

**“Selling to the Poor”
Reflection, Critique, and Dialogue**

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1. Introduction

In recent years, the notion of selling to the poor has received considerable attention as a novel way of increasing profits for international businesses while alleviating poverty at the bottom of the economic pyramid, Prahalad and Hammond (2002), Prahalad (2005), London and Stuart (2004), Anderson and Markides, (2007), Arnould and Mohr, (2005), Seelos and Mair, (2007), Vachani and Smith, (2008). Although, much attention has been focused on the possibilities of this new business strategy there has been very little critical engagement with the central notions and concepts that define the bottom of the pyramid approach. With the exception of Kirnani (2007) and Jaiswal (2008) there have been no studies that offer detailed criticism of the pyramid (henceforth BOP) thesis. A reexamination of the BOP strategy led Kirnani to conclude that there is very little evidence that selling to the poor is a profitable venture which benefits large companies as well as the poor. In line with Kirnani, Jaiswal (2008) finds several gaps in the BOP arguments and cautions managers working within large companies to be “circumspect in their BOP initiatives to minimize possible complications and failures” (24). Jaiswal agrees that the much ignored BOP markets must be served but adds that one must “not just talk about fortune at the bottom of the pyramid but also fortune for the bottom of the pyramid” (24).

Both Kirnani (2007) and Jaiswal (2008) illuminate empirical fallacies in the BOP argument but their critique does not fully address larger conceptual, political, and ethical issues at stake in the BOP proposition. What are the conceptual underpinnings of the BOP arguments especially as it relates to notions of poverty, culture, development, and empowerment? The present research offers a detailed critique of the celebrated “Bottom

of the Pyramid” approach put forth by management expert, C. K Prahalad. Specifically, the research will: (a) explore the conceptual framework of the BOP approach through a careful examination of the implicit assumptions and suppositions that underpin BOP arguments, and (b) examine larger political and ethical issues at stake in the BOP thesis. This is important for two reasons. First, our analysis will reveal the assumptions and presuppositions that underlie the BOP which will provide a deep understanding of the views, perspectives, and practices propagated in this newer business strategy. This discussion will enable both business practitioners and academics to understand and appreciate the conceptual problems as well as the social and ethical issues related to the BOP thesis which in turn will enable them to better assess the opportunities and challenges in selling to the poor. Second, our analysis will lay the groundwork for subsequent research which involves detailed analysis of two empirical case studies used to substantiate the BOP thesis. I will analyze the following: the case of “Fair and Lovely” a whitening cream that has made significant inroads into the markets at the bottom of the economic pyramid; and the case of shampoo requiring no water which Prahalad (2005) claims has a huge potential at the BOP. Based on fieldwork which will primarily include surveys, interviews, and collecting other primary and secondary data, I will evaluate the pros and cons of the BOP arguments in the context of these two cases and illustrate the larger social and ethical issues involved in serving the bottom of the economic pyramid.

2. BOP: The Central Idea

In his preface to the book, “The Fortune at the Bottom of the Pyramid,” C. K. Prahalad reveals that in the late 1990s, his co-authored working paper, “The Strategies for the Bottom of the Pyramid,” (with Stuart Hart) that linked profitable business venture

and poverty alleviation was rejected repeatedly by academic journals (2006; xvii). According to Prahalad, the bottom of the pyramid (henceforth BOP) initiative was considered “too radical” (2006; xvii). What was radical about Prahalad’s contention was that it called for a shift in thinking in business discourses about “the poor” and their place in the global economy. The poor, who were hitherto thought of as “victims” and supplicants for aid were to be seen as potential consumers, an important market that companies can no longer afford to ignore. Eventually, the paper found an outlet through the web and began to be read and discussed primarily by business practitioners. Following the enthusiastic reception by the extra academic community, the BOP idea met with considerable acceptance and support within business academic circles.¹ Despite the initial slow reception, the BOP idea came to be hailed as an innovative and exciting idea which could potentially alter how businesses viewed people at the bottom of the economic pyramid.

Briefly, the crux of the BOP idea can be summarized as follows. Instead of viewing “the poor” as helpless victims marginal to the process of globalization, they should be seen as “resilient entrepreneurs and value conscious consumers” (2006; 3) offering tremendous market opportunities for companies invested in a globalized world. When seen as consumers, the poor, present a “latent market” (2006; 6) for affordable and innovative goods and services. These markets at the BOP not only benefit the poor by increasing their access to better quality goods and services but it is also profitable for companies that serve these vast untapped market. The author claims that this mutual beneficial relationship is what makes the BOP initiative a “win-win” scenario for both the

¹ For articles that develop arguments related to BOP see Anderson and Markides (2007), Arnould and Mohr (2005), London and Stuart (2004), Seelos and Mair, (2007), Vachani and Smith, (2008). Also, the BOP initiative has received coverage in the internet. For interesting commentaries see Salon.com.

poor as well as the private sector. More than government subsidies, philanthropy, foreign aid, it is the private sector (especially large multinational companies) that is well versed in the strategies and techniques of wealth creation that is better equipped to make positive contributions toward poverty eradication.

As mentioned earlier, Kirnani and Jaiswal's criticisms highlight empirical shortcomings of the BOP proposition but they do not examine the underlying assumptions and tacit understandings that frame the BOP arguments. Also, there is little discussion on the possible social and ethical fallouts of the BOP proposition. For example, Kirnani rightly criticizes Prahalad for the following statement: "if people have no sewage and drinking water should we also deny them televisions and cell phones" (quoted in Kirnani, 2007; 107). Such a statement deemphasizes the role of the government in providing basic services to the poor and encourages the poor to accept that "access to running water is not a realistic option" (Kirnani, 2007; 107). Kirnani concludes his observation with the question: "Even if they do why should we all accept this bleak view?" (2007; 107) While Kirnani denounces Prahalad for accepting a "bleak view" of life at the BOP, he does not illuminate the conceptual problems with Prahalad's arguments which partly stems from a static and reductive view of life at the bottom of the economic pyramid. First, it assumes that people at the BOP are passive voiceless individuals who accept the harsh conditions of life without protest and resistance. Second, it conflates basic needs like water and sewerage with consumer items like television and cell phone as if one can be substituted for another. Without access to basic amenities of life no amount of consumer goods can improve the quality of life at the BOP.

Prahalad sounds a cautionary note regarding the use of language in debates surrounding poverty. He notes: “. . . we should consider the implications of the language we use . . . “poverty alleviation” and “the poor” are terms that are loaded with meaning and historical baggage” (xv). However, the author repeatedly uses these “loaded” terms as if their meanings and histories were self evident requiring neither context nor explanation. Throughout the book, “the poor” is used as a generic term to refer to the four to five billion people who are spread across continents but share a common predicament: poverty. It is widely recognized that experiences of poverty significantly vary depending on historical, socio-cultural and political contexts. A decontextualized understanding of poverty empties the lives of “the poor” of the rich histories of struggle and survival reinforcing stereotypical images of the poorer people that Prahalad vowed to dislodge (2005; xiii). It is also depoliticizes poverty as it shifts attention away from the historical and socio-political circumstances that produces poverty obfuscating larger processes and relations that are implicated in reinforcing patterns of uneven development. Despite the call for a renewed understanding of the opportunities at the BOP, a close reading of the BOP initiatives reveals an oddly desensitized version of poverty. While there is ample discussion on the need to innovate for these markets there is little examination of what life is like at the BOP. For instance, in a detailed discussion on innovations for BOP markets, the author contends: “[p]roducts must work in hostile environments [enduring] noise, dust, unsanitary conditions, and abuse.” (26) There appears to be asymmetry in the attention given to products for the BOP markets and the people for whom these products are intended. In the above statement, the author focuses on “hostile environments” for products but nowhere in his analysis is there a similar

concern with the “noise, dust [and] unsanitary conditions” that people at the BOP must endure and how it may be ameliorated by extending innovative products and services. The implicit understanding is that poorer people are doomed to live with pollution and since nothing can be done to improve their condition and the only option is to extend products that can withstand high levels of pollution. But, the question remains, how does extending these products alleviate poverty or improve in any real way the condition of the people at the bottom of the pyramid?

Consider the following example in which the author urges businesses to develop energy efficient products for the BOP market. Given the resource scarcity, Prahalad asks: “[c]an we wash clothes without water? Can we refresh ourselves without a shower?” (33) These questions at best ignore contentious issues related to unequal access to water, a basic amenity of life that is denied to billions of people and at worse legitimize the political and economic processes leading to skewed patterns of resource use whereby washing clothes and bathing without water becomes “normal” for a large number of people. In the summer of 2009, major cities in northern India including the national capital Delhi-New Delhi faced acute water and power shortages. In the capital city, thousands of people faced power outages and water shortage for days leading to widespread protests against private power companies and what was perceived as government failure to provide basic services (Indian Express, 24; 2009). Against this background of anger and frustration, companies selling and marketing products that require no water maybe perceived as “opportunistic” and disconnected from the larger issues of the society. Further, these companies might be also viewed as colluding with forces in the government whose inability to provide water created the demand for these

products, in the first place. There is deep suspicion in Indian society regarding motives of large multinational corporations, reasons for which are tied to the colonial exploitation and plunder of the subcontinent (Basu, 2001). It is therefore incumbent on companies to be extremely careful lest they fall prey to negative campaigns that jeopardize their standing in a new market. In another instance, Prahalad claim that higher densities in urban areas can be successfully utilized to build distribution access to the urban BOP markets. According to the author, rural to urban migrations in the developing world and the resultant growth in cities with densities reaching as high as 15,000 people per hectare “will allow for intense distribution opportunities.” This instrumental knowledge² (context free and value neutral knowledge) related to urban demography is offered as a solution for the potential problem of distribution. By taking high densities as a given, it bypasses all questions related to hardships arising from deteriorating urban infrastructure in areas of high density. Again, this normalizes difficult circumstances of life for poorer sections of the population who often find themselves amidst urban decay living lives under extreme conditions. How does congestion, pollution, socio-economic marginalization translate into “intense distribution opportunities?” Put another way, how does one someone’s socio-spatial isolation becomes another man’s market making opportunity? These are question that must be addressed before we can claim to take as equal partners “the poor” in our journey toward inclusive capitalism ensuring that “the poor,” as put by Prahalad, “get recognition, respect, and fair treatment” (xvii).

² For an insightful discussion on instrumental versus reflexive knowledge see Burroway, 2005. For our purpose, instrumental knowledge can thought of as “[knowledge] that can be applied by experts in all situations” (ibid. 516) without taking into account the assumptions, frameworks, and values on which it rests.

3. Aims and Scope of Work Proposed

“[Critique] . . . not a matter of saying that things are not right as they are. It is a matter of pointing out on what kinds of assumptions, what kinds of familiar, unchallenged, modes of thought the practices that we accept rest” (Foucault, 1988; 155).

The main objective of the present paper is to examine the underlying assumptions that frame the BOP thesis, and explore various unchallenged and familiar assumptions, concepts, and thoughts that have been used to conceptualize the BOP proposition. There are three main reasons why such a critique is vital for both academicians and international businesses: (a) it allows us to comprehend the underlying logic of the BOP idea; (b) it facilitates a deeper understanding of the gaps and lags in the BOP proposition; and (c) it opens up debates and discussions regarding the conceptual, social, and ethical implications of the BOP proposition for larger issues like poverty, development, empowerment, market economy, among others. Our analysis will, therefore, provide invaluable insights for international businesses to assess their social corporate responsibility while developing a strategy that is sustainable in the long run.

As mentioned earlier, previous criticisms of the BOP approach do not delve into the underlying assumptions and understandings that frame the BOP argument. My aim is to offer a different critique of the BOP proposition, one that asks questions like: How does Prahalad conceptualize “the poor?” What are the presuppositions behind Prahalad’s representation of the poor as “valuable customers?” How does Prahalad organize data and information related to the lives of the poor in a bid to advance his notion that there exists a huge market at the bottom of the pyramid waiting to be discovered by private

companies? Along with others, these questions will allow us to take stock of the conceptual, social, and ethical implications of the BOP strategy.

Finally, the conceptual framework offered in my paper will act as a springboard for subsequent research wherein I propose using two case studies to evaluate the commercial, social, and ethical implications of the BOP strategy. I will explore the markets for “Shampoo without water,” and a whitening cream “Fair and Lovely,” to examine the viability of the claims made in the BOP proposition as well as highlight social and ethical concerns in selling these products to the poor. The proposed research will involve fieldwork based data collection. I will use survey instruments like questionnaires and interviews to generate empirical data which will enable me to evaluate the strengths and weakness in the BOP thesis as well as gain first hand knowledge of the larger issues and concerns in selling to the bottom of the pyramid. What do the people at the BOP think about not being able to access clean drinking water? Will they like to have products that diminish the need for water? What is the first thing about their lives that they want to change? These are some of the possible questions which will provide glimpses of life at the BOP adding to our understanding of what it means to serve the people at the bottom of the economic pyramid. This research will reveal the commercial potential of the market along with social and ethical considerations that companies must keep in mind when entering into a new “vulnerable” market.

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