Innovation at
the base of the pyramid
doing good by doing well
A knowledge sharing event | 19 May, 2011 | Dhaka
# Program Schedule

## Business Innovation

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## Inclusive Marketing

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There are billions of poor people in the world, and about 60 million of them are living here in Bangladesh. The common perspective towards the poor has been to see them as passive victims, who are in need of social safety net support. While well-targeted social safety nets are indeed necessary, it is the position taken by Switzerland and other donor countries - and the perspective of today's workshop - that the poor must also be acknowledged as economically active actors. The poor also produce, trade and consume within the country's market system.

According to the 2009 UN Human Development Report, 80% out of a population of 150 million people is made up by the poorest socioeconomic segment of the Bangladeshi population, the "base of the pyramid (BoP)", who spend less than USD 2 per day. The sheer masses of this population represent a huge market, where people are interested in producing, buying and consuming innovative products. If private companies make the effort to cater to this segment, they can tap into a whole new consumer market in the need of quality, healthy and affordable products and services. This is why Swiss Agency for Development and Cooperation (SDC) invests in "Making Markets Work for the Poor" or "M4P" approach worldwide, where we work together with private sector companies to fulfil the needs of BoP. Even though the idea is simple, it is not such an easy task to penetrate such markets. It needs not only innovative products and services but also innovative partnerships. In short, poor people deserve more than just cheap products and services - "junk products" - they need quality innovations that cater to their specific needs.

Catering to the BoP requires all relevant actors to come together and develop a sustainable business model underpinned by innovations which creates a win-all situation for the poor, private sector companies, and wider stakeholders such as donors, NGOs, and the Government. The knowledge sharing event "Innovation at the base of the pyramid: doing good by doing well" which was financed by SDC is one such initiative to bring together some of the major stakeholders, to share ideas on how to create new products, services, or develop approaches and collaborations in order to reach millions at the BoP.

I would like to thank the presenters and panelists for sharing their success stories and lessons; representatives of companies, NGOs and research organizations for taking the time to attend this event and to share their ideas and experiences. Special thanks go to MART for being our knowledge partner, to Nielsen for being the research partner and to Swisscontact for organizing this event. We hope to see further initiatives along this line and are happy to partner up with the various actors interested in the issue of innovation at the base of the pyramid.
Thanks to the Swiss Agency for Development and Cooperation (SDC), Swisscontact organized “Innovation at the base of the pyramid: doing good by doing well”, a day-long event to stimulate discussions on how innovations by the private sector can enrich the lives of the poor and that the private sector is central to the development efforts of governments and donor agencies.

Bangladesh is a country of many opportunities, one of which is its large population base. The millions of people living in various economic strata offer opportunities for the private sector to innovate and offer relevant products and services. As Bangladesh aspires to become a middle income country, it is fitting that an event of this nature was conceived to explore the possibilities to create opportunities at the base of the Bangladeshi economic pyramid. Creating those opportunities requires robust partnerships among the private sector, government bodies, NGOs and communities. As we generate more wealth and opportunities at the base of the pyramid (BoP), more people graduate up the economic ladder.

BoP is not an alien phenomenon; rather it is a new perspective on the opportunities that rest in the large segments of the poor population. The poor participate gainfully as producers, workers and consumers in the economic development of a country. It is in the interest of the public and private sectors to cater to the needs of this large population. Bangladesh has seen numerous innovations at the BoP that have enriched the lives of the poor and created opportunities. Be it availability of mobile telephone services, affordable and nutritious food, affordable medicines, or quality agriculture inputs, we have seen that the private sector has been in the driving seat to create positive changes in the lives of the poor. We have learned about many of those examples during this event.

Swisscontact believes that the means to address the pressing poverty concerns of any country is through promoting inclusive economic growth, at the center of which is the private sector. Therefore, Swisscontact puts a premium on partnering with the private sector by incentivizing innovation and reducing risks to test scalable models of product and service deliveries. The government plays an integral role of an enabler, by developing an environment which fosters private sector growth. The communities, NGOs, media and civil society demand accountability and create awareness, among others.

We extend our appreciation to our private sector friends for making the time to present and share their experiences. We are grateful to our NGO friends for their presentations and deliberations. We thank Nielsen, our research partner. We are grateful to Mr. Pradeep Kashyap and his team at MART for their valuable contributions and being our knowledge partner. We thank SDC for guiding and generously supporting the event, without which this event would not have been possible.

We look forward to continuing the discussion.
Introduction

The world is facing a period of dramatic change. The lingering recession, combined with the growing scarcity of resources, has made customers worldwide at once more frugal and ecologically-aware. In order to cope with this change, firms are constantly in search of innovative ways to maximize outputs by optimizing resources to effectively deliver value. As the frontiers of markets extend beyond the relatively better-off and the largely urban perimeters, the poorer segments of the economy present hitherto mostly untapped market segments from which producers and providers of services can benefit. Currently, the 'Base of the Pyramid (BoP)', the largest, but poorest socio-economic group provides a significantly unexploited marketplace, which is worth further exploring for companies struggling with maturing markets in the post recession era.

The BoP, according to UN Development Report, consists of about 4 billion people who earn less than USD 2 per day. They lack access to clean water, electricity, health services, sanitation etc. and sustainable means of earning income. The poor are caught in a vicious circle of poverty where low income, unemployment and inadequate wealth creation make them vulnerable. Recently, however, access to inputs, information, and finance, among others has helped the poor to improve their livelihood on a limited scale.

With the private sector's attention shifting towards the poor as possible consumers, perceptions need to be changed on how these players are viewed by all other stakeholders. The poor are no more, the victims dependent on aid. In reality, they play crucial roles in the economy as producers, workers and consumers. Private sector, often perceived to be catering to the "top of the pyramid", is undertaking numerous initiatives that are contributing to create wealth, prosperity, and well-being at the BoP.

Consequently, the above scenario demands for a new paradigm wherein all stakeholders namely private sector, NGOs and government collaborate to create opportunities that offer a win-all proposition. This new paradigm requires:

- Driving innovation to create affordable and sustainable businesses
- Nurturing sustainable businesses enabled by open, collaborative partnerships
- Creating inclusive businesses through a win-all approach

Purpose of the Event

Several companies like GE, Microsoft, Nestlé, Syngenta, Grameenphone Ltd., ACI and Intel are investing and forging win-all partnerships in Bangladesh to innovate affordable and sustainable solutions and pilot next-generation business models. At the same time donor agencies and NGOs are partnering with the private sector to help the poor to move out of poverty.

The event showcased good practices on innovations in BoP and inclusive marketing initiatives in Bangladesh and in the region. It offered both private and development sector stakeholders an opportunity to share principles, approaches and experiences on innovations to sustainably improve lives of the poor at the BoP and establish networks for potential future partnerships.
Pradeep Kashyap
Keynote Speaker (CEO & Founder - MART, India)

Pradeep Kashyap is the CEO and founder of MART. He is recognized as a thought leader and is a regular speaker at CEO forums in India and abroad. In 1993 he started MART, which emerged as India’s leading rural consultancy organization. He has been Marketing Advisor to Ministry of Rural Development and has served the Prime Minister’s Office and Chief Minister Committees on rural development in India. He is the President of Rural Marketing Association of India. His primary focus in innovation has been on processes. He co-created Project Shakti with Hindustan Unilever Limited (HUL) to make brands available in unreached villages and pioneered low cost, last mile rural distribution model using village volunteers on bicycles for Colgate, Heinz and others. He has advised Fortune 500 companies including GE, Intel, Unilever, Shell, BP, DuPont and others on rural strategy.

M Jahangir Kabir
Moderator (MD & CEO - Insights & Ideas Ltd.)

M Jahangir Kabir is the Managing Director and CEO of Insights & Ideas Ltd., a consulting firm specializing in Marketing, Market & Social Research, and Strategic Management. He is also the President of Bangladesh Marketing & Social Research Society. He has had 33 years of experience in General Management in South Asia, West Africa and the United Kingdom. He is recognised for his contribution to the introduction of Loyalty marketing in Bangladesh. He has also worked extensively in rural marketing. He has experience in coordinating some of the largest brand launches in the region.

Arild Kaale
Presenter (CMO - Grameenphone Ltd.)

Arild Kaale is the Chief Marketing Officer (CMO) of Grameenphone Ltd., He started his career as Managing Director in Lasbuakonsernet in 1995. He joined Scandinavian Airlines System in 1997, working both in Sweden and in the US with Star Alliance related activities. He also worked as the Commercial Director of Telenor Zonavi and was in the Board of Directors of Penetrace in Norway while serving as the CMO in Telenor Promonte, the number one operator in Montenegro.

Laurent Therond
Presenter (MD - Nestlé Bangladesh Ltd.)

Laurent Therond is the Managing Director of Nestlé Bangladesh Ltd. During his international assignments with Nestlé over the last 18 years, he has been posted in Côte d’Ivoire, United Arab Emirates, Kuwait, Egypt and finally Bangladesh for the last 3 years. Prior to joining Nestlé, he spent one year in Western Africa as the field delegate of the International Committee of the Red Cross (ICRC)
Sarwar Ahmed
Panelist (MD - Syngenta Bangladesh Limited)

*Sarwar Ahmed* is the Managing Director of Syngenta Bangladesh Limited. He started his career in Ciba-Geigy, where he worked his way to Head of Marketing in 1989, and later, Head of Agricultural Division in 1991. He retained the position after the Novartis merger with Ciba and Sandoz, and then became Managing Director of Syngenta Bangladesh Limited after the merger of the agri-businesses of Novartis and AstraZeneca in 2001.

Dr. Sikder M. Zakir
Panelist (MD - Telemedicine Reference Center Ltd.)

*Sikder M. Zakir* is the Managing Director and founder of Telemedicine Reference Center Ltd. (TRCL). He established the first international teledmedicine system between Bangladesh and Nebraska Health System in 2000. His project, HealthLine, the first medical call centre in Bangladesh manned by licensed physicians, received GSM Association's Global Mobile Award in 2007. Dr. Zakir was one of the founding members of the editorial board of “eHealth International Journal” in London. He is a guest lecturer in California State University and a faculty member at Bangladesh Institute of Health Sciences (BIHS).

Ms. Fouzia Nasreen
Presenter (Director - Katalyst, Swisscontact)

*Fouzia Nasreen* is a Director in Katalyst, a pro-poor market development project of Swisscontact, in Bangladesh, funded by DFID, SDC, EKN and CIDA. Fouzia is leading the Rural Sectors Group in Katalyst responsible for the design and implementation of market development strategies in sectors such as maize, vegetables, potato and jute. Before joining Katalyst in 2004, she was in-charge of the marketing operations at Rahimafrooz Superstores Ltd., the company which launched the first supermarket chain (Agora) in Bangladesh.

Bidyut Kumar Basu
Presenter (CMO - Robi Axiata Limited)

*Bidyut Kumar Basu* is the Chief Marketing Officer (CMO) of Robi Axiata Limited. Mr. Basu is responsible for the remarkable transformation of Aktel to Robi. He is a dynamic and transformational leader in the Bangladesh telecom industry, who spent the last 17 years setting the tone for telecommunications and taking it to mass consumers. With his childhood in the rural heart of Bangladesh, formal education in Accounting, and vast professional experience in Marketing, Sales and Customer Service, he is in a unique position to construct business models rooted in deep consumer insights.

Syed Alamgir
Panelist (ED - ACI Limited)

*Syed Alamgir* is currently the Executive Director of ACI Limited where he is leading the Consumer Brands SBU and working as Board Director of seven different ACI affiliate/JV companies. Mr. Alamgir comes with a very rich experience in Marketing and Sales for over 30 years. He worked in BPI, now known as Sanofi Aventis, for 16 years before he joined FMCG sector in 1992. He was the Group Marketing Director of Jamuna Group where he created the ‘Halal Soap’ concept which became very successful. This has been cited in the latest edition of Philip Kotler’s Principles of Marketing text book.

Asif Saleh
Panelist (Director, Communications - BRAC)

*Asif Saleh* is the Director of Communications for BRAC and BRAC International. He has served at Goldman Sachs for 12 years, as an Executive Director in New York and London. He also worked with Glaxo Wellcome, NorTel and IBM. Asif founded Drishtipat, a global organization focusing on human and economic rights of Bangladeshis. He contributes regularly to leading Bangladeshi newspapers, TV channels and international magazines. Recently, he served as a policy specialist for the UNDP funded Access to Information Programme (A2I) Project, based at the Prime Minister’s Office.
The presenters and panelists from both private and development sector shared success stories and approaches that had worked for them, with the hope that it would inspire others to tap into the emerging markets of Bangladesh.

**Business Innovation**

Pradeep Kashyap, MART, shared MART’s 3i Framework - a systematic approach, from idea to implementation up to commercialization using

- Inquiry
- Immersion
- Implementation

Laurent Théron, Nestlé, presented a case study on product design based on nutritional needs of the consumer. He talked about how Nestlé came up with their latest innovation, Maggi Shaad-e Magic, an affordable taste enhancer and a supplement for iron, iodine and Vitamin A. He also shared their PPP strategy and differentiated distribution model.

Describing the idea generation process of the PPP (Popularly Positioned Product) strategy, he said, “...for us it should be more for less. Meaning we will sell at a low price point but we will sell to a bigger part of the cake.”

Arild Kaale, Grameenphone Ltd. (GP), talked about the power of information technology in empowering people. He shared success stories of different GP service interventions, like GP CIC and GP Baadhon, targeted towards empowering the BoP.

He recognized the importance of rural consumers, “We know for a fact that our most loyal customers are in the rural areas, which is why we are also committed to penetrating these areas through our innovations.”

Sarwar Ahmed, Syngenta Bangladesh Limited, spoke of innovative collaborations and innovative approaches needed to reach the BoP. He shared how Syngenta works with certain development organizations to help fulfill the needs of the BoP.

He talked about private sector partnerships with development sector organizations, “For us, the bottom of the pyramid is the future. If you want organic growth in the business, there is no way out but to tap that segment, which is down at the bottom and to do that, you have to partner with people who know the needs at the bottom of the pyramid.”

Dr. Sikder M. Zakir, Telemedicine Reference Center Ltd., also spoke of a different kind of collaboration to help the BoP access better services. He discussed their use of information technology to help bring proper health care to BoP.

About making quality services available to the BoP, he said, “Through the telemedicine service, partnered with BRAC and ICDDR,B, traditional village doctors, without any formal medical training, are able to get advice and suggestions, via telecommunication methods, from trained medical experts from other parts of the country and the world.”

About Immersion, he said, “Companies must invest their energy to know the eco-system of these markets and delve deep into the nuances of the market before innovating products or processes.”
When defining inclusive marketing, he said, “Inclusive marketing looks at the poor not only as consumers but also as producers of goods and services.”

Bidyut Kumar Basu, Robi, provided examples of inclusive marketing, seeing BoP as producers not consumers. Among many other services he talked about “Robi Uddokta” providing rural and urban low income individuals with the opportunity to earn a living.

Discussing the challenges of reaching BoP, he said, “Changing Robi’s brand image to be friendlier towards the BoP was not that easy. We took 3 years of preparation time for this big change. Bangladeshi people want a company that considers their needs; with each new innovation we are trying to do just that.”

Fouzia Nasreen, Katalyst, presented a successful model of NGO and private sector partnership. She showed a strategic approach to inclusive marketing through examples of collaboration with Lal Teer Seeds (to provide farmers with increased access to quality seeds) and with GP CIC (to provide farmers with access to necessary information).

She talked about taking a holistic approach to the matter. “Our approach is to look at the overall business strategy. We want to be partners in innovation and partners in progress when we work with large corporates...the advantage that we offer is the experience in rural areas.”

Syed Alamgir, ACI Limited, discussed changing the lives of the poor by eliminating the need for middlemen. He shared an example of ACI’s super-shop ‘Shopno’ buying directly from farmers in almost all their products.

He offered a way of changing the lives of the people through inclusive marketing. “The mission of the company is to help develop the lifestyle of the poor people of Bangladesh...our claim is that we are the friend of the farmers.”

Asif Saleh, BRAC, discussed inclusive marketing as a tool for poverty alleviation, by providing BoP producers with access to urban consumers. He talked about Aarong, BRAC’s retail outlet for Bangladeshi independent cooperative groups and family-based artisans.

He identified the need for providing an overall support system in order to undertake a sustainable poverty alleviation initiative. “In creating Aarong, we realized there was a greater need for not just giving them loans, but also lending an additional hand. They need access to market and they need guidance about what the urban market needs.”

Inclusive Marketing
Keynote

Business innovation in emerging markets

Pradeep Kashyap - Founder and CEO, MART

Leveraging Growth

The impressive and sustained growth of the Indian economy coupled with large scale social investments by government has pushed a large chunk of low-income consumers to move up the economic ladder. Investment in infrastructure and improved road connectivity is rapidly spreading prosperity to the hinterlands. The rural income pyramid in India is fast morphing into a diamond. By 2020, in India it is expected that the middle income (USD1 - 5 per day) will swell to 500 million from the present 350 million, thus adding 150 million first time consumers of brands.

Emerging markets including BoP are showing keen interest to adopt new products and services. Increased spending on health care, housing, education and agriculture offers huge opportunities to companies. Information and communication technology is making inroads and changing the face of these markets. The evolution of internet and mobile phones is having tremendous impact on the lives of these emerging consumer segments.

Even consumers at the base of pyramid (BoP) are showing interest to adopt new products and services. Increased spending on health care, housing, education and agriculture offers huge opportunities to companies. Information and communication technology is making inroads and changing the face of these markets. The evolution of internet and mobile phones is having tremendous impact on the lives of these emerging consumer segments.

The Opportunity

Emerging markets today provide three key opportunities - new growth markets, talent hubs and innovation hubs. Western economies have realized the potential of innovation in the emerging markets and are tapping into it already.

Fortune 500 companies have 98 R&D facilities in China and 63 in India. In emerging markets, innovation is not about being niche or sophisticated but about cost-effectiveness and mass-appeal. What works in the developed world will not work in the emerging markets. Products have to be redesigned. Incremental changes to an existing product or service to tailor it to local needs will not work.

Understanding Complexities

While the market is ready it is time for companies to understand the complexities and dynamics of the market. Companies must recognize the difference between the emerging market and markets currently catered to by them. Affordability of low income consumers is to be addressed while developing any new product or service. The ability to create a balance between performance and price will be the winning proposition in this market.

My recommendation is 75% performance at 50% price. Consumers in emerging markets carry different mindsets while assessing new products, for example ‘touch-n-feel’ or ‘seeing-is-believing’ is crucial while deciding to buy any product. In fact the right impact can be made in the market if behaviour patterns of consumers are impacted in the right manner. Companies need to find out-of-the-box solutions.

Similarly making products and services available at the door-steps at the lowest possible cost that create maximum impact needs innovative thinking. Even before finding delivery and distribution solutions, innovation in creating effective awareness and communication processes are crucial. To overcome the complexities, companies have to think not only in terms of product innovation but also process innovation.

Understanding these markets, empathizing with people and their needs and designing solutions that create an impact with these new consumers needs a compassionate and conscious organization, therefore demanding innovation at the people level.

Redefining Approach to Innovation

Companies have recognized that innovations in emerging markets are a necessity now. The market development efforts in India’s low-income groups have the potential to become sustainable business opportunities for companies provided they pursue the innovation agenda more aggressively. Companies must invest their energy to know the eco-system of these markets and delve deep into the nuances of the market before innovating products or processes.

Based on our decade long experience in working with companies like Unilever, Intel, Shell, DuPont, GE, John Deere and Syngenta to innovate products and processes in India we have come out with a comprehensive framework for Innovation - the MART 3i Innovation Framework- Inquiry, Immersion and Implementation.
Inquiry

This first stage is ‘Inquiry’. This involves sensitizing a cross functional innovation team put together by the company. The team needs to comprehend the macro scenario and dynamics of emerging markets, particularly the BoP segments. The key purpose of inquiry is to gain knowledge on the size of the market, income levels and profile of consumers etc.

For this the innovation team should interact with the right experts who carry sizeable experience on working on business application of ideas related to emerging markets and BoP, knowledge on social infrastructures (such as SHG, Asha workers etc.), government led initiatives and schemes, local practices and familiarity with geography. I believe the innovation team should have people from streams like R&D, marketing, finance and sales. Our experience suggests that what adds significant value is involvement of top management to ensure commitment to the innovation initiative; this also allows flexibility to the team in managing the operations.

Immersion

The second step is Immersion. This focuses on how to arrive at the big ideas for innovation. This starts with a walk around the village to understand the ecosystem followed by interactions with villagers using ethnography and participatory approaches to map their needs. This intensive 360 degree approach ensures that the team understands the needs at three levels - Individual level, family level and community level. This process helps the team in experiencing the environment, understanding consumers, identifying need gaps and in gaining real insights before arriving at big ideas for Innovation.

Implementation

The third and final step, Implementation starts with scanning of existing documented sources for already available solutions of the big ideas identified at the end of the immersion process. Each big idea needs a dedicated team which consults with experts to develop the action plan. Thereafter in-depth research needs to be conducted to understand the nuances and the minute details to finalize the business strategy and prepare business plans. Our experience suggests that this should start with qualitative research to test out key factors that would make the idea a viable business proposition. This should be validated through quantitative research. This process results in a rigorous business solutions framework for prototyping innovation.

At this juncture I would like to share some critical risks that managers encounter while innovating in emerging markets. Many managers who have originally come from a rural background and believe that being familiar with the target group they are in a position to find best possible solutions, not realizing that the local reality has changed dramatically from their times. Similarly some think that due to apparent simplicity of these low income consumers finding solutions will be equally simple. Many become victims of their own overconfidence and end up predicting unviable answers. Likewise companies fail to anticipate the pace of diffusion of innovation in these markets which is much slower than in developed markets and companies often abandon the innovation initiative half way.

Right Organization Culture

The innovation effort does not stop here. The most important element of innovation is having a responsive organization with the right culture and mindset. I believe companies should have the ability to work with the underserved and informal markets, ability to manage the cost of transactions that are likely to bring results in medium or long term, ability to collaborate and develop partnerships with stakeholders and create a win-win proposition for all. Flexibility in operation and ability to take quick decisions are part of the DNA of such companies. More than this, companies that encourage risk-taking by stretching limits and do not penalize failure would bring maximum innovations.

We believe companies that pursue the larger purpose of serving underserved markets with passion will make sustained profit. These companies believe ‘what is good for the society is good for the company’ and therefore focus on benefiting wider stakeholders rather than just the shareholders while focusing on innovations in emerging markets. I call this the - Business Mind Social Heart ™ approach. I would conclude by saying that companies need to innovate at three levels - product, process and people (organization) to make their offering most relevant to low income consumers.
Inclusive Marketing

The bottom of the pyramid market has generated a lot of interest among corporates in recent years. The reason simply is that the 650 million people, each earning less than a dollar a day, collectively amount to 30% of India’s income and consumption. They represent a 165 billion dollar market. Some companies have quickly tried to tap into this market by offering inferior or stripped down products at reduced prices. Others have offered obsolete products with no adaptation to meet usage needs of the poor. It is therefore not surprising that not many companies have been able to unlock the potential of this low income market. The real challenge is that though the total market is huge, the per capita income is a paltry Rs 40 per day.

For the social sector the challenge is to increase incomes of the millions of poor engaged in the handicrafts, handlooms, dairy and other sectors. The promotional agencies in these sectors lack professional marketing support and hence are unable to help the poor get better value for products made by them.

What can marketing do for the poor?

Government poverty reduction programs assume that poor are unable to help themselves and hence they are treated as ‘beneficiaries’ who need a generous dose of grants and subsidies for their income generating activities. This traditional approach has not created sustainable solutions because once the funding is withdrawn the activities collapse. On the other hand a market based approach focuses on the poor as consumers and producers and on solutions that can make markets more efficient, competitive and inclusive so that BoP can benefit from them. The market oriented approach recognizes that only sustainable solutions can be scaled to meet the needs of the 650 million poor.

Inclusive Marketing - an approach that looks at the marginalized not only as consumers but also as producers/suppliers. This approach uses innovative co-creation and appropriate partnerships offering promise to add economic value to goods and services contributed by the marginalized. It creates solutions that can make markets more efficient, competitive and inclusive. It can therefore impact poverty positively. ITC’s E-choupal is a perfect example of inclusive marketing. The business model ensures that farmers as producers get better value for their produce. Once their incomes are enhanced the model then uses the same channel that was created for procuring produce to push relevant goods and services needed by the farmers as consumers. Therefore, we need to ask some candid questions about the promised benefits of inclusive marketing.

Marginalized

Producers

Consumers

Innovative Co-Creation

NGOs/Govt.

Private Sector

Partnerships

Sustainable Incomes

This brings us to ‘Inclusive Marketing’ - an approach that looks at the marginalized not only as consumers but also as producers/suppliers. This approach uses innovative co-creation and appropriate partnerships offering promise to add economic value to goods and services contributed by the marginalized. It creates solutions that can make markets more efficient, competitive and inclusive. It can therefore impact poverty positively. ITC’s E-choupal is a perfect example of inclusive marketing. The business model ensures that farmers as producers get better value for their produce. Once their incomes are enhanced the model then uses the same channel that was created for procuring produce to push relevant goods and services needed by the farmers as consumers. Therefore, we need to ask some candid questions about the promised benefits of inclusive marketing.

Corporates are known to use marketing as an effective tool to first understand the needs of consumers and then offer appropriate products and services to fulfill their needs at affordable prices. The challenge in front of us is how this effective tool of marketing can be used to help increase incomes of the poor and empower them. If marketing skills of promotional agencies (Khadi Commission, Handicrafts, Handlooms etc.) and NGOs that are engaged, in the non-farm sector are enhanced, these agencies will then be able to help the poor get better value for their products and higher incomes.
How can the poor be included in the free market system?

BoP is often not integrated into the market economy and therefore does not benefit from it. Engaging the BoP in the formal economy must be a critical part of any wealth generating and growth strategy. Let us take the example of the labour market to explain this point. Two thirds of the labor force is the BoP segment. Currently they earn low wages and do not get regular work. Recent Confederation Indian Industry (CII) and Planning Commission studies have identified Tourism, Construction, Retail and Healthcare as high growth sectors. These sectors can absorb millions of workers in the organized sector of the economy provided their skills are upgraded. Workers can thus hope to get higher income levels and better employment benefits.

In the fastest growing services sector if domestic servants, plumbers, electricians and other service providers living in urban slums form themselves into marketing collectives they can negotiate better rates for their services. They can also look at providing services to large contractors and builders and thus enter the organized economy, something they can never hope to achieve individually. The rapid spread of Information Technology will also ensure greater inclusion of the poor in the market as they can now have access to market information hitherto to the exclusive reserve of the rich and powerful. For example, the poor can now access prices of commodities in different Mandis (agri-markets) through the new, transparent electronic exchanges or receive this information through SMS on mobiles.

Marketing cooperatives of small farmers will help them achieve scale and will allow them to access bigger markets and get better prices for their produce. The case of AMUL is an excellent example of milk production by millions of individual dairy farmers and processing and marketing centrally under the strong AMUL brand. Corporates too stand to gain by engaging with the poor as they can get skilled manpower for their growing businesses and aggregated supply of raw materials and other produce. But to get this benefit they will need to commit resources.

Can inclusive marketing offer a way out of poverty?

From the time economic reforms were set in motion in 1991, the gap between the rich and poor has only widened and the absolute numbers of poor has not declined significantly. Special efforts will therefore have to be made to enhance incomes of the poor using inclusive marketing approaches.

Public-Private Partnership is one such approach that can benefit the poor. But it should be a win-win model that offers benefits to all stakeholders equally. Such equitable, market based models are more likely to be sustainable as they utilize the best strengths of each partner. Indian Tobacco Company, ITC’s e-choupal mentioned earlier and Project Shakti that was co-created by HUL with MART are examples of successful PPP models. In Project Shakti Self Help Groups (SHG) women benefit because of the additional income they earn from this business, the company has been able to reach their brands to remote villages.

To conclude I believe enlightened corporates will consider inclusive marketing part of their market development strategy because as BoP incomes grow it will translate to higher business growth for companies. For development professionals inclusive marketing can help empower the poor economically.
**Presentation synopses**

**Nestlé Bangladesh Ltd. - Innovation at the Base of the Pyramid-MAGGI Shaad-e Magic**

**Presentation by - Mr. Laurent Therond, Managing Director**

Nestlé is the largest food manufacturer, and world leader in Nutrition, Health and Wellness, with a worldwide consumer base. Through their years of experience, they have gained a deep understanding of target consumers and currently produce more than 4,860 products globally. Nestlé has been in Bangladesh since 1994, with a countrywide distribution.

In Bangladesh, 50% of the population earns less than USD 1.5 per day has low literacy, and half the Bangladeshi children, under the age of 5 are malnourished. This has created a need for affordable and more nutritious products. In recent years, the picture of the Bangladeshi consumer has been changing as poverty alleviation efforts in the country are bearing fruit and indeed the main driving force of economic growth. They currently have 32 million subscribers, of which 60% are from rural areas. Their market penetration rate is 30% (after adjusting for multiple SIM owners).

Since its inception, GP has been committed to empowering the people at the BoP. Fig. 2. shows 4 approaches to rural empowerment. The first approach refers to their extremely comprehensive mobile network in Bangladesh, covering 65% of rural areas, and highly developed distribution channels. GP plays a significant role in employment generation. There are 30,000 SIM selling points and 1,600 customer service outlets or service touch points nationwide, providing livelihoods for thousands of poor people.

The second approach is their Village Phone intervention, which made a major contribution to the empowerment of rural women, living in poverty. The Village Phone works as an owner-operated GSM payphone, where a borrower can get a loan of up to BDT 12,000 (USD 200) from Grameen Bank to buy a phone and a SIM. The owner is then trained on how to operate the phone and charge others to generate profit. In this way the village phone has helped many women to own shops that ensure them with greater incomes, sound family life and the opportunity to send their children to school.

A third approach taken by GP is to provide, the BoP with access to information. GP has 500, Community Information Centres (GP-CIC), all over Bangladesh, providing Information and Communication Technology (ICT) services to villagers, enabling them to access information about agriculture, business, healthcare, etc. GP has also set up service lines such as GP Health Line (providing doctor’s advice and medical information) and Study Line (providing accurate up to date education related information) to help people access other kinds of information. GP Cell Bazaar (enabling consumers to trade directly without the involvement of a middleman) is another highly popular information sharing initiative by GP.

Finally, GP believes the biggest way to empower BoP is to provide them with connectivity. This has brought about, the fourth approach, project Baadhon. The project, through a micro-credit partnership with BRAC and a rural sales partnership with CARE, provides the BoP with low cost, rural-friendly handsets with extended warranty. It has handy features like a built in torch light and a menu in Bangla for easier usage and accessibility.

According to Telenor ASA & Deloitte, with every 10% increase in mobile penetration, GDP may increase by 1.2%. In this way, with higher penetration into the rural market, GP is consistently contributing to the growth of the BoP and hence economic growth in Bangladesh.
Katalyst - Inclusive Marketing and Role of NGOs
Presentation by - Fouzia Nasreen, Group Director

Katalyst is a pro-poor market development project, funded by UKaid, SDC, CIDA and EKN and implemented by Swisscontact and GIZ-IS under the Ministry of Commerce (MoC). Katalyst aims to contribute to poverty alleviation by making small and medium businesses more competitive through sustainable development. Katalyst’s approach focuses on Making Markets work for the Poor (M4P). Katalyst partners with the private sector in a number of interventions in order to reach and benefit the BoP.

Katalyst formed one such intervention partnership with Lal Teer Seeds Ltd., to increase the access of good quality seeds to small and marginal farmers. Low income farmers usually had low productivity due to unavailability of good quality seeds. Quality seeds were often being sold only in open markets and farmers based in more remote areas tended to use poor quality inexpensive seeds sold at their local ‘haats’ instead of travelling to these distant markets. Seed companies that existed in the market did not invest enough to reach these farmers in remote areas. Katalyst collaborated with Lal Teer and increased access to these farmers. Katalyst and Lal Teer decided to implement a pilot where the idea was to develop the capacity of mobile vendors in rural ‘haats’ to provide better information as well as supply quality seeds to the small farmers. As a result of this pilot, Lal Teer has included 200 mobile vendors in their distribution network reaching 20,000 farmers with higher quality seeds which has improved their productivity and hence income.

Similarly, Katalyst continues to identify sustainable mechanisms to address the needs of the BoP and partners with interested private players willing to invest in service/product innovations.

Robi Axiata Limited - Empowering People
Presentation by - Bidyut Kumar Basu, CMO

Robi, a telecommunication firm, empowers the people of Bangladesh by empathizing and understanding their real needs, drawing from the expertise of world-class associates in order to provide relevant solutions. Their tagline is ‘Aparn shokti apnar shathe, jole uthun apon shoktite’ (your power is within you, be inspired).

Micro Entrepreneurship for sustainable livelihood options, a basic development agenda

Robi’s first empowerment initiative is the introduction of the project, ‘Robi Uddokta’ which provides rural and urban low income individuals with Micro Entrepreneurship Opportunities to create sustainable livelihood options for people (Fig. 4 explains the steps of empowerment through micro-entrepreneurship). Through this project, Robi encourages entrepreneurship, by helping people start off their own Public Call Office (PCO), where the owner can charge a fee for allowing people to use the phone services. As the business begins to grow, the owner is given further training to become a Robi Retailer for credit recharge and SIM sales. Finally, if the person shows further potential to grow as a retailer, they can become distribution partners, Robi Sheba Partners (RSP), for that area.

Another empowerment initiative is “Robi Ortho”. Robi identified that only 13% of the Bangladeshi population has access to banks and other financial institutions, thus limiting their growth potential. “Robi Ortho” is a mobile banking initiative, based on the simple concept of providing villagers with access to banking services. Robi works as a supporting partner to several banks, taking banking services to the BoP, using Robi’s present communication channels.

Their latest initiative for empowerment is ‘Robi Kothabarta’. This is based on the realization that people can not completely be empowered without the freedom to express themselves. ‘Robi Kothabarta’, is a voice-blog where people can submit poetry, songs, etc. The best submissions are rewarded every week. Robi also plans to publish web-based e-books or journals using the entries. This project has not been officially launched, but it has already received great response from Robi consumers.

In conclusion Robi believes that in order to fulfil their consumers’ needs, they need to include their feedback into the innovation process. This is why Robi is constantly coming up with innovative products and services aimed towards the BoP, to keep up with the changing needs of these consumers.
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