the Pyramid (BoP) in India.

### 3. Review of Literature

Mathur M. & Mehta R. (2018) in their research "Exploring the Urban BoP Market" focused on the urban BoP as a realistic option to operate in the BoP by removing the dynamic barriers of the rural BoP and it provided insight into the Urban BoP market and its consumer behavior.

Singh R., Mukherjee S. & Mishra H. (2017) <sup>[7]</sup> conducted a research "Consumption Patterns among Bottom of Pyramid Consumers: Propositions and Implications for Public Policy" and suggested six propositions on the peculiarities of BoP markets triggered specific parameters for shop and product selection and stated the conceptual basis for the managers to formulate an effective policy mix in order to serve the BoP more effectively.

Mathur M., Swami S. & Bhatnagar S. (2016) <sup>[4]</sup> in their research "BoP Business Models and Strategy" studied the BoP business models and strategies with the help of thirty representative cases organizations that were operating in the BoP market and found that it would help mitigate the gap between theory and practice, if any, and help understand the market behavior better.

Sengar A., Sharma V., Agarwal R. & Bharti K. (2014) <sup>[6]</sup> conducted a research "Marketer's Mindset: Key to Develop Bottom of the Pyramid Market" and stated the importance of change in the mindset of the marketers ready to enter in the emerging markets with the hunt of developing and serving the market. The factors that might influence the mindset of the marketers had been extracted from the research papers available in the field of sociology, psychology and management and business studies.

Joshi M. & Dogra C. (2012) in their research "An Analysis of BoP Market of India and Opportunities Available for MNCs" found that BoP of India is still an untapped market with high growth potential and there is a need for research on strategies, alliances and innovations in the area of products and their marketing.

G. Mulky Avinash (2010) <sup>[2]</sup> conducted a research "Marketing at Bottom of the Pyramid and Subsistence Markets – A Research Agenda" and stated that there are opportunities for multinational companies to attain noteworthy revenues and profitability by designing and implementing marketing programs aimed at people who occupy the lowest tier in the world's economic pyramid.

**4. Research Methodology**

The study mainly depends on secondary sources of data / information. The related secondary data have been collected from various journals, government websites, research papers, publications from various websites which focused on the BoP marketing.

**5. Data Analysis**

- In the Bottom of the Pyramid market, many companies are adopting their own models in serving BoP segment. In India, two-thirds of the billion-plus people represents rural population and the following figures are factual:

**Table 1**

• 45% of total sale of soft drinks are in the rural market.
• 50% of the total sale of motorcycles are in rural areas.
• 60% of all cigarettes are consumed by rural consumers.
• 55% of FMCG products are sold in the rural market (pencils, pen, and notebooks).
• 50% of the national income is from rural areas.

Source: - www.financialexpress.com

- Detailed analysis of representative organizations in India

**Table 2**

S. No.	Organization	Industry	Product	Target group	USP
	HUL	FMCG	Soap-Lifebuoy. Health in your hands campaign – Project Shakti	Women & children in rural areas	Campaign projects like – project shakti, swasthyachetna etc.
	ITC	Agri-export	E-chaupals. Service solution for farmers - Ashirwad atta.	Farmers	One-point solution for farmers, no middlemen, quality certificate to export.
	TCS	Drinking water	Water filters	Rural areas	Use of RHA (rice husk ash) rural waste.

- In India, the lower strata of the Pyramid (BoP) customers go for low-price sachets of shampoos, toothpastes, fairness creams and hair tonic. Hindustan Unilever is replicating all the products to the Asian nations which are offered to the developed world. HUL sells power brands like Close-Up, Pepsodant, Sunsilk, Ponds, Vaseline, Brook Bond, Taj Mahal and Bru to extend product penetration at the Bottom of the Pyramid.
- Lifebuoy Soap in rural market is stated as the ‘Laal Sabun’ since its red in color and ‘Colgate Kiya Kya’ is synonymous to brushing teeth.
- Marketers which are trying to focus on the Indian BoP

came to know that in their disbursement habits, Indian BoP consumers’ priority is savings and also the wealth buildup whenever it's possible. In 2015, India’s poorest devoted their earnings as follows:

**Table 3**

Food and non-alcoholic drinks	50.5%
Housing	11.2%
Miscellaneous goods and services	12.2%

Source: www.blog.euromonitor.com

- Applications of BoP in various organizations

**Table 4**

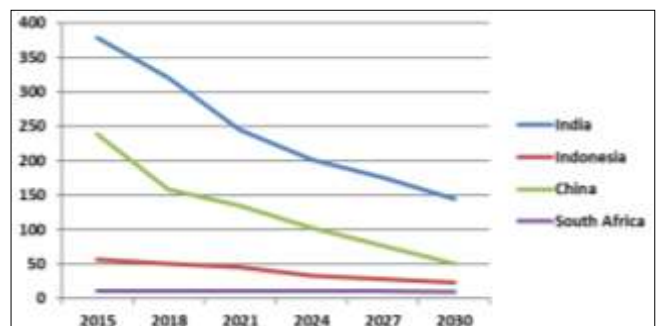
Godrej and Boyce	<ul style="list-style-type: none"> <li>▪ Innovation was in the area of Refrigerator called ChotuKool.</li> <li>▪ Priced at Rs. 3,250 (\$69), Weighing just 3-4 kgs.</li> <li>▪ Target group- Rural areas.</li> </ul>
Vortex	<ul style="list-style-type: none"> <li>▪ Low cost ATM</li> <li>▪ Target group- Rural Areas.</li> </ul>
Coca- Cola	<ul style="list-style-type: none"> <li>▪ Offered carbonated soft drinks in smaller pack sizes of 200ml at Rs. 5.</li> <li>▪ Affordability for Indian Poor.</li> </ul>
Amul	<ul style="list-style-type: none"> <li>▪ Amul Ice-Cream.</li> <li>▪ Cheapest ice-cream sells for Rs. 5 – equivalent to \$0.57 for a 50 ml serving.</li> </ul>

- India’s BoP is set to shrink significantly, from 379 million adults in 2015 to 145 million adults in 2030.

**Table 5**

Countries	2015 (million’s)	2030 (million’s)
India	379	145
Indonesia	56.8	23.5
China	239	50
South Africa	11.2	9.1

Source: www.blog.euromonitor.com



Source: www.blog.euromonitor.com

**Fig 3**

- A big example: - Tata Swach in India (Initiative in BoP marketing) Products of Tata Swach: -
- Non-Electric Purifiers


**Table 6**

<p><b>Tata swach-Instasip bottle purifier</b></p>	<p>599 INR</p>	
<p>TATA SWACH-SMART SAPHIRE BLUE</p>	<p>1,349 INR</p>	
<p>TATA SWACH-SMART</p>	<p>1,349 INR</p>	
<p>TATA SWACH-SMART+</p>	<p>1,600 INR</p>	

TATA SWACH- CRISTELLA PLUS	1,899 INR	
TATA SWACH- SILVER BOOST	2,999 INR	
TATA SWACH- DESIRE+	3,200 INR	

Source: - [www.tataswach.com](http://www.tataswach.com)

1. Electric purifier

<p><b>Tata Swach-Viva silver UV-UF</b></p>	<p>8,999 INR</p>	
--	------------------	---

Source: - www.tataswach.com

- from <http://www.unitus.vc>  
 9. [www.researchgate.net](http://www.researchgate.net)

**6. Conclusion**

India above all has created a mark on the worldwide map with the idea of BoP marketing and has been a hit in changing the perception of India from a producing and back-end method hub to a quest and innovation hub. The Asian country firms has not solely restricted innovative solutions for the Indian market but currently taking these innovations to international platform and treating India as BoP Innovation and Research Hub. There is an enormous initiative taken by Tata within the type of Tata Swach merchandise and services at rock bottom of the Pyramid selling. Many new innovations are being witnessed from corporations like Tata, HUL, Godrej and Boyce and Vortex among others who have been working on innovative offerings to the BoP.

**7. References**

1. Financial express, 2020. <http://www.financialexpress.com/opinion/the-fortune-at-the-bottom-of-pyramid/1174864/>. Retrived March, 28, 2020, from <http://www.financialexpress.com>
2. Mulky Avinash G. Marketing to Bottom of the Pyramid and Subsistence Markets – A Research Agenda, 2010.
3. Mathur M, Mehra R. Exploring the Urban BoP Market.
4. Mathur M., Swami S. & Bhatnagar S. (2016). BoP Business Models and Strategy. Amity Journal of Management Research. 2018; 1(1):110-123.
5. NextBig What, 2020. <http://nextbigwhat.com/bottom-of-the-pyramid-bop-in-india-the-global-research-innovation-hub/>. Retrieved March 29, 2020, from, <http://www.nextbigwhat.com>
6. Sengar A, Sharma V, Agarwal R, Bharti K. Marketer’s Mindset: Key to Develop Bottom of the Pyramid Market. Procedia- Social and Behavirol Sceinces, 2014; 133:169-179.
7. Singh R, Mukherjee S, Mishra H. Consumption and Purchase Patterns among Bottom of the Pyramid Consumers: Propositions and Implications for Public Policy, 2017.
8. Unitus Ventures, 2020. <http://www.unitus.vc/resources/definig-base-of-the-economic-pyramid-in-india/>. Retrieved March29, 2020,