

Innovation Unlocks Demand at the “Bottom of the Pyramid”

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In spite of the economic advances in the strengthening economies of China, India, Brazil, Russia and other countries, it is still true that a significant majority of the global population still have to survive on less than \$5 per day. While the exact number of people in that segment, and the specifics of the daily amount can be debated, it is undeniable that the vast majority of the world’s population has very limited purchasing power. However, the purchasing capacity of this global segment is huge by virtue of the segment size that is relevant. In addition, with the advent of the leap-frogging advances in mass communication and rapidly proliferating reach of media into the lives of people, there has been the homogenizing of the aspirations of people around the globe, and cutting across segments. An increasing proportion of the population at the so called “Base of the Pyramid” now need and want the products and services that have previously been associated with the relatively small middle class alone. The gap between the aspirations and the ability to acquire them has spawned significant social unrest, causing considerable worry among leaders of governments who feel inadequately prepared to deal with it.

C. K. Prahlad suggested in his seminal work “Fortune at the Bottom of the Pyramid” that the solution to this growing problem may well reside in a novel approach to the marketing of goods and services. He suggested that creative approaches to meeting the needs of this BOP segment may well serve two important purposes. The idea has since taken hold. One benefit has been the increase in the quality of life of more and more of the BOP population. The other benefit has been the incubation and birth of a new class of entrepreneurs who seek to use this opportunity to raise themselves and those around them out of the depths of poverty. This class of entrepreneurs has included individuals as well as employees in the corporate sector who have taken on the challenge of thinking out of the box to profitably satisfy the BOP customers.

As the BOP focus has matured over the last ten years, scholarly interest has focused on the analysis of this approach in order to identify critical success factors and significant inhibitors that seem to predict the outcome of BOP ventures that have been documented in a growing library of related case studies. The qualitative evaluation of BOP literature suggests that two very important constructs appear to explain a large proportion of the variation in outcomes of the BOP ventures. First is the nature and degree of innovation that the BOP targeting entrepreneur exhibits. Second is the focus on the quality of product and or service that is delivered to the BOP customers.

The purpose of this paper is to empirically validate the role of innovation and quality in a spectrum of BOP ventures in a developing country (Philippines) that span a variety of levels of sophistication. Depth interviews with entrepreneurs in a number of developing economies will be the methodology employed for this exploratory study that hopes to provide insights that provide policy implications and the impetus for future research in the field.

Brief Bio of Dr. Satya P. Chattopadhyay

Dr. Chattopadhyay teaches Enterprise Management, International Marketing, and Marketing Research at the Arthur J. Kania School of Management at the University of Scranton where he has won awards for his research and contribution in development of technology curriculum. Dr. Chattopadhyay is Honorary Professor of Management of The Academy of Management of Kyrgyz Republic. In addition, he has been Visiting Professor of Marketing at the French Ecole Superior du Commerce et Management (ESCEM) in France, Peking University's China Center for Economic Research, Remnin Business School of Renmin University of China, Capital University of Economics and Business in Beijing, and Kyiv Mohyla Business School at Kyiv Mohyla Academy, Ukraine. Dr. Chattopadhyay was awarded the Fulbright Senior Scholar Fellowship by the US Department of State in 1999 and 2004. Dr. Chattopadhyay has published regularly in academic journals and made numerous scholarly presentations at international conferences and institutions of higher learning. In addition to his teaching and research, Dr. Chattopadhyay is active in international aid projects involving quality management and enterprise management technology with USAID, USIA, Swiss Development Corporation, Eurasia Foundation and the World Bank, in Vietnam, Kyrgyzstan, Slovakia, Kazakhstan, and Republic of Georgia.