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LIFTING THE BASE OF THE PYRAMID: WHEN SOCIOLOGY AND BIG
BUSINESS UNITE

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ABSTRACT

Poverty is an increasing global exigency that is witnessed all over the world in many areas or communities. These areas make up the Base of the Pyramid, or BoP, which includes more than half of the world's population who live on less than \$2 dollars per day. Reducing poverty around the world is a possibility when Big Business approaches the BoP with intentions of understanding, improving and changing the sociological makeup of the deprived communities. With appropriate investments by Big Business, a solution to poverty is possible. The main goals of an approach to eliminate poverty by Big Business are to make profits while increasing communities' standard of living and living conditions. Because of the billions of people in the Base of the Pyramid who could become potential consumers, this is an opportunity for a company to generate a substantial return on their initial investment. It is necessary for a company to take a grass-roots approach to understanding poverty through a sociological lens with hopes of discovering the basis for a globally translatable solution. Two case studies will be analyzed showcasing a successful and unsuccessful attempt at lifting the Base of the Pyramid by two major global companies. The knowledge learned from these cases on top of the sociological background of a BoP community form the backbone of the Lewandowski Strategy to Conquer Poverty via Big Business. This strategy highlights four steps toward achieving the ultimate goal for Big Business: A translatable solution to poverty that will both increase return on investment while increasing communities' standard of living all throughout the Base of the Pyramid.

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Chapter One: What is BoP?

There are roughly 7 billion people living in over 190 recognized countries on our planet. If you are in a position to read this as a member of the middle, working or even lower class in the USA, you are better off than the majority of the 7 billion total people inhabiting the world. The Bottom of the Pyramid, also referred to as the Base of the Pyramid or BoP, is a grouping of people that are not as fortunate as those in a social position to earn a steady income or be a normal consumer in the USA. The Base of the Pyramid includes the poorest of the poor from developing countries worldwide. Of the 7 billion people in the world, roughly 4 billion can be classified as members of the Base of the Pyramid. Luck or chance plays an essential role in which side of the poverty equation one is on. There is approximately a three in seven chance that an individual could be born into a life free of poverty compared to the inverse – a drastic difference in lifestyle, values and beliefs. Opportunity is largely determined by the social situation one is born into. Simply put, that is unfair.

In terms of poverty, how can people find themselves in this arbitrarily defined classification? There are two widespread characteristics of the Base of the Pyramid. First, people are from developing countries in Asia, Latin America and Africa. And secondly, they on average earn less than \$2 USD per day. In other words, “the BoP is comprised of the 4 billion consumers who live on less than \$2 a day” (Hansen 7). After grasping what the makeup of the Base of the Pyramid is, it is necessary to comprehend the severity of this rising issue.

Big Picture on Poverty

Poverty is a global issue that impacts billions of people in the BoP. When globalization is the goal of many corporations and businesses, people in developing countries are paying the price. Although a country may be considered developing, thus having a better global position to improve their economic and social position, they are still in the developing process. This means that many people are left struggling as their country's populations are increasing and becoming a more global business participant. After realizing this, it should be evident that an alarming problem is arising. Poverty is not necessarily tied to globalization, but the severity of poverty has been exposed as a result of new global business approaches. With a problem of this size, the opportunity to solve or help the situation needs to be well defined and attractive to those with the power and ability to address such an epidemic.

The opportunities or challenges that surround global poverty can be tackled by Big Business. Fortunately, there is an arena conducive to meeting the needs of those living in poverty as well as the business ventures addressing the global situation. The BoP allows businesses or interested organizations a chance to make millions of dollars with a successful operation aimed at reducing poverty by increasing community standards of living. The ideal approach to combating global poverty would involve a framework that illustrates the steps necessary in understanding a BoP market which allow a company to integrate a successful strategy or idea throughout the world. The main goals of conquering poverty are to find the basics of how to reach the BoP in order to make the necessary social changes that would allow for the increase in standard of living and hopefully a chance at significant profits. By involving Big Business in the fight against

poverty, a transferable solution that involves the sociology behind the community and its respective poverty can be created.

In order to move forward with an attempt at cracking the BoP, it is helpful to address and understand questions regarding the makeup and conditions of poverty and its communities throughout the world. These questions include: Why is this a growing concern? What are the global implications and business opportunities associated with the BoP? How is it possible to solve or address poverty? And lastly, how can a business create a market out of the Base of the Pyramid? The answers to these questions will expose an interested business to the severity of the problem at the BoP as well as the financial opportunity that exists. Without understanding these questions about the BoP, companies will have difficulty discovering the potential to make profits and increase the standard of living of those living in poverty throughout the world.

Why is it a growing concern?

As developing nations are making a more global contribution to the world's economy, their populations are booming with the newfound economic progress. With that, cities are expanding at an enormous rate. Take Rio de Janeiro, Mumbai or Beijing for example. Cities in the BRIC countries are the heart of the growth of potential globalization but they are also the center for the more negative part of the equation. In 2005, one out of three urban dwellers (approximately 1 billion people) was living in slum conditions (Shah). When looking at this issue holistically, the Base of the Pyramid has a per capita income of below \$1,500 (purchasing power parity in USD) (Hart, and Simanis 6). In other words, 4/7th of the world's population has the bare minimum which is

enough to sustain a decent life (Prahalad, and Hart 3). The main concern here is the fact that a large portion of the population barely has enough to survive. And those in this predicament are the people receiving handouts and aid from Non-Governmental Organizations (NGOs) like Unicef. It is sad to say that there are well over 1 billion people, or 1/7th of the global population, that are living in extreme poverty where their survival is dependent upon the amount of aid they receive from outside organizations.

On a more alarming note, the World Bank projected, “the BoP can grow to 6 billion people in the next forty years because the bulk of population growth occurs in these impacted developing nations” (Prahalad, and Hart 3). Clearly the problem is not isolated to the boundaries of one country. With globalization as a seemingly unavoidable aspect of the near economic future, the developing countries would be impacted the most, specifically in urban areas. “Approximately half the world’s population now lives in cities and towns. In 2005, one out of three urban dwellers (approximately 1 billion people) was living in slum conditions” (Shah). This issue is quite pertinent since it involves billions of people’s lives and health throughout the world. Therefore, it is necessary to address the global implications of the BoP while evaluating any present business opportunities in order to move forward in eradicating poverty.

Global Implications and Business Opportunity

Since aid agencies and governmental organizations have been hard at work addressing widespread poverty in developing areas, resources need to be found elsewhere in order to assist in preventing the BoP from growing at an even more drastic rate. Unfortunately any task directed at billions of people will, in turn, require a hefty

investment or an innovative breakthrough. Luckily, the Base of the Pyramid is a versatile group of people with the ability to adapt to new projects and technologies. The BoP could be a breeding ground for new technological innovations and it could even be a hotspot for many Multi-National Corporations (MNCs) to invest their time and money into tapping a large, relatively unknown market. This is where the ultimate challenge comes into play. How does a company effectively impact a BoP community to the point that their investment is worth the time and the benefits are uplifting to the community? Because there are billions of people in the BoP state, scalability would be a driving force where an investment could prove to be life-changing on both sides. The company could assist in improving the standard of living while eradicating poverty in some of the poorest communities while making profits. That would be the most optimistic of situations targeting the poor throughout the developing world. The dynamic of the Base of the Pyramid allows for such innovative thinking and is the reason for the search for a globally applicable strategy to eliminate poverty. In the eyes of an investing company, the Base of the Pyramid looks like a prized market with a huge potential upside “with an annual income of US\$ 2.3 trillion a year that has grown at 8% in recent years; this market represents a substantial growth opportunity” (“Next Billions: Unleashing Business Potential in Untapped Markets” 5).

To sum up companies’ perception of the BoP, the World Economic Forum describes it as follows:

While it is highly diversified, much of the BOP represents a fast-growing consumer market, an underutilized productive sector, and a source of untapped entrepreneurial energy. Engaging the “next billions” at the BOP as producers, consumers and entrepreneurs is therefore key to both reducing poverty and driving broader economic growth (“Next Billions: Unleashing Business Potential in Untapped Markets” 5).

It is important to view the BoP from a larger scale where the challenge to ameliorate poverty through business ventures may seem worthwhile for most MNCs. Why would a company choose to focus on a segment of the BoP as another possible market for expansion? C.K. Prahalad states that, “the BoP market potential is huge: 4 to 5 billion underserved people and an economy of more than \$13 trillion in US purchasing power parity” (Prahalad 21). This amount is greater than the GDP of the United States of America. The opportunities are endless in reaching the Base of the Pyramid in an attempt to improve the standard of living of those impacted by developing countries in a time of globalization. BoP is an untapped market where companies could do more than make a profit; they could impact an enormous number of people and improve their living conditions by taking business related steps toward eliminating poverty. The challenge is to create a business plan that is effective, successful and worth the investment. The World Economic Forum describes this approach and possible beneficial outcomes for both the MNCs and the surrounding communities:

Successful business models can substantially improve BoP incomes and livelihoods, improving access to essential goods and services while catalyzing economic multipliers and reducing inequality. Therefore, the BoP market offers a meeting ground where corporate economic benefit and social impact can be achieved together (“Next Billions: Unleashing Business Potential in Untapped Markets” 5).

Now that the poverty issues and investment opportunities surrounding the Base of the Pyramid are visible on a global stage, the next step is attempting to make a difference by using business opportunities as a fuel for success. Success in the BoP reducing poverty while increasing the standard of living for targeted communities. The next section describes how to approach and potentially solve poverty in the BoP further.

How to Address/Solve Poverty in the Base of the Pyramid

As of now, strides have been made to reduce poverty altogether. Non-profit organizations, local governments and other aid agencies have a focus in areas that comprise the BoP. Competition is a driver in attempting to solve an important social problem on a global stage. It is mostly a challenge to see how MNCs can best influence the BoP. Whether it is through the offering of new products or services, changing poorly structured business tendencies, eliminating unfair poverty taxes or corruption, or giving members of the community leadership and responsibility, the members of the BoP will soon become more educated. With this education, there will be a means to solve old problems involving savings and spending through credit and borrowing. This is not an attempt to bail out the poor. It is a restructuring strategy which will allow the BoP to become more self-sufficient, more conscious of their monetary actions and ultimately more knowledgeable. It is also not only an arena to sell a good or service to the BoP, it is more of a business opportunity or co-venture between an organization and members of the community. The goal is to create self-sustaining consumers who can contribute locally and possibly globally. Consumerism is a foreign idea to many members of the BoP, and it is important to educate them on the basics, where necessary, in order to see the best results. Like an age old proverb, “give a man a fish and you feed him for a day, teach him how to fish and you feed him for a lifetime.” This is the same case when dealing with learning how to be a consumer. Members of the BoP will be able to contribute to their local economies, especially in their communities, allowing for others to benefit from their consumer habits, which will play a role in eliminating poverty.

Lastly, it is necessary to think about what could happen if poverty were approached by an all-star team of Multi-National Corporations, aid agencies, NGOs and their respective communities and local governments at once. There is no clear cut solution to solving poverty, but by expending the appropriate resources while teaming up with those most familiar with the locations of the BoP, success is possible. The local governments in large cities like Rio de Janeiro and Mumbai or locals of small rural areas in China or Mexico would play an essential role in informing the aid agencies, MNCs and NGOs. That way the companies making the large investments would be able to learn more about each respective area in an attempt at finding a geographically translatable approach to eliminating poverty. Just as relationships and partnerships are necessary to better understand the potential markets, relationships and partnerships are even more essential in the communities where the efforts should be focused. Members of the BoP communities will need to work together in ways where certain people in society have specific roles that will play an integral part in improving their standard of living. This framework involves many parties, but the most important group is the BoP itself.

Later, two cases will be examined which depict an unsuccessful attempt at effectively reaching the BoP and an example of successful business integration which improved living conditions and was profitable. These cases highlight the sociological approaches which are imperative for the understanding of the BoP as well as the adaptation of a globally transferable solution. Solving poverty begins with understanding the situation at a local level. Later it will be mentioned that a company should consider the following in order to make a difference in the BoP: community integration, education, social change and the Theory of Diffusion of Innovations. These are the drivers for a

successful, translatable solution to poverty which will also provide a means for profits for the investors. The next step in solving poverty and addressing the global situation is defining a market and having an adaptable plan that suits many different markets.

Without a clear market, companies will not be interested in approaching the BoP. Success in reducing poverty is a determinant of the creation of a self-sustainable BoP market.

How to Create a Market out of BoP

Another obstacle with this approach lies in the fact that the Base of the Pyramid includes potential consumers from transcontinental locations both rural and urban. It is safe to say that there are numerous micro-markets depending on where a company would choose to invest their ideas, time and money. In Latin America, there could be multiple markets either in the slums of Mexico City or Rio de Janeiro or also rural areas in Mexico and Brazil. The case is the same in India and China. The makeup of the BoP is diversified which creates a challenge for the hopes of making a translatable solution strategy. A clearly defined market is necessary for an MNC to begin working on their innovative thinking with hopes of reaching a translatable solution. Taking the ideas and strategies from success stories in the BoP would be a great approach in searching for a solution that may be slightly adjusted to work well in other areas. Aside from the geographic barriers, there are consumerist barriers as well. Simply put, these consumers “haven't been conditioned to think that the products being offered are something one would even buy. And they haven't adapted their behaviors and budgets to fit the products into their lives. A consumer market is nothing less than a lifestyle built around a product” (Simanis). The biggest obstacles in reaching the BoP as stated previously are educating, training and

preparing the Base of the Pyramid for the social change into being viable consumers. This change is necessary in reaching the goal of improving standard of living qualities, and eliminating poverty while creating a self-sustaining consumer out of those in poverty. With a potential market of this magnitude, MNCs need to impose a pseudo-pull strategy that includes the community as an essential role in uncovering wants and needs as well as ways to facilitate social change based on these findings. After educating and preparing the communities, they themselves should act on their living situations and circumstances. In other words, because of a society's social structure based on routines, traditions and familiarity, it would be incredibly difficult to try and impose a product or belief upon them. It is necessary to provide the tools for the communities as well as provide the means to achieve and attain a better standard of living. With a modified pull system that involves the BoP members themselves in place, it would idealistically set the communities up for success in the long run because a newfound market would be created.

Furthermore, MNCs must take into consideration the common misconceptions of the Base of the Pyramid. Hart and Prahalad drew up six false assumptions of BoP in relation to their value to become a major player in a brand new market.

Assumption One- The poor are not target consumers because with current cost structures, one cannot profitably compete for that market.

Assumption Two- The poor cannot afford and have no use for the products and services sold in developed markets.

Assumption Three- Only developed markets appreciate and will pay for new technology. The poor can use the previous generation of technology.

Assumption Four- The Base of the Pyramid is not important to the long-term viability of one's business. One can leave this market to governments and nonprofits.

Assumption Five- Managers are not excited by business challenges that have a humanitarian dimension.

Assumption Six- Intellectual excitement is in developed markets. It is hard to find talented managers who want to work at the base of the pyramid (Prahalad, and Simanis 5).

Once a company rejects these assumptions, realizing the market potential will not be an issue after having a better understanding of developing countries.

All in all, the better a company or organization can understand the BoP, the more likely they will find success in both eliminating poverty and generating a return on their investment. As you will see in the Case Study Analysis chapter, the keys to creating a market are similar to the keys to understanding the BoP. The more a company learns about a community or area through their ability to be educated, the openness for social change and new innovative products or ideas and the willingness for community integration, the more direct and successful the approach will be. The sociological themes are consistent, and understanding the previous is the basis to creating a strategy directed at improving the lives of those in poverty while creating new consumers to jumpstart local communities.

The next step for an MNC or other organization to move forward in this social-business opportunity is to understand poverty and the sociological implications of the areas comprising the BoP. Once a form of Big Business learns more about poverty and the characteristics of the BoP (through the answers to the previous topic questions), the areas of focus will be evident. These areas of focus will be better understood by using sociology to develop an attractive business plan that is conducive to profit making and poverty reduction. Sociological themes or parameters will be the cornerstone in the strategic framework to mold the BoP into a new consumer market while educating them about health and ways to improve their quality of life.

Chapter Two: Sociology of Poverty and the Base of the Pyramid

Poverty is a widespread social issue impacting billions of people across the world. The BoP is the heart of the social issues pertaining to global poverty and the growing concern for these issues becomes magnified with a better sociological understanding of poverty. It also became evident that there is a possibility to define and create markets out of the BoP with hopes of solving the poverty problems while making profits for companies. It is necessary to take a step back from this mindset in order to understand more about poverty itself. Learning more about poverty from a sociological stance will, in turn, allow one to better grasp the problems and challenges of certain markets and hopefully make way for groundbreaking solutions. By analyzing the sociological theories and terms in addition to the causes of poverty found in the BoP, improvement seems inevitable for businesses and the respective targeted poverty-stricken populations.

Understanding Poverty

In the United States of America, those living in poverty are often times stigmatized as being failures, uneducated or having serious problems like a drug addiction or other unhealthy habits. To many in the United States, poverty is captured by the media in one or two forms. The first is the homeless or “bums” one can see in many cities like Philadelphia or New York City either on a firsthand basis or through movies, television programs or other media outlets. The second and most extreme form of poverty witnessed by most Americans is the depiction of the world’s poorest people in South America, Southeast Asia or Africa who cannot afford food to eat, shoes or clothing or

even proper housing. In other words, many Americans are misinformed as to what poverty actually looks like. Poverty in the United States is much different than poverty in the fastest growing countries experiencing population booms. The following statistics from The Backgrounder-Heritage illustrate American poverty:

- 1) Forty-six percent of all poor households actually own their own homes. The average home owned by persons classified as poor by the Census Bureau is a three-bedroom house with one-and a-half baths, a garage, and a porch or patio.
- 2) Nearly three-quarters of poor households own a car; 30 percent own two or more cars.
- 3) Ninety-seven percent of poor households have a color television; over half own two or more color televisions. Seventy-eight percent have a VCR or DVD player; 62 percent have cable or satellite TV reception. Seventy-three percent own microwave ovens, more than half have a stereo, and a third have an automatic dishwasher (Johnson, and Rector 1).

The typical American living in poverty is further described as:

By his own report, his family is not hungry and he had sufficient funds in the past year to meet his family's essential needs. While this individual's life is not opulent, it is equally far from the popular images of dire poverty conveyed by the press, liberal activists, and politicians. While the majority of poor households do not experience significant material problems, roughly a third do experience at least one problem such as overcrowding, temporary hunger, or difficulty getting medical care (Johnson, and Rector 1).

This is an example of relative poverty. The poor in the USA are poor relative to other American citizens, not to the rest of the world. It is interesting to note that the people classified as living in poverty in the United States are better off than the majority of the world, especially others living in poverty relative to their under-developed or developing country's standards. According to Karl Marx, "Our needs and enjoyments spring from society; we measure them, therefore by society and not by the objects of their satisfaction. Because they are of a social nature, they are of a relative nature" (Walker).

This means that society is creating the wants, needs and enjoyments for the individual

while simultaneously creating a social system to measure and compare possessions and overall happiness. So regardless of the type of poverty, the wants and needs will be created and compared against the surrounding society. This defines the relative nature of object possessions and satisfaction because the standards are set by one's surrounding community or society. It is obvious that poverty is loosely defined in American terms where one can be classified as poor yet have many unnecessary items like DVD players and second televisions. Because of the American "keeping up with the Joneses" mentality, relative poverty surfaced. There are many people in the USA who struggle to provide food and proper health necessities for their families. This type of poverty is different from one who spends too much money on his or her credit card, purchasing useless items that are not essential to one's health. With that being said, relative poverty is only a useful categorization when being compared correctly. Serious poverty does indeed exist in the United States, but unfortunately the United States media and education system does a sub-par job of defining the levels of poverty in the country and across the globe. And because of this, it leaves many unaware of the global situation regarding poverty either in the USA or abroad in developing countries.

On the other hand is extreme poverty- the most dangerous living circumstances in which a family endures on a daily basis. Extreme poverty is when one does not have the means to provide proper food and life essentials that are necessary for survival- pure destitution. Those living in extreme poverty depend on aid groups, government agencies and other handouts in order to survive. In this case, poverty is not relative toward other people and their status of wealth. It is compared to what is necessary to survive like one's ability to attain proper food, water, medicine, and clothing. With extreme poverty, infant

mortality rates are at the highest, education and literacy rates/levels are at the lowest, life expectancy rates are on the decline and economic growth is seemingly unheard of (Shah). 12.6 percent of all Americans were poor in 2005 and there are 17 million people living in extreme poverty, that is, those with incomes below half the poverty line (Spencer). It is important to address poverty in the United States in order to have a base for comparison when analyzing the living conditions with hopes of emphasizing our lack of knowledge of the circumstances in the Base of the Pyramid which are a direct product of business expansion and globalization.

Poverty as an indicator in the United States shows that even the poorest in the USA are better off than most of the world. Those in the BoP live in the most severe cases of poverty where families lack electricity, running water, food, clothing and proper health products. The importance of the American misconception of poverty is clear. The Base of the Pyramid is virtually unknown to the American public or business sector. Although it includes billions of people, the struggle of the BoP is hidden from most who do not live in poverty. This is important for businesses looking to make a positive social change on top of substantial profits. If more people in Big Business were informed about poverty throughout the world, the opportunity to increase millions or billions of people's quality of life could become a reality.

After being introduced to the different types of poverty that are prevalent throughout the world and viewing the American misconception of poverty, it is necessary to focus on the background of poverty and what causes these extreme situations. There are many social factors that assist in explaining poverty more effectively than on a relative or extreme case-by-case basis. Identifying the causes of poverty would not be

possible without looking further into topics of sociology like stratification, inequality, and diffusion of innovation. By taking a sociological approach to poverty, one can better understand how and why people are in the state that they are in- as opposed to simply labeling them based on their income level and residence in a quickly growing city in a developing part of the world.

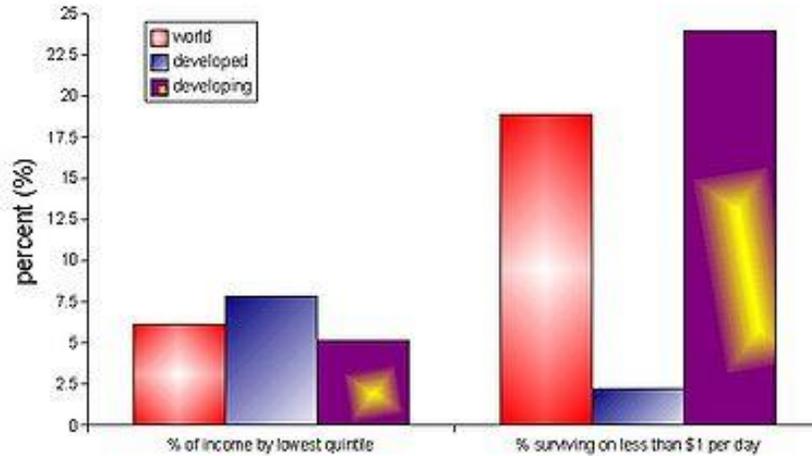
Social Stratification

Social stratification is an inevitable result of hierarchical societies. There is a distribution of wealth and power in these societies and because of this, classes are formed based on an unequal distribution. A class is a categorization of people based on their social and economic standing or power. In most countries, the classes are quite similar: there is an upper, middle and lower class. The size and makeup of these classes differ based on the economic system and where the power lies in a respective nation. Whether it is a feudal system with inequalities dividing the nobility and the peasant classes or in more modern economic systems with a growing inequality between the upper and lower classes, stratification exists. In other words, social stratification is how a society is divided based on wealth and social power. The main focus for the BoP populations would be those in the lower classes in societies. The MNCs, governmental agencies, and non profits would be considered the upper class because of their wealth, power, and ability to influence and make a positive change in their societies.

Figure 1 illustrates the percent of income by the lowest quintile of the population and the percent of people surviving on less than \$1 USD per day. It depicts the world in total as well as developed and developing nations.

Global Stratification Indicators

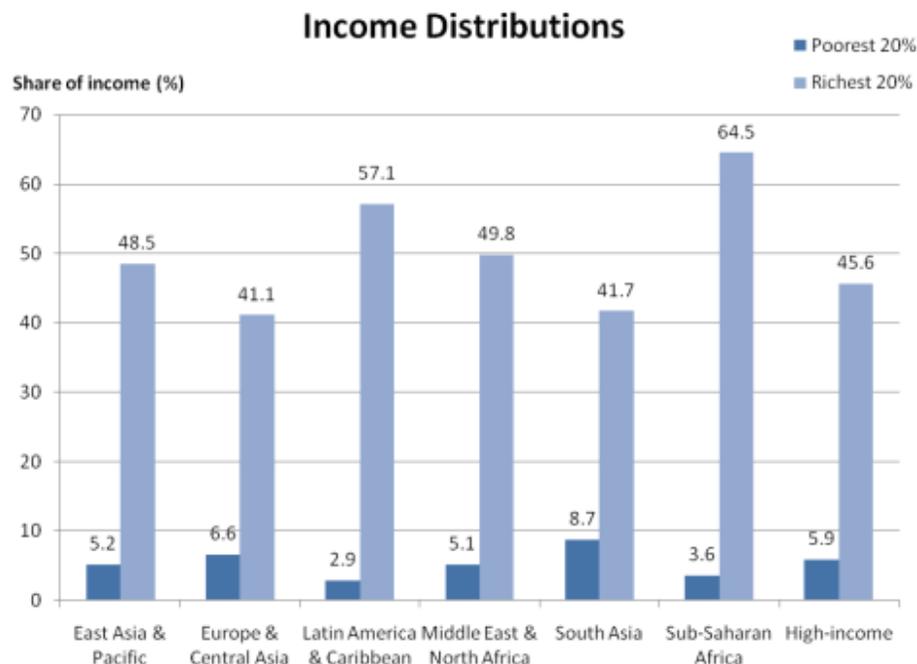
Global Stratification Indicators: % of income earned by lowest quintile (20%); % of population surviving on less than \$1 per day. Data averaged from 1990-2005. Data Source: United Nations and World Bank.



Source: United Nations and World Bank

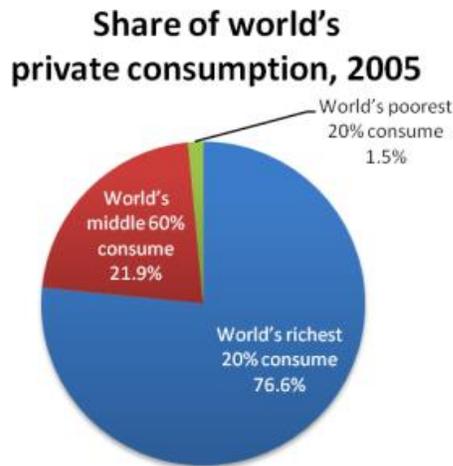
This graph shows the staggering statistics of stratification for the entire world and developing countries more specifically. The bars on the left graph are depicting the percentage of a country's total income earned by the lowest 20% of the population. Although the differences are not as drastic (approximately 6% for the world, 5% for the developing and 8% for the developed world) it shows the harsh reality that stratification plays in both the developing and developed world--keep in mind the BoP makes up around 4/7 of the global population which is why this may not seem as alarming. Roughly 6% of the world's income is held by 20% of the entire population and in the developing nations, only 5% of the income is earned by the bottom 20% of their population. This shows the true reality of where the majority of the money in most nations exists. Approximately 2.5% of the world's developed population is living on under \$1 USD per day, whereas in the developing world almost 24% of the population is surviving on under \$1 USD per day.

Figure 2 further highlights the stratification of income throughout the world. The lightly shaded bars show the percent of total income held by the richest 20 percent of the population and the dark blue bars show the total income owned by the poorest 20 percent of people. The stratification is obvious here. In Sub-Saharan Africa, the poorest 20 percent of the population accounts for only 3.6 percent of the total income compared to 64.5 percent of the income held by the wealthiest 20 percent. In Latin America and the Caribbean, there is an astounding difference in share of income by 54 percent. In Sub-Saharan Africa, that difference is upwards of 60 percent. To keep this relative, the higher income countries' poorest 20 percent share around 6 percent of the income as the richest 20 percent share over 45 percent. This is a difference of roughly 40 percent, and when compared to areas like Sub-Saharan Africa or Latin America, it shows the drastic difference in wealth distribution in areas of wealth and poverty.



Source: World Bank Development Indicators 2008

Figure 3 shows the breakdown of private consumption by the upper, middle and lower classes.



Source: World Bank Development Indicators 2008

This graph illustrates the reality of the consumption patterns and how unequally distributed consumption is across the world's population. The inequality is present when the middle 60% of the world's population only consumes 22% and the richest 20% of the world's population consumes a staggering 76% of total global consumption. Those feeling the wrath of this inequality are the world's poorest 20% of the population, which includes the entire Base of the Pyramid. One fifth of the entire population contributes to 1.5% of the total global consumption. The previous graph shows the unfortunate truth of the distribution of wealth throughout the world, where the poor suffer again from their economic state.

Social Conflict Theory

Karl Marx and Max Weber drew up the ideas behind the Social Conflict theory which showcase economic conflict based on power rivalries. This is normally experienced through class conflicts like the Bourgeoisie (elitist class) and Proletariat

(working class) as explained by Karl Marx. Conflict Theory assumes that those who perpetually try to increase their wealth and power do so at the expense of those who have less power and influence. It is a power struggle which is most often won by wealthy elite and lost by the subordinate. An example of this is a form of economic regulation which benefits the elitists and negatively impacts the subordinates. This regulation can be an economic policy, law or rule that, when imposed, has adverse effects on an entire class.

Contrary to most beliefs, the overwhelming majority of poor people around the world are not in their arduous life situations because of laziness, psychological problems or destructive life choices. It is simply a matter of bad luck and being born into a slum or a rural village in a developing country. Being born into poverty is unfortunate and because of that, an individual is at a disadvantage which makes escaping and improving their circumstances a huge hurdle. Anup Shah describes this situation for the BoP, and how the problems keep accruing with a devastating snowball effect.

The poorest people will also have less access to health, education and other services. Problems of hunger, malnutrition and disease afflict the poorest in society. The poorest are also typically marginalized from society and have little representation or voice in public and political debates, making it even harder to escape poverty.

By contrast, the wealthier you are, the more likely you are to benefit from economic or political policies (Shah).

Under the social conflict theory, there are two sides that are impacted by political, economic and social rules or regulation. In sociology, they are described as the haves and have nots. In this case the BoP would be considered a “have not”. Take globalization for example. The “haves” would be members across the world benefiting from policies and regulation allowing global practices. So the typical business or consumer in the United

States or Europe would be a “have” because they are able to purchase a product for much cheaper or compete in business practices at a much lower cost by utilizing cheaper foreign labor and other benefits of globalization. The “have nots” are the people who on the other hand are negatively impacted by the same rules and regulations. So the entire Base of the Pyramid can be considered “have nots” because they live in poverty in developing nations (who should have more economic leverage in the near future) where their labor is cheap, their goods are coveted and their business is desired.

Social Inequality

Similar to social stratification, social inequality is another determinant of poverty when looking through a sociological lens. Social and economic inequalities play an important role in the framework of the BoP. Social inequality is the situation when members of society do not share equal rights and social statuses. This could be the right to vote or access to healthcare or education which are all roadblocks in overcoming poverty. Economic inequality exists because of an uneven distribution of wealth which in turn affects social inequality. The absence of wealth in areas like the BoP prohibits people from having similar opportunities across the board be it housing, food, education or healthcare. Social inequality is highlighted when one is void of opportunity because of the economic inequalities present and the very nature of their social status. Unfortunately in the developing nations, inequality levels are extremely high, making an escape from the BoP quite challenging. The bottom percentage of the population is far disconnected from the resources and opportunities that most of society has, thus making social and financial progress or improvement quite challenging.

Figure 4 displays the GINI index number of a specific country. A value of 0 means the country represents absolute equality and a value of 100 represents absolute inequality. For reference purposes, the Sweden, Denmark and Japan (3 countries with lowest inequality) have a GINI index values ranging from 24-25.

World Income Inequality Index

	Countries with greatest inequality	Gini index
1.	Namibia	74.3
2.	Lesotho	63.2
3.	Sierra Leone	62.9
4.	Central African Republic	61.3
5.	Botswana	60.5
6.	Bolivia	60.1
7.	Haiti	59.2
8.	Colombia	58.6
9.	Paraguay	58.4
10.	South Africa	57.8

Source: <http://www.infoplease.com/world/statistics/inequality-income-expenditure.html#ixzz10iMw5BEr>

This better explains poverty on a more country-specific basis because the number of people experiencing poverty, a decreased standard of living and quality of life depend on the inequalities of income distribution across an entire population.

Broader Picture of Poverty

After being introduced to social stratification, social inequalities and social conflict theory, one is better prepared to tackle the causes of poverty in the Base of the Pyramid. Moreover, keeping the sociological terms in mind with a more clear distinction between relative and extreme poverty will allow one to better define the challenges with

poverty in hopes to one day improve standard of living across the world. Attempting to reduce or eliminate poverty is dependent upon learning the causes of poverty in a respective area. These causes are the underlying factors for poverty including but not limited to: illiteracy, malnutrition, poor healthcare, diseases, lack of education etc. Keep in mind this is on top of material inefficiencies and unsteady income levels. It is necessary to take a grass-roots approach in searching for the causes because all poverty is not equal and it can differ based on the country that a company decides to investigate and invest in. Poverty and the poor do not match a “one size fits all mold.” As previously stated, the bottom percentile of the United States’ population is much different than the bottom percentiles of China, Brazil, India or Mexico. When looking at poverty from a macro level, it is clear that there are economical and social factors which have the most weight in contributing to one’s quality of life.

The UN's Human Poverty Index, for example, factors in illiteracy, malnutrition among children, early death, poor health care, and poor access to safe water. Vulnerability to famine or flooding, lack of sanitation, exposure to disease, a diet poor in nutrients, and the absence of education are as much the signs of poverty as material deprivation. Providing the poor with basic social services and infrastructure would in many cases alleviate poverty to a greater extent than simply a rise in income level (“Measuring Global Poverty” 1).

In other words, the lack of income is not the only reason that poverty exists; it is both a cause and a symptom of poverty which perpetuates more social problems. Having fewer possessions and less spending power will impact a family’s health, safety and education. The social and economic factors are interrelated and would not exist without one another. Other factors that contribute to poverty are corruption, poor leadership and misuse of power in the countries’ governments and business entities. This proves that understanding poverty on a local level is necessary to make improvements. Assistance is needed at the local level which, if useful, could impact the national and potentially global tendencies

which are allowing poverty to grow. This is why a grass-roots approach is necessary in defining poverty across the world. No case will be the same because urban slum-like poverty is just as severe as rural poverty regardless of the geographic location. The BoP is impacted negatively because of the “have not” status, and furthermore, the business entities and governments operating in these locations thrive as the “haves.” Their success is at the expense of the bottom percentage of the population, where the people feel the wrath of corruption and misuse of power at its highpoint. Global issues also impact poverty, especially in the case of the “haves” and “have nots.”

Take global recessions or depressions of powerhouse countries like the USA, Japan or England. Because of the web of global businesses, the “haves” on the global platform are impacted first, but then the heat of a bad economy is felt on a widespread basis, mainly by the poor throughout many communities. Basically, once a negative global trend is felt, the big businesses feel the impact first, but the BoP and other poor communities experience the bulk of recession or depression later. And because of their vulnerable nature, BoP communities cannot escape poverty because of the social inequalities and stratifications that are present.

A grass-roots approach in understanding poverty will be paramount for companies looking to improve the standard of living of the BoP as well as increase standard of living while making profits too. It is not just an increase of income which will determine one’s poverty level, it is just as important to consider social services, education and health practices of the local community that are or are not present which would lead to more and more (or less and less) poverty.

Chapter Three: BoP-Specific Areas of Focus

After becoming more acclimated with the causes and fundamentals of poverty through social stratification, the social conflict theory and social inequality, it is beneficial to investigate further into the themes found in the BoP itself. The themes that are most prominent in the BoP include social change, community integration, education and the theory of Diffusion of Innovations. These concepts are the drivers for a strategy aimed at eliminating poverty. Social change, community integration, education and Diffusion of Innovations make up the most prevalent topics when dissecting poverty and life situations in the BoP on a case-by-case basis. Without knowledge of how to integrate into a community or how to kick start social change and promote positive education through innovative means, approaching the BoP would be a lost cause. These aspects of the BoP are the most pressing and essentially open up the doors of opportunity to reduce poverty and increase profits during times of globalization and global market expansion. Although they are elementary terms, applying them to a wide variety of BoP areas can be a challenge for many interested business ventures.

It is essential to begin with these BoP-specific topics when investigating cases of successful integration into the BoP in hopes of finding the most translatable results. The goal is to discover how members of the BoP could benefit from a company's application and understanding of these prevalent topics. But more importantly, the goal is to best understand where the people in a BoP community stand in relation to the sociological themes. The level or amount of integration and education should vary on a case-by-case basis, which is why they need to be examined carefully. Some communities may not need

assistance in all areas, or researchers may find out that one of the themes does not need to be addressed in order to produce positive results. Companies do not necessarily have to focus on all of the themes; it is most important to research and discover where the biggest opportunities exist. So when studying the Base of the Pyramid, scholars and investors need to consider how a community stands in relation to this framework. Most specifically, companies need to be fully aware that conditions will vary from one area to another.

Why Social Change, Community Integration and Education? Importance of BoP Improvement Opportunities

Understanding social change, community integration and education is necessary for a company interested in investing in the BoP. There are two major reasons for a company to choose to invest in BoP communities. First, this is an opportunity for a company to make millions if not billions of dollars if done correctly because of the sheer number of people in the BoP. Secondly, since the Base of the Pyramid is only expected to grow, and poverty is a global epidemic, increasing a community's standard of living or assisting in the elimination or reduction of poverty ties in with many corporate social responsibility plans. Ethics and social responsibility are motivations for a company too, although the profit incentive may be greater. In this case, both can be achieved for an interested company as long as they work diligently to understand the problems surrounding a prospective BoP community. It is impossible to solve a problem, especially one of this social magnitude, without understanding the situation and the dynamics of the problem. The way a company can best reach the BoP and address their needs is through a company's understanding of social change, community integration and

education, and how these themes can be adapted to that community. As mentioned before, markets are not currently established in the Base of the Pyramid and by analyzing an area through these sociological themes, significant progress can be made. In order for a company to be successful in reaching the BoP, it needs to first create the market and second understand the needs and opportunities that are present. A company will be more likely to have a social impact and make more profits when they create and sustain a consumer market through understanding social change, education and community integration at a grass-roots level. The Theory of Diffusion of Innovations supplements social change, community integration and education when judging where the most help is needed when trying to reach the BoP with a profitable improvement strategy.

BoP-Specific Areas of Focus:

Social Change- The process of altering habits and beliefs regarding BoP consumer and social lifestyles to allow for a new way to approach health and living. In order to improve living standards, enough people in the community need to be willing to change their habits through the creation of new social norms that are followed by many in the BoP.

Community Integration- A way of working with communities to learn about their culture and lifestyles. This knowledge is useful to be able to implement business ideas that will both include their participation as partners but also as consumers. Community Integration allows for the involvement of the BoP in new business practices as well as influencing their behaviors to improve their standard of living.

Education- The ways of teaching members of the BoP how to become better consumers and also how to teach new social ideas like ways of being healthier. Education is important on both ends. The more a company learns about the targeted BoP markets, the more effective their plans of integration and lifestyle change should be.

DOI- Diffusion of Innovations is the basis for the adoption of products or new ideas and lifestyle changes. Through innovation and the social system in place, DOI allows for the spread of product/service knowledge. The decision is ultimately left up to the BoP, and is either accepted or declined based on the fit into their lifestyles.

Diffusion of Innovations

This grass-roots approach coupled with extensive local knowledge of an area's BoP-specific sociological themes through Diffusion of Innovation (DOI) offers an unparalleled strategy leading toward success. This theory covers and adds to the ideas of community integration, education and social change which is why it is important to cover DOI in a broader sense. Because a "one size fits all" approach is only ideal in nature, a more effective strategy needs to be taken in order to best comprehend poverty from a sociological point of view. The sociological theory of Diffusion of Innovations "purports to describe the patterns of adoption, explain the mechanism, and assist in predicting whether and how a new invention will be successful" (Clarke). DOI is a theory that explains how a new technological idea, technique or strategy can go from being a potential idea to being adopted and used by members in a society. Learning about the elements of Diffusion of Innovation and the stages of adoption in conjunction with a grass-roots team of local government, businesses and aid agencies will provide the necessary pieces of the poverty puzzle. In order to foster a more meaningful approach to tackling global poverty, it is imperative to examine the most appropriate elements, categories and stages of Everett Rogers' sociological theory of Diffusion of Innovations.

Elements of Diffusion of Innovations:

1. **Innovation-** "an idea, practice, or object that is perceived as new by an individual or other unit of adoption" ¹
2. **Communication Channels-** the means by which messages get from one individual to another"
3. **Social System-** "A social system is defined as a set of interrelated units that are engaged in joint problem solving to accomplish a common goal" (Clarke).

The backbone of DOI is innovative thinking. An innovative strategy/product/idea is developed in order to help solve a problem. This idea is then communicated from those

who developed the strategy (normally a big business entity) to those working at the grass-roots level and ultimately to those in the BoP. This communication channel can be a supply chain distribution setup or even a network of members in a community. Lastly, the social system includes those who are interested in adopting a new idea or strategy with discoverable hopes of social change. These elements are essential for potential success in reaching the BoP with opportunities to improve their standard of living. Furthermore, an MNC should keep these elements in mind when looking to invest their time and money into a possible market at the Base of the Pyramid.

This theory uses the collective innovation decision where the decisions are being made collectively by all or most members of the social system. Adding to the elements of diffusion of innovations are the necessary stages for adoption which are essential for taking an idea to fully implementing it with efficiency.

5 Stages of Adoption:

Knowledge- being exposed to the innovation but lacking key information

Persuasion- actively seeking information because of a displayed interest

Decision- adopting or rejecting based on pros and cons of using the innovation

Implementation- putting the innovation to use to determine the functionality

Confirmation- finalized the decision to use the product to its fullest capabilities

These stages of adoption are in place to show the legitimacy of a new product or idea for the Base of the Pyramid. It conveys the structure for learning about an innovation, seeking more information about it, deciding to use it or not and finally reaping the benefits of the functions of the product, idea or strategy.

This will be further visited in the case analysis chapter with appropriate examples of the elements and stages of adoption. Two cases will be analyzed in order to highlight the most effective means of reaching the Base of the Pyramid through Diffusion of Innovations and other sociological themes. Simply put, without the sociological theory

of Diffusion of Innovations, analyzing poverty and identifying potential success routes would be nearly impossible. The DOI theory is the conduit to the three prominent sociological themes that are present in each of the cases in the next section. These themes are the basis of a success strategy focused on eliminating poverty and increasing a company's investment simultaneously.

Mastering these sociological theories and terms at the BoP could result in the lifting of billions of people out of poverty and substantial profits for the MNCs and other interested business entities who decide to take on one of the noblest social challenges. Knowledge of DOI and the supplementary social themes at the BOP is the nexus in capitalizing on the social and financial opportunities with global poverty. A company cannot create and sustain a market or even have a chance at reducing poverty and making profits on a global scale without thoughtfully considering DOI, social change, community integration and education.

Chapter Four: Case Study Analysis

This section will explore two real world cases of business entities attempting to reach the Base of the Pyramid. The first case is a successful example involving business opportunities and improving health standards from HLL, a subsidiary of Unilever, in India. The second example involves a product researched and developed by Procter and Gamble and the reasons why it was unsuccessful in the BoP. Both of these cases are helpful in learning how to successfully integrate into the billions of people in the BoP with hopes of eradicating poverty and making profits through a newly defined market. It is important to learn from the mistakes of Procter and Gamble's attempt at reaching the Base of the Pyramid while capitalizing on the strengths of HLL's success.

The two cases will follow a structure that includes a background of the case study, and how the company approached and facilitated their approach through social change, community integration, education and Diffusion of Innovations. The analysis of these sociological topics is essentially the reasoning behind the differences of the successful case compared to the unsuccessful example. Although these models of attempted BoP integration are in different areas around the world, interpreting the results in a sociological sense could prove both valuable and translatable. The goal is not necessarily to find a solution to poverty that will work in all developing nations, but more so one that will allow businesses to better understand their respective target markets. In other words, it is not a race to find the solution to poverty that will make a company extremely wealthy. The most impactful approach will consider the culture and sociology behind the populations companies are trying to integrate into. More specifically, analyzing a target

market, say Rio de Janeiro or Mexico City, in terms of where opportunities for growth and integration exist will uncover a means for improvement which may differ across BoP areas around the world. Analyzing the cases by Procter and Gamble and HLL will prove invaluable if even one aspect of the findings can be implemented elsewhere allowing for an increased standard of living for a city or community.

Hindustan Lever Limited (HLL): Case Background

HLL is a direct subsidiary of Unilever in India, which is responsible for creating a successful framework that allowed for future profits for their company and increased health and living standards for members of the BoP. HLL is a consumer goods company (market leader in share in the soap sector) and this project was directed towards combating diarrheal disease. This disease kills over 2.2 million people annually, although it is virtually preventable and not too costly. India accounts for 30% of the world's diarrheal deaths (Prahalad 235). In India alone, 19.2% of children suffer from diarrhea (Murch, and Reeder 1). The main problem with diarrheal disease in BoP India is the lack of education and know-how regarding when and why one should wash their hands. Because sanitation in India is a major issue, not washing one's hands often enough can contribute to sicknesses and death from diarrheal disease. After discovering the root of the problem, and better understanding the sanitation circumstances, HLL decided to draw up a plan to pool resources from many agencies in order to offer a profitable solution to diarrheal disease. This plan revolved around their Lifebuoy soap bar which was suitable to kill the germs causing diarrheal disease. Some may be skeptical of a big

business like HLL in their attempts at making money at the expense of BoP customers.

Harpreet-Singh Tibbs, of the Lifebuoy campaign, explained that,

“We’re not shying away from the fact that Lifebuoy is going to benefit us or we’re trying to get consumption up. We’re being upfront about it. But we’re also telling them that we are doing something good for their community, and it is there to see for yourself...and that’s the reason we’re actually going into schools and schools are giving us permission to go in. Because they believe that what we’re saying is actually making sense (Prahalad 242).

From 1991 to 2001, HLL has achieved solid growth with net sales increasing from \$500 million to \$2.5 billion (Murch, and Reeder 7). This growth is attributed to the driving force of the efforts at reducing diarrheal disease in the Base of the Pyramid.

The plan was to market and sell consumer health and safety to the BoP. For HLL this was a chance to stimulate demand through educational programs. These programs advertised the problems of diarrheal disease and the preventability by washing hands with their soap in schools and areas reaching rural India. HLL pooled resources from developmental agencies like the World Bank, World Health Organization and the Indian Government. This was necessary in tackling diarrheal disease because it created a vested interest since more parties were involved in trying to solve the problem. Funding became available, and education campaigns penetrated the market into schools and local towns. Since private business (HLL) and public health organizations were both involved, selling a change in lifestyle became a possibility. “HLL can leverage its experience accessing public-health channels to sell products as health solutions, while increasing its market share in India and abroad” (Prahalad 243). HLL, as the major player of the private businesses because of their market share, teamed with a rural extension of Ogilvy and Mather to design a behavior change education campaign, which coupled the health aspects of their Lifebuoy soap with the health messages of killing germs. This

relationship increased the reach and effectiveness of the campaign to promote a healthier lifestyle with Lifebuoy soap.

How HLL Reached the BoP with Lifebuoy

Hindustan Lever Limited took advantage of its power in the Indian market and this created a way to reach millions of potential customers and a means for saving and improving hundreds of thousands of lives. Their position in the market made reaching the BoP not as difficult as one would expect. And on top of that, HLL developed a strategy that not only involved the BoP in their business practices, but it employed them while giving more meaning and a positive change to their lives.

HLL was able to penetrate the BoP in India through Small or Medium Enterprises, also known as SMEs. HLL operates 80 manufacturing facilities which partner with over 150 local suppliers which are also SMEs, run by locals. This dedicated supplier base employs over 35,000 people. Furthermore, HLL partners and does business with over 12,000 wholesalers and well over 300,000 small retailers or mini shop owners, which are both considered local SMEs or microenterprises. This supply chain setup of distributors, manufacturing facilities and SMEs is called *Shakti*. HLL mastered this distribution channel while being able to reach over 250,000 individual entrepreneurs in the rural and urban BoP. These entrepreneurs or SMEs sold HLL's products, specifically as an outlet for the introduction of Lifebuoy. Although HLL does not have legal control over the business practices of their distribution channel, they do exert influence on the framework, direction and operation process of the SME distribution network. In other words, HLL provides the product, expertise and creates the technical standards for the

many enterprises in the distribution channel. In turn, quality levels are in line with global standards and are in congruence with local trends and needs. The individual entrepreneur of an SME is called a *Shakti Amma*. The Shakti Amma plays a major role in reaching the BoP. Since there are roughly 250,000 people either directly or indirectly employed or influenced by HLL through this supply chain, the reach is even more profound. The Shakti Amma helps HLL reach over 300 million people which is imperative for promoting health, changing poor washing habits and making a profit.

HLL does not only set up a framework to spread awareness and deliver a life-changing product, it also creates self-sustaining entrepreneurs. Becoming a Shakti Amma has status benefits that gives meaning to one's life as well as generates product knowledge and financial success. The Shakti Amma learn about contracts, company transparency and more importantly they are now separated from an unfair system with moneylenders, corruption and slumlords. Shakti Amma rely on a successful, ethical business where HLL is just as worried about their business structure as they are worried about delivering a new health product to the BoP. It is difficult to discredit efforts by a company that responsibly and ethically impacts the employment of over 250,000 people across the Base of the Pyramid. This framework becomes even more solidified when one realizes that through improving the lives of 250,000 people, HLL is able to reach around 300 million people with the appropriate educational techniques and health concerns of using Lifebuoy soap. Hindustan Lever Limited is taking advantage of relationships with global organizations, governments, private businesses and is, in effect, creating many benefits to members of the BOP whether it is identity, safety or money.

HLL: A Sociological Approach to the BoP

HLL is the prime example of a successful company integrating into the Base of the Pyramid while generating a profitable return and positively impacting the health and lives of many. It is recommended to follow a format similar to HLL's approach at reaching the BoP. The previous sections begin to mention how HLL was able to impact the BoP. The success cannot be attributed to one specific area of focus, so there is a form of causal ambiguity when trying to pinpoint the sole reason why HLL was successful at increasing the standard of living of their targeted population in India. When breaking down and analyzing HLL's case in the Base of the Pyramid, it is clear that they had a grasp on the main sociological aspects that played a major role in determining whether or not a product could be successfully marketed to those living in poverty. Just to reiterate, the sociological aspects of the BoP that need a specific focus include social change, community integration, education and Diffusion of Innovations.

Social Change, Community Integration and Education through Partnerships

In terms of social change, community integration and education, HLL saw success for a couple of reasons. These three topics depend on each other in a sense that if one of the three areas lacked or was not up to standards, the other two would lack as well. Social change would not be possible without education and community integration just as community integration would be next to impossible without a structure fitting for educating the BoP. HLL was successful because of some of the partnerships they had with local governments and aid agencies. These groups fed off each other's strengths and made up for each other's weaknesses. HLL was able to create an educational program

through its partnerships with agencies like the World Bank, World Health Organization and the Indian government. Since they were the market leader in the soap industry, and because of their strong ties to the previously mentioned agencies, getting an education program into schools was possible.

Healthy Education

Since education is a major driver in understanding the sociology behind the BoP, it is important to explore how education of health practices is a practical means of reaching the BoP, starting with children. At local schools across India, children were learning that it is necessary to wash hands before handling food, and after using the restroom. They were able to change ideas that bacteria and germs were present even if a hand appeared to be clean. “HLL determined the trigger for a consumer to wash his or her hands was to remove unpleasant contaminants, not to kill germs that cause infections” (Pralhad 241). Through HLL’s partnership with Ogilvy and Mather, four main messages were portrayed through their education program. Keeping their business in mind, HLL highlighted attributes of Lifebuoy soap with the key points of the education program: 1- Invisible germs are everywhere. 2- Germs cause diseases common to rural families, including painful stomach, eye infections, and skin infections. 3- Lifebuoy soap with Active-B can protect you from germs. 4- Wash your hands with Lifebuoy soap to prevent infection (Pralhad 242). Through this educational campaign, the attributes of the soap were linked to germ eradication. Education is key and starting with children is a great approach. That way the children can bring their newfound knowledge back to their homes and their families, thus increasing the reach of HLL and increasing the demand for Lifebuoy soap. On top of in-school education programs, HLL was successful at

marketing consumer health. Through their marketing programs, education and awareness about diarrheal disease was also spread. To put the education and marketing campaign into numbers, “70 percent of households would be reached 43 times per year via mass media, and 35 percent of households would be reached 9 times per year through the direct-contact-program” (Prahalad 240).

Community Integration through Supply Chain System

HLL’s partnership with Ogilvy and Mather allowed for the spread of education but it also contributed to a successful integration into the communities. With the ideas of washing one’s hands more often beginning to generate popularity, integration seemed more plausible. The most impactful aspect of HLL’s campaign that allowed for community integration was the previously mentioned distribution channel and supply chain network. If a company like HLL has as much influence and involvement to directly impact the lives of 350,000 people, that can certainly be used to an advantage to better the BoP. Because HLL operates 80 manufacturing facilities which partner with over 150 local SME suppliers on a local scale, their influence becomes much more powerful. This supplier base employs 35,000 people and HLL does even more. They partner with over 12,000 wholesalers and over 300,000 small retailers or mini store owners too. Because of this alignment with microenterprises, their influence and involvement could not be in a better position. The setup of this Shakti or supply chain involving distributors, wholesalers and shop owners allows for full integration into a community. Since this is where members of the BoP community would purchase items like soap, the 300,000 small retailers are the conduit to the BoP by providing product knowledge and the product itself directly to the consumers. By being able to reach hundreds of thousands of

entrepreneurs across India, integration into the BoP is both possible and productive with Lifebuoy soap. The reach is estimated to total over 300 million people through this system of already established distributors, wholesalers and SMEs. HLL is in a prime position to ensure demand for their Lifebuoy soap but to also spread awareness of new hand washing techniques through the Shakti. HLL is indirectly creating and influencing jobs and creating demand for a product that essentially is saving lives in the BoP.

Social Change

Social change is a product of successful education programs and community integration. If more members of a community become knowledgeable about a preventable disease as well as the product that can help them out, social change is seemingly inevitable. From what children have learned at school, they are in effect impacting their families by bringing this new thought process regarding hand washing into their homes and communities. And for those who are employed by a distributor or SME that is influenced by HLL, there is a status increase because of the role they play in business and spreading the word of a consumer health product. Because of these measures, HLL was able to “change the trigger for washing hands from ‘visual clean is safe clean’ to a social convention of frequent hand washing” (Prahalad 242). As a direct result from HLL’s efforts, families across India are now cleaning their hands appropriately and more frequently. This is the simple solution to diarrheal disease. And although social change is necessary to combat a problem of this severity, HLL has provided the base for a successful future with fewer deaths from diarrheal disease.

Harpreet-Singh Tibbs stated that, “soaps can reduce diarrheal incidents by 40 percent” (Prahalad 243). The idea of social change does not necessarily include a drastic

change in one's daily routine. However, making minor changes in one's life on a scale of millions of people is the real challenge. But with the reach and impact of the educational and marketing campaigns coupled with the power of the Shakti Amma, social change is within reach. To put a diarrheal occurrence into scope, Yuri Jain, an upper level executive at HLL, explains an episode as a significant loss of time and money. "Every time a diarrheal episode takes place, and for a poor family this could be two to six times a year, there are treatment costs, there are medicine costs, there are doctor costs. And so there is a spectrum of savings that is amassed" (Prahalad 238). This reiterates the importance of social change whether it is in terms of health or saved money and time for a family.

Diffusion of Innovations

Innovations: When analyzing how HLL took the theory of Diffusion of Innovations into consideration, it is important to note that many topics overlap with social change, community integration and education. Innovation is obvious when looking at the newly developed and marketed soap. This soap was created with the sole purpose to attack diarrheal disease with attributes like the Active-B ingredient, a more fragrant smell, a longer lasting bar and one that creates more lather. HLL was also innovative in their supply chain setup and the conduct and behavior behind their relationships with groups such as the Indian Government, local schools and the World Bank. These functions performed by HLL were new in nature and were received quite well by the Indian population in the BoP.

Communication Channels and Social System: As for the communication channels and social system, this is best exemplified by the distribution channel including SMEs and local wholesalers and mini store operators. HLL impacts hundreds of thousands of Indians in the BoP. And because of their knowledge of the locals and the widespread influence, they were able to communicate the educational health benefits of Lifebuoy while being fully integrated into their social system. With their influence on mini stores or small retailers, HLL fully penetrated the BoP and directly changed the lives of those shopping for soap or health products on a daily basis.

Adoption Process: The stages of adoption follow the path of gaining knowledge, being persuaded to seek more information and then making the final decision. And with that decision, if accepted, the stages then include implementation in order to determine the functionality and lastly the confirmation step of finalizing the decision to use the product. The five stages of Adoption are interrelated with the process of social change. Through community integration and education campaigns by HLL, prospective BoP consumers gain knowledge and are exposed to the innovation. This in turn leads to their questioning mentality where they, if interested, can seek more information about the Lifebuoy soap. After actively searching for the information once the interest about the new product has been sparked, the decision is in place to be made. If members of the BoP communities in India decide to accept the product, they would then make a purchase from one of the local shops and evaluate the performance. This step is known as implementation where a consumer determines the functionality of the Lifebuoy soap. Lastly, the confirmation step

would be when a consumer decides to fully take on the product and associate the new routine associated with it.

PUR: Procter and Gamble's Case Background

Unfortunately for Procter and Gamble (P&G), their attempt at reaching the Base of the Pyramid came up short. With the researching and development power of a company like P&G, one would expect a seemingly perfect product to be a huge hit in a developing market in the BoP. The opposite turned out to be true. P&G introduced PUR to test markets around the world in order to value their investment and possibly project it out to many regions or communities that are included in the Base of the Pyramid.

Overall, the PUR case was an epic failure even though the product had a known demand and could be used to save lives and improve a community's living standards.

What is PUR? PUR is the product that P&G designed with their partnership with the Center for Disease Control and Prevention. It is a powdered mix that, when added to water, would purify the contaminants out of the water. This was a revolutionary idea because water is the basis of human existence and having purified and clean water could be the difference between life, disease or death. One sachet or packet of PUR could effectively decontaminate up to 3 gallons of water. PUR has aspects that would appeal to any market in the BoP that is struggling with unsafe water. "884 million people lack access to safe water supplies; approximately one in eight people" ("Water Facts" 1). Moreover, PUR comes in single size packets that are priced at only \$.10 each.

Ideally this seems like it would be a hit. When P&G ran test markets, and worked with local health individuals to spread the word about the safety issues and information

about the product, success was highly anticipated. Why would a group of people who use contaminated water say no to a product that is both inexpensive and effective? Simply put, P&G did not account for the social aspects of the members in their target market. They assumed that since PUR seemed to be an obvious hit from the Western perspective, it had to work and could not fail. But as a surprise to Procter and Gamble, the PUR product did not resonate well with the so-assumed implied demand of those needing clean water. There were two main takeaways from P&G's investment into the BoP. First, a company or organization needs to take the culture and sociological standing of a BoP community into consideration when attempting to do business or assist in increasing living standards. Second, the Base of the Pyramid may not actually be a concretely defined market. According to an article in the Wall Street Journal:

They [BoP communities] don't have two of the vital characteristics you need to have a consumer market. They haven't been conditioned to think that the products being offered are something one would even buy. And they haven't adapted their behaviors and budgets to fit the products into their lives. A consumer market is nothing less than a lifestyle built around a product (Simanis 1).

PUR: Where P&G Lagged Sociologically

In order for a future company to learn from the mistakes of the PUR case by Procter and Gamble, one would need to begin with a sociological understanding of the surrounding circumstances of the case. There are four topics of sociology that need to be considered when evaluating the PUR case at the Base of the Pyramid. Social change, community integration, education and Diffusion of Innovations are the keys to unlocking the potential of a desired market while increasing life standards for millions. For Procter and Gamble's situation, it is more important to focus on the areas that were not executed

as well as they could have been. P&G could have improved their focus on all four categories even though there were a few bright spots in their innovation, knowledge and persuasion of the attempt to crack the BoP.

Social change, education and community involvement go hand in hand when trying to interest a vast population of people in using a product. On paper, P&G had the product, PUR, which could be the nexus in eliminating contamination issues with water quality around the globe. Unfortunately for Procter and Gamble, they did not spend nearly enough time understanding the targeted populations of their test markets in the Base of the Pyramid. Simply put, more knowledge of the audience will allow a company or organization to better serve their needs. P&G should have focused more on the potential consumer as opposed to the PUR product. Had they taken the alternative route, hundreds of thousands of people could have been regularly purchasing their PUR product, in turn improving the quality of their water and their lives while increasing profits substantially for P&G.

Social Change and Education

In terms of social change and education, P&G lacked at approaching the BoP in these concerns. It is essential to learn about the history and culture of an area, especially regarding their uses of water. Instead of telling a community to use a product because of a list of benefits, it would be more effective to assist in the new steps of social change. For P&G, they may need work closely with BoP members when teaching the process of purchasing, storing and using their product. Since the target markets were receptive to the idea of having cleaner water and the benefits that accrue from safe water, it is important for P&G to fill the gaps and help in the consumer aspects of buying and using

the product. “Companies must create markets—new lifestyles—among poor consumers. They must make the idea of paying money for the products seem natural, and they must induce consumers to fit those goods into their long-held routines” (Simanis 3). On top of showing the BoP community members the ropes of being a regular consumer, P&G needs to learn about their culture, traditions and customs related to their use of water. “Consider some of the changes a villager would need to make to make PUR part of her daily routine. She might have to reassess age-old folk knowledge and home remedies and learn about bacteria. Likewise, she might have to jettison long-held beliefs about what clean water looks and tastes like” (Simanis 3). Having this knowledge could have changed the strategy for Procter and Gamble. With more research on the possible consumers, a better approach could have been taken to reach and effectively impact the BoP. Education and social change go hand-in-hand when trying to reach a new market of people.

“Then there's the social component. The villager might face conflicts with her husband or children when money spent for PUR sachets couldn't go toward a weekly Coke or other treats. And the time spent buying the product might interrupt an informal weekly chat with friends. All of those disruptive changes outweighed the potential benefits of PUR (Simanis 3).

For the BoP, they need to be educated on the product's benefits, functions and characteristics. But more specifically, P&G did not account for the education of the social aspects of how this product could fit into their lives. An example of this could be showing members of the community ways that cleaner water could benefit them. Take cooking, washing their clothes and cleaning their houses, for example. There are more uses for clean water than just drinking. Had Procter and Gamble educated the BoP test markets about other uses for water, social change would have been much more possible and the BoP could have been more receptive to change their consumer habits.

Community Integration

Community integration is also dependent upon the education of a consumer market. For P&G, a better educated community would have been more likely to adapt their product. This is easier said than done though. It would take a hefty investment of both money and time to educate entire communities across four test markets. Procter and Gamble did realize this. “The company agrees that the real hurdle to cross when introducing a new product, in any market, is helping the consumer understand the benefit of doing something in a different way” (Simanis 3). Adding to that, integrating a product with obvious benefits into a community is only possible if that community is willing to change, willing to learn, and willing to adapt. P&G should have taken a different approach in both teaching members of the community about the product and how it could fit into their lives. “That means working closely with local communities in developing products and businesses, to give consumers a stake in adopting the goods. What's more, companies must take a wide-ranging approach in their marketing, to give buyers as many reasons as possible to give the products a try” (Simanis 2). This relates to the aspects of Diffusion of Innovations that P&G could improve upon.

Diffusion of Innovations

Innovation: It is difficult to argue that P&G’s product and ideas behind PUR were not innovative. The product does indeed purify harmful and unsafe water. And adding on to that, a packet is inexpensive compared to the amount of water that it can fully clean. When almost a billion people lack access to safe drinking water, providing a product that eliminates the worry of this health issue is seemingly innovative. The innovative thinking needed to be focused on reaching and educating the targeted markets because the product

was already mastered. Improving on the channels of educating the BoP as well as using the community members to their advantage for integration were the main opportunities for innovation in retrospect.

Communication Channels and Social System: The communication channels and social system could have been explored differently. First, communication could have been improved when trying to reach the BoP. If there were a better channel to reach the test markets about the education of the product, integration into their community would have been much more successful. Whether it is partnering with a local agency, school or government, the communication channel was not up to par to bring about the desired results for P&G. PUR could have been a huge success if Procter and Gamble had a better idea about the respective social systems. This relates to their struggle in reaching the BoP through subpar communication channels. P&G was not as familiar with the social systems of their test markets and this is evident by not being able to educate or integrate effectively through preexisting channels. More knowledge of the target market in the BoP, whether it is their social system, traditions, habits or customs will improve the likelihood of increasing social change and better integrating into the community.

Had an approach of this sort been taken, results could have been completely different. The good thing about Procter and Gamble in this case is they were fully aware of their capabilities. With best intentions in mind, P&G did what they could. “The company says it couldn't sustain on its own the educational efforts on the scale needed. So, it evolved its plan to include a series of partners” (Simanis 3). While PUR may have been a commercial failure for an ideal product, P&G is familiar with what it may take to

reach the BoP. And that is utilizing relationships and partners who can take on a part of the project better than they can.

Adoption Process: When investigating the adoption stages of Diffusion of Innovations, the main area of focus for P&G is the decision stage. Given the circumstances of their involvement in the test markets including the knowledge and persuasive nature of their campaign, the decision was left to the consumers. And as we know, they respectfully declined and stayed content with their familiar lifestyle. Since the decision to implement was rejected, the last two stages of adoption were next to impossible (implementation and confirmation). Based on the sociological framework mentioned previously, a campaign could have been more effective if it improved upon aspects pertaining to the BoP and social change, community integration, education and Diffusion of Innovations. Reaching the BoP is by no means an easy task. P&G is a pioneer for attempting to reach the BoP with a solution to help decrease poverty and will be held in the highest regards by others who try to learn from their mistakes and successes.

Summary

Table 1 shows the PUR and HLL cases in terms of the most meaningful sociological parameters and whether or not the cases address them- ultimately leading to success or failure. For Procter and Gamble in the PUR case, the success was mostly found in the innovation of the product and their ability to pass the knowledge on to the consumers while making a persuasive argument as to why one should consider using PUR. Unfortunately, there was not enough of a focus on social change, community

integration, education and other aspects of Diffusion of Innovations. Because of lackluster communication channels, the influence on the social system was not as successful which led to the failure at the decision stage. For HLL, in the case with Lifebuoy soap, they modeled an understanding and an application of the sociological themes with efficiency. By keeping the four sociological parameters in mind, while targeting the BoP, HLL was able to find success. HLL's profound knowledge of how to incorporate social change, community integration, education and Diffusion of Innovations into their business plans with the targeted BoP communities is the reason they were more successful than P&G.

Table 1: Sociological Themes: PUR vs. HLL

<u>Sociological Themes</u>	<u>PUR</u>	<u>HLL</u>
1. Social Change	NO	YES
2. Community Integration	NO	YES
3. Education	NO	YES
4. Diffusion of Innovations		
a) Innovation	YES	YES
b) Communication Channels	NO	YES
c) Social System	NO	YES
d) Adoption		
1) Knowledge	YES	YES
2) Persuasion	YES	YES
3) Decision**	NO	YES
4) Implementation	NO	YES
5) Confirmation	NO	YES

** If the decision is rejected then subsequently implementation and confirmation cannot be accepted.

Source: David Lewandowski

Chapter Five: The Lewandowski Strategy to Reduce Poverty via Big Business

When analyzing major companies like Procter and Gamble and Hindustan Lever Limited in their respective attempts at impacting the Base of the Pyramid, there are a few things to consider including the previously presented sociological parameters. It is necessary to understand the sociology behind poverty itself in order to make sense of the exigency that is present in the BoP. Next it is important to critique and study cases directed at the BoP through the most pressing sociological topics which will uncover useful findings in hopes of eliminating poverty. This will also allow other businesses to realize the potential for moral and financial success by approaching the BoP with innovations or solutions. Overall, the consistent sociological themes allow a scholar to learn more about poverty and the Base of the Pyramid as whole as well as develop a potential plan to improve standard of living levels. The last aspect of the equation to eradicate poverty deals with the businesses involved. The incentives for big businesses like P&G and HLL stretch from improving the lives of millions of people to making millions of dollars. Thankfully there is a solution. There is a way to improve poverty conditions and increase the return on a company's investment. It is necessary to consider the following strategy which incorporates more than the BoP community members and big business in order to tackle this global issue.

Global poverty is a serious social problem that impacts billions throughout the world, especially in developing countries. Now is the most appropriate time when Big Business has the most power and best position in a changing global marketplace to make a positive difference. Since it is estimated that the BoP could increase to over 6 billion

people, many businesses or venture companies should take these considerations to heart. If a company is able to make pennies on millions or billions of people, the outcome will be tremendous. The following strategy will give insight into how to approach the BoP with translatability being the main goal. For a business, it would be most profitable if they could achieve results on a global scale by reaching billions of people. Thankfully, this financial opportunity creates an exigent social opportunity that Big Business can assist in. Just as the opportunity to make profits off of the people living in poverty is heightened, the opportunity to increase the standard of living and quality of life standards are even more pertinent. The two ideas go hand in hand. An attempt at reaching the BoP does not necessarily have to be overly profitable in order to assist in the reduction of global poverty (PUR example by P&G). But on the contrary, if a company is successful in making money off of the BoP, it in turn, would be a result of the improved social conditions of those living in the Base of the Pyramid (HLL example with Lifebuoy Soap). If a company is able to create a market, by following the Lewandowski Strategy, then the two major goals will be achieved: making profits while reducing poverty.

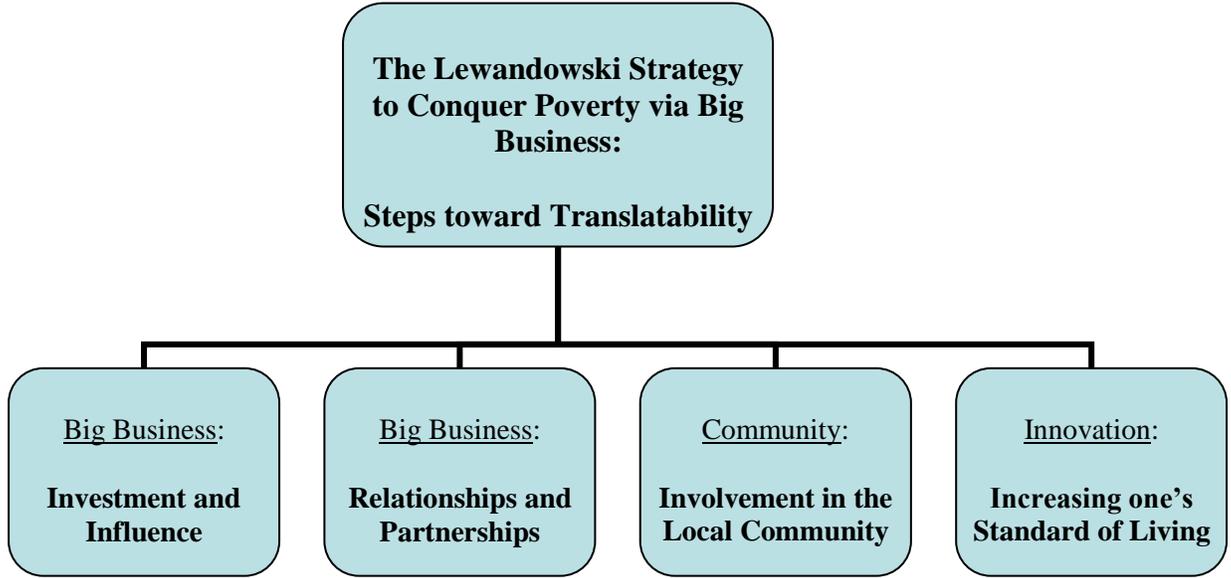
The situation at hand would ideally produce a means to eliminate poverty whether it is in Mumbai or rural China. The all encompassing goal is to develop a poverty plan that would work regardless of the location whether it is urban or rural in any country imaginable. The information gathered from the case study analysis section about P&G and HLL proves to be the means of establishing and implementing this soon-to-be defined consumer improvement strategy. This strategy will take into consideration the aspects of social change, community integration, education and Diffusion of Innovations. Improving and further developing these sociological parameters would be the targets or

goals of any interested company looking to make a profit and help those living in poverty. Another way of putting it is that, for a potential investor, knowledge of the sociological themes is the means of reaching the Base of the Pyramid and preparing them for future life changes. These sociological themes and theories illustrated in the third and fourth chapters are the foundation for the Lewandowski Strategy to Conquer Poverty via Big Business. A company's knowledge and understanding of social change, community integration, education and Diffusion of Innovations with respect to a potential market in the BoP is the stepping stone in reaching the outright goal of translatability. It is important to learn from the P&G and HLL cases because a company or investor can improve upon the areas of opportunity and closely follow the successful aspects of the cases with hopes of reaching the company's main goals of profits, translatability and social improvement through poverty reduction. Moving forward, there are a few considerations that need to be made in order to exert an influence on a prospective market in the BoP.

The Four Steps toward Translatability

There are many ways for an interested company to make a difference in an area deprived of the chances for social and financial growth and improvement. This means that there are multiple routes that a company could take to approach the BoP and find success in reducing poverty and making money for stakeholders. With that, there are four steps that are recommended to take for any future business venture in the BoP. The steps remain the same regardless of the location of the future market, but it is important to note that the weight of each step may vary depending on the location.

Figure 5: The Lewandowski Strategy



Source: David Lewandowski

The overarching goal of any business would be to improve the current situation involving the BoP as consumers. Since there are billions living in poverty across the world, it makes perfect sense to identify the main drivers that would generate the best chance at achieving translatability. The thought process is quite basic. If a pattern evolves, allowing the fundamentals of poverty eradication to extend to everyone living in the BoP, then fortunes are available to be made. There are four steps that a company should consider when approaching a new market in the BoP. Two mainly deal with the position of “big business” or any interested company for that matter, and two steps deal with the position of community members of the Base of the Pyramid.

Step One: Big Business-Investment and Influence

The first of four steps involves the investment and influence that a company could have in a new market in the BoP. Clearly a successful and powerful company will be able to invest more money based off of their willingness to see a project or campaign implemented. It is up to the company or venture firm to determine how much time and money they are willing to invest over a period of time. The company with a better global position or more capital available for investment will have an easier time staying morally involved and financially committed to the BoP. There are certain capabilities that a company must possess in order to see success at the Base of the Pyramid according to Figure 6 of Murch, Reeder and Prahalad from the University of Michigan:

Company Capabilities

- Deep experience in conducting and analyzing consumer research to identify behaviors and trigger points for behavioral change.
- Marketing expertise to craft communication messages and direct contact programs that can bring about behavioral change.
- Strong brands that can serve as routes for driving behavioral change riding on their consumer equity.
- Experience in adapting their products and messages to meet local conditions, cultures and traditions.
- Vast distribution networks to deliver products to consumers even in the most rural settings.
- Experience in sharing lessons learned and transferring best practices to increase the efficiency and effectiveness of their operations on a large scale.
- Accountability for achieving results by carefully evaluating investment in projects to ensure success.
- Global reach, with the ability to touch customers in many countries with similar messages and products, and quickly scale projects from local initiatives to regional and global endeavors.

Source: University of Michigan: Murch, Reeder, Prahalad

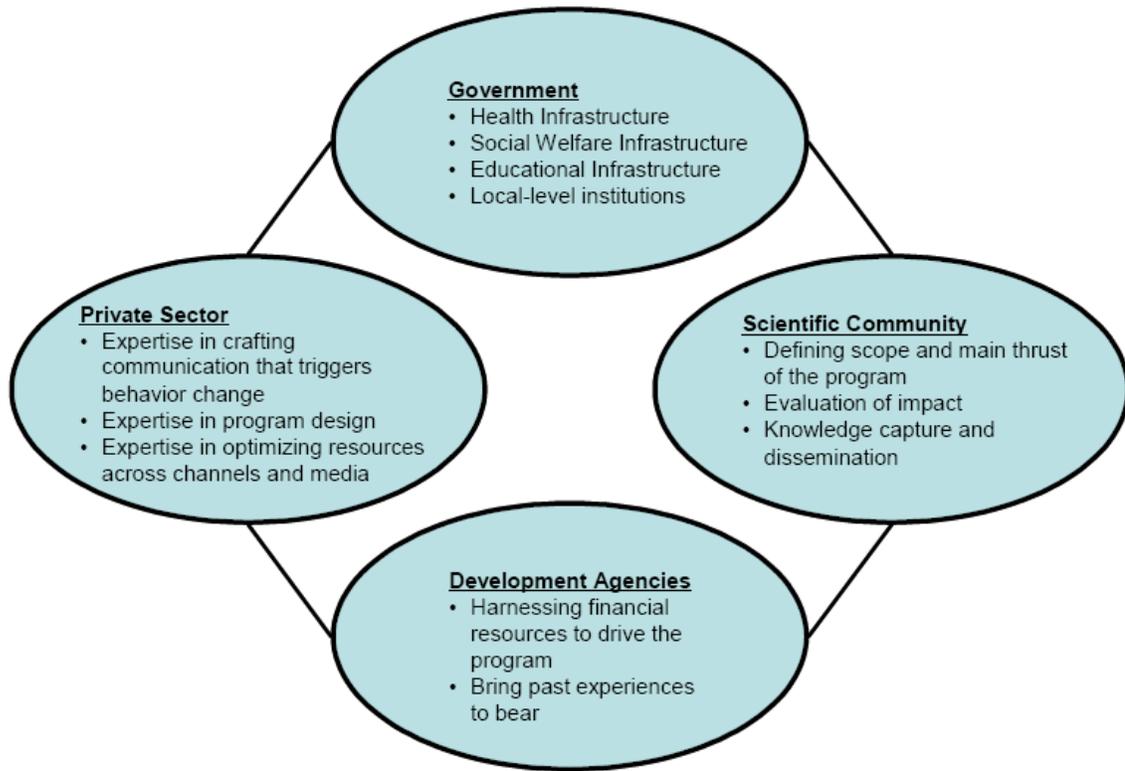
Further, a company can also use other resources to have a greater impact. Members of a poverty-laced community would be more willing to trust a company with higher brand recognition and a better reputation. The value of a brand will allow a company to exert influence on the BoP thus making trust easier to develop. All in all, the more money

being invested, and the more time that is committed along with a company's ability to influence, the more successful that company will be at reaching and impacting the Base of the Pyramid.

Step Two: Big Business- Relationships and Partnerships

The second of the four steps involves another major strength of big business: relationships and partnerships. Money and time are not the only resources that can impact the BoP. Networks of established relationships and partnerships may be the most important driver in reaching the BoP. This can be on a private, public or global scale where organizations like Unicef, the World Bank, World Health Organization can team with big businesses like HLL or P&G. The significance behind these strategic relationships lies in the ability to pool resources together. So a company or organization could be focused on their core competency while the partners could be focusing on their most successful and powerful competency. Coordinating these relationships will be a challenge, but the results and benefits far outweigh the costs of establishing a network of the best organizations to spearhead poverty. Murch, Reeder and Prahalad from the University of Michigan illustrate this idea further in Figure 7:

Relationships and Partnerships



Source: University of Michigan: Murch, Reeder, Prahalad

This diagram emphasizes how governments, businesses in the private sector, developmental agencies and science organizations can work together to improve upon weaknesses or opportunities while adding to each other's strengths. Their job functions or competencies are listed. If more organizations have responsibilities which they are able to handle comfortably, imagine the impact. The more streamlined the relationships and partnerships are, the larger scope and reach a business venture will have thus providing more opportunities to many people in BoP communities.

Step Three: Community- Involvement in the Local Community

The third of the four steps is specific to the members of the Base of the Pyramid living in poverty. Involvement in the communities that a company is focusing on is eminent. This step feeds off of the second step in a sense that community involvement and integration would not be possible without relationships and networks of partners. The difference here is those making up a specific network. In this stage, everything is done on a local, grass-roots basis. Reaching the community specifically can be done through local governments, local businesses, schools and other powerful members of the communities. Including members of the BoP into the process of improving their standard of living is essential for a few reasons. The first reason is the ability to have close ties with the communities. These social ties allow for the integration of ideas and possible products or lifestyle changes that could, in effect, lead to social change. The next reason is creating a mindset conducive to responsibility and trust for those BoP members that are involved in facilitating the business objectives in their area. Providing meaning and a purpose to members of the BoP is a forceful mechanism that will produce results throughout the length of the company's investment period. Companies will then be able to learn more about the wants and needs of the BoP on a localized basis where the innovative product or idea can be altered and made more specific to them. Let's face it, the locals and those living in the BoP know more about the culture and sociology behind their communities than any company or organization ever will. It is imperative to actively involve members of the BoP in the strategy to reach them because their knowledge is power. Without being able to tailor an innovation to an area-specific grouping of people, translatability would be virtually impossible.

Step Four: Innovation- Increasing Standard of Living

The last of the four steps involves innovation in the form of a product or idea. The purpose of this innovative creation is to capitalize on the previous stages in this BoP improvement paradigm. This would be the end result of the efforts of the companies, organizations and BoP community members combined. In order for an innovation to be implemented correctly, the standard of living or quality of life must be increased by this innovation. As a result, communities of BoP members would begin to learn consumer behaviors which are necessary in the search for profits on the company's end. This new form of consumerism will also allow for an increase in standard of living or quality of life because of an increased purchasing or saving ability. Because the previous steps build on one another, determining the innovation will not be as much of a challenge. If a company utilizes the information learned from their involvement in the communities as well as through their relationships and partnerships with other organizations, their influence will be stronger and their investment will be more valuable. The needs of the BoP will be discovered on a grass-roots basis, and they will be matched with an organization's core competency in order to deliver the best or easiest way to increase the standard of living in the BoP. If this paradigm is mastered, social change, community integration and education will be the underlying success factors in each of the four steps. And once a new product or idea is provided, the theory of Diffusion of Innovations will allow everyone involved in the decisions to monitor the stages of adoption and whether or not the product/idea is a success.

Translatability: The Main Goal

The overall goal in this evaluation of opportunities in the Base of the Pyramid is a translatable solution that can impact as many people living in poverty as possible. In terms of translatability and how this process might be successful in urban or rural settings all over the world, it is important to look at the makeup of India first. The country of India is a microcosm for the entire BoP including the roughly 4 billion members living off of \$2.50 or less per day. India has both ends of the spectrum. Mumbai and New Delhi are developing cities with high poverty rates. Rural India, although completely different from an overpopulated city, is also experiencing poverty with the same level of severity. When looking further, India has hundreds of languages with over 1,000 different dialects. Since many languages and dialects are rural, tribal or regionally based, many would consider this an insurmountable obstacle. However, HLL was able to find success in India across the entire nation of languages and dialects. This is why relationships and partnerships plus community involvement are essential for a BoP improvement strategy. By depending on the locals and utilizing relationships correctly, language and culture barriers will be brought down. Ultimately, by taking advantage of the four steps in this section and studying a BoP area using similar sociological parameters, new consumers will be in the making and finding translatable success will be possible. As long as a company is aligned with the standards and recommendations set forth in the previous chapters, the goal of increasing profits while reducing poverty will be more and more realistic.

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