

Integrated Strategies for the Bottom of the Pyramid.

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Abstract.

Multinational firms seek to address needs of Bottom of the Pyramid (BOP) consumers, both to fulfill social responsibility goals and to enhance sales growth and profits. Their traditional strategies, resources and capabilities have not been developed to address the distinctive needs of the BOP market and consumers. We develop an integrated strategy framework which helps multinationals better address the BOP market segment, doing good and doing well, incorporating key steps such as:

- clarifying strategic goals,
- understanding BOP consumers,
- innovating specifically for the BOP market segment,
- developing new business models for the BOP,
- addressing marketing areas such as pricing, affordability, distribution and promotion,
- initiating partnerships with NGOs and Governments, and
- addressing internal implementation issues such as corporate cultural changes needed, resource allocation bottlenecks, time horizons for project evaluation,
- and, developing measurement criteria needed to assess success in BOP ventures, both from the corporate perspective as well as in meeting the needs of BOP consumers and society as a whole.

The latter involves assessing risks in BOP projects and benefits flowing to BOP consumers. Finally, performance evaluation must include financial returns and consumer welfare enhancement, reputational effects and social responsibility fulfillment. BOP markets are deceptively complex and satisfactory economic returns may not be forthcoming except in the long-term. There is the widespread expectation that firms seeking profits in BOP market opportunities will also contribute to the common good, to social welfare of BOP consumers, and to poverty alleviation. These demands require strategies and capabilities that may not be readily present within firms, and suggest that firms seeking BOP market opportunities need to develop partnerships with local firms, Governments and NGOs, to forge business models that can meet the dual goals of profitable performance and social responsibility fulfillment. If successful, firms and their employees can derive satisfaction from contributing to solving pressing global economic development problems while also earning economic returns and positively enhancing the firm's global image and reputation.

