Abstract

Based on qualitative research, the author studied the experiences of ten firms, each one operating in a specific country in Latin America, among Peru, Mexico, Guatemala, Colombia, Ecuador, Chile and Argentina, from different industries and at different stages of implementation on their Base of the Pyramid incursions. Through an analysis, the author uncovers what factors were critical for the decision making processes of the studied firms and what other factors were at that moment underlying, but afterwards help to reinforce the value proposition. One of the conclusions of the study is that the person and its needs should be the drivers to develop creative solutions to address low-income consumers’ problems.

Objective and methodology

The objective of this article is to find, through theoretical and qualitative research, common factors among firms that have been attending consumers from markets at the Base of the Pyramid (BoP) in Latin America. The author selected ten examples of firms operating in seven different countries in the region, from various industries and with different sizes and levels of maturity and deployment on their BoP incursions.

World Poverty

Conventional definitions of poverty had been referring to a shortfall in income levels (Akindola, 2009), until Rowntree (1901) started studying those aspects of poverty not related to income, which he called ‘secondary poverty’, referring to habits and behavioral patterns that affect the commodity composition of a family’s consumption. Those patterns are related to a ‘culture of the poor’, concept first suggested by anthropologist Oscar Lewis, based on ethnographic studies he conducted with families in Mexico, Puerto Rico and New York in the 1950s and 1960s (Lewis, 1959, 1961, 1966).

Nobel Prize laureate Amartya Sen (1999) suggests that we need a much deeper understanding of the multidimensional nature of poverty and that the poor cannot reach development because they do not have enough liberty, as they lack the opportunities to increase their income on their own. Sen (2009) indicated that we must learn to identify and remove the constraints that prevent those in poverty from realizing their full potential.

Growth and Inequality in Latin America

In 2010, real world GDP is estimated to have expanded by 3.9 percent, but by 5.7 percent for Latin America and the Caribbean (World Bank, 2011). As with other developing countries, the economies in Latin America had ‘decoupled’, and will continue to boom even as the economies of the United States and other rich countries grapple with recession (Bishop, 2008).

General economic progress does not improve the levels of the very poor (Todaro, 1997), and some developmental economists contend that the growth processes typically ‘trickle-up’ to the middle classes and especially the very rich (Norton, 2002). The first calculations of inequality across world citizens were done in the early 80s (Berry, Bourguignon & Morrison, 1983; Grosh & Nafziger, 1986). Since then, Latin America has had the world’s worst income inequality (The Economist, 2011; Lopez & Perry, 2008). With a Gini Coefficient\(^1\) of 0.53 in the mid-2000s, Latin America was 18 percent more unequal than Sub-Saharan Africa, 36 percent more unequal than East Asia and the Pacific, and 65 percent more unequal than the high-income countries (López-Calva & Lustig, 2010). According to some researchers, inequality in Latin America is the result of state capture by elites, capital market imperfections, inequality of opportunity, labor market segmentation, and discrimination against women and nonwhites (Atal et al., 2009; Barros et al., 2009).

A new survey by the World Economic Forum points that widening economic disparities and failings in global governance are the two main global risks over the next decade (World Economic Forum, 2011).

The Base of the Pyramid

The presence of multi-dimensional personalities means that not every business should be measured by the single objective of profit maximization, since businesses have a key role in society (Yunus, 2007). However, the main attention of businesses to poverty had been regarding Social Responsibility Programs; until 1999, when C.K. Prahalad and Stuart Hart wrote an article titled ‘Strategies for the Bottom of the Pyramid: Creating Sustainable Development’ (Prahalad & Hart, 1999). This work was the first that introduced the BoP concept, attempting to raise awareness of the world economic pyramid and the vastly untapped market of 4 billion people living on less
than $1,500 Purchasing Power Parity (PPP)² per capita income. The poor at the base of the global socio-economic ladder, primarily transact in an informal market economy, due to the cost, complexity and unfamiliarity of transitioning to the formal economy (London, 2007), and the BoP perspective relies on the view that unmet societal needs are also potential business opportunities (London & Hart 2004; Prahalad, 2004; Prahalad & Hart 2002; London, 2010).

The BoP perspective relies on a proposition of mutual value creation: the greater the ability of the enterprise to meet the needs of the poor, the greater the return to the partners involved. However, profit, rather than any other measure of corporate activity, is the first estimate of how much value a business creates for society and we should encourage businesses to make profit, even if we think about other goals (Wilson & Wilson, 2006).

According to the BoP literature, a BoP venture is a revenue-generating enterprise that either sells goods to (BoP-as-consumer) or sources products from (BoP-as-producer) those at the base of the pyramid, in a way that helps to improve the standard of living of the poor (Prahalad & Hammond 2002; Prahalad & Hart 2002). An specific BoP venture can adopt either or both, approaches (Anupindi & Sivakumar, 2007), and in order to evaluate a BoP venture’s impact on poverty alleviation, we should consider respect, dignity, inclusion, choice, security, and transparency, among other aspects of well-being that must be measured (London, 2007).

**Base of the Pyramid and Core Competences**

A Core competence of a company is a form of economy of scale that results from a company’s ability to excel in certain aspects (Milgrom & Roberts, 1992). According to Prahalad and Hamel (1990), a core competence provides potential access to a wide variety of markets, should make a significant contribution to the perceived benefits by customers of the end-product, and should be difficult for competitors to imitate. As in any other business ventures, an enterprise getting into BoP markets should first focus on its core competences.

**Base of the Pyramid and Inclusive Scheme**

Co-creation business logic implies that the most competitive business models will emerge from a deep understanding and dialogue with front-end users or producers, which in the cases under study comprises the BoP. This requires ‘honest and open’ long-term relationships (Grönroos, 2000; Normann, 2001). Corporations that succeeded at BoP, have the capabilities of investing or developing associations, developing new competences and experimenting in new and untested markets (Hart & Milstein, 1999).

**Base of the Pyramid and Innovation**

Market creation is fundamentally different from market entry. According to Simanis (2010), even considering the BoP’s ‘basket’ of compelling needs, the BoP is not actually a market. In order to ‘create’ a market, firms should focus on products or services that could be ‘embedded’ into the BoP consumers’ lives.

**Consumer Needs at the Base of the Pyramid and Wrong Assumptions**

Before thinking about consumer needs at BoP markets, we should first think about a wrong assumption, which usually blocks managers from thinking about poor people as consumers. As an example, some of these wrong assumptions with reference to poor people are: ‘they don’t need to use a mobile phone’, ‘they would not pay for glasses’, ‘they would not use make-up’, or ‘they are not capable of investing money with success’.

**Base of the Pyramid in Latin America**

The World Bank has emphasized the importance of making markets work for the poor, and the need for those in poverty to actively contribute to this process (Narayan et al., 2000; The World Bank, 2001). The World Resources Institute (WRI) conducted a study with the International Finance Corporation to better understand the size and aggregate purchasing power of the BoP. It identified nearly 4 billion people at the BoP across Africa, Asia, Eastern Europe, Latin America and the Caribbean (Hammond et al., 2007). Using data from household consumption surveys, the report estimates total annual household income at the BoP at $5 trillion PPP (or $1.3 trillion when adjusted to U.S. dollars). In another study with the Inter-American Development Bank (IDB), WRI also relied on household survey data to examine the BoP in 20 countries in the Latin America and the Caribbean region, finding a BoP population of 361 million in the region, with an aggregated annual income of $510 billion (World Resources Institute, 2006).

**The Selected Cases**

Through in-person and telephone interviews, we used the case research method (Yin, 1984) to collect the data and analysis of the ten firms. That kind of research is qualitative, which is useful for studying phenomena in their natural settings, attempting to make sense of, or to interpret it in terms of the meanings people bring to them (Denzin & Lincoln, 2000). Our analysis is divided in the following parts: Company Background, Consumer Needs and Problem, Wrong Assumption, Value Proposition, and Results.

**Global Alimentos (Peru, Packaged Foods)**
Company Background

In 1996, Maltería Lima (ML), a firm dedicated to processing malt, corn and other cereals, mostly for a brewing Peruvian group - Corporación Backus (CB)-, launched a barley cereal in form of flakes, which competed successfully with oats, under the brand ‘Angel’. That cereal was consumed almost exclusively at breakfast and as the consumption of oats, it needed to be cooked. ‘Hojuelas de Cebada Angel’ reached a market share of 30% among the Peruvian oats category, competing with Quaker Oats and other imported cereals. In 2003, ML launched an instant corn cereal, ‘Hojuelas de Maíz Angel’, attempting to compete with Kellogg’s and Nestle. By then, ready-to-eat cereals in Peru were mostly distributed at supermarkets, and because of price and accessibility barriers, practically out of low-income consumer’s shopping lists. In 2004, CB was acquired by a larger foreign brewing group, interested just on beer-related businesses. As a spin-off from ML, its cereals unit was sold to two seasoned ex-executives from that firm, who founded Global Alimentos (GA). Even though they didn’t have the economic resources from CB, that venture brought them plenty of flexibility and independence in terms of investment and priorities. With a project for a high-quality and low-price instant cereal already launched, they reinforced the value proposition of the product and practically, created a market.

Consumer Needs and Problem

The consumer needs addressed were nutritive feeding, good taste and to share good moments in family, during breakfast. The problem is that low-income Peruvians couldn’t afford to buy good quality cereals for their breakfast.

Wrong Assumptions

Some executives though that low-income Peruvians won’t appreciate instant cereals, so they don’t deserve the opportunity of tasting good quality cereals, and that low-income housewives don’t value their time, so they don’t have problem about investing too much time cooking cereals for breakfast. Regarding consumer acceptance, it was thought that a small serving size for corn flakes at an accessible price, wouldn’t be attractive.

Value Proposition

GA executives realized that low-income Peruvians don’t have an ‘atrophied’ palate to appreciate ready-to-eat cereals, but an ‘sleepy’ palate. Also, they realized that low-income housewives value their time. The product is manufactured at state-of-art facilities, with top quality ingredients, a valuable vitamins & minerals fortification, comes in different forms and flavors, and is also available on small individual sizes (22 grams), with an underlying message that ‘you don’t need to eat more for good nutrition and satiety’. The price was really competitive -the equivalent to ten cents of dollar for the individual size- and all the sizes come in bags instead of boxes -saving more money-, with a similar expiration time-frame.

Results

The market in Peru grew from 1,000 TM a year (2003) to 5,000 TM (2010), and besides absolutely leading the category in Peru, GA now exports to 14 countries in Latin America and have more than 20 different varieties of ready-to-eat cereals, all under the brand ‘Angel’.

El Trome (Peru, Newspaper)

Company Background

Founded in 1839, ‘El Comercio’ (EC) newspaper, with a line of independent journalism and with no political affiliation, gained trust and credibility and was the leading newspaper in Peru among top socio-economic levels (A and B). However, by 2001, EC group depended on a single product and segment, and wanted to compete in the low-price segment of newspapers, niche then dominated by some empty content newspapers, offering entertainment for a low-price (50 cents of Nuevo Sol, equivalent to 14 dollar cents), with useless information and plenty of slang and nude women.

Consumer Needs and Problem

Through consumer research, EC executives realized that low-income consumers need not just information and entertainment, but education and usefulness. Since low-income Peruvians don’t have too much time for reading, they are not interested on political analysis or complex schemes, and as they don’t have too much money to spend, they demand more for what they pay.

Wrong Assumption

Low income people just need slang and informal style communications, with empty content and just entertainment. They wouldn’t appreciate a more valuable newspaper.

Value Proposition
They launched a newspaper named ‘El Trome’, that brings more value, and for all among the family (not nude girls, as is common in the category), with selected information and entertainment articles, and straight educational and utility articles, with practical issues and ‘hands on’ tips-. The price was 50 cents of Nuevo Sol, while “El Comercio” cost 2 Nuevos Soles.

Results

In Lima, average annual readership went from 1.95 million (2000) to 5.15 million (2010), accounting ‘El Trome’ for 2.95 million readers, becoming the newspaper with more sales worldwide, among Spanish media.

Yaqu Soluciones (Peru, Utility and Construction)

Company Background

Yaqu Soluciones (YS) was founded in 1999 and its main activity was to sell water tanks and other systems related to water supply. In 2003 YS decided to offer those products and systems to low-income consumers, piloting projects at shanty towns in the Peruvian departments of Lima and Ancash, with support from the Fund for the Americas and the NGO Being.

Consumer Needs and Problem

There is a lack of water supply and sanitary facilities (neither piped water nor public sewage network available), and a need of additional cleaning of waste.

Wrong Assumption

Low-income Peruvians don’t appreciate a toilet service like high-income customers do; cesspool or other common solutions are enough for them, and they are not willing to pay for such a more practical system.

Value Proposition

A water supply system, with a sink, shower and toilet, was developed using a digester and a water tank, for areas where regular supply is via a delivery truck and toilet service is not available. The complete system costs around US$ 1,090.

Results

In years 2004 and 2006, YS won the prestigious award “Creatividad Empresarial”, for their creative systems. However, they have just focused on very small niches, lacking a good financing system.

Crosland (Peru, Motorbikes)

Company Background

Founded in 1962, Crosland imported diesel Rolls Royce engines for boats operating in the fishing industry, as well as pumping equipment and power generators. They also manufactured alternators, which were applied to generators and hydroelectric plants. In 1992, Crosland started importing 3-wheeler motorbikes, but they didn´t know how to sell that vehicles.

Consumer Needs

There was an opportunity to provide efficient and cheap transport solutions for low-income people living in places not easily accessible. Regarding the 3-wheeler’s owners, the primary need is to make some profits.

Wrong Assumption

3-wheeler could be sold only through a formal distribution network (exclusive distributors).

Value Proposition

Crosland maximizes the value of the Bajaj 3-wheeler, as an efficient transportation alternative, with a more powerful engine, lower parts costs, better durability and better public preference than competitor’s products. The price is ranged between US$ 3,000-3,500 per unit. They started using informal distributors, whom are very close to the potential clients and work with a very low margin. Regarding the service component, Crosland developed 120 sales outlets, 350 spare parts agents, and 160 authorized service centers, continually training the network and creating a spare parts loyalty program, with points and prizes.
Results

In 2010, Crosland leads the 3-wheeler market, with the brand Bajaj, with more than 18,000 units a year, reaching a 25% of market share.

Banco de Antigua (Guatemala, Banking)

Company Background

Banco de Antigua (BA) was founded in 1997, and through commercial and corporate banking, it was focused mostly in medium and high income people. In 2008 BA was acquired by Canadian banking group Scotiabank, turning it into a more solid institution, with higher expansion opportunities. That allowed BA to focus in other segments and consumers in Guatemala.

Wrong Assumption

Since low-income consumers don’t deal with banks, it will be almost impossible to reach them.

Needs and Problem

In 2008, BA executives noticed that low-income entrepreneurs and consumers, first of all, want to progress, and since they don’t have time, they don’t visit banking offices. Traditional banks in Guatemala offered long credit validation processes, mostly at the banks facilities. On the other hand, for low-income Guatemalans, it was difficult to demonstrate the existence of sources of income, since they live under informality.

Value Proposition

BA invested on updating their technological platform and training their personnel, to offer short processes and better accessibility, bringing credits without collaterals or guarantee. BA re-formulated their processes, including their recruitment and training process, creating a sales force with a strong focus on autonomy, speediness and customer service.

Results

BA has been positioned as one of the leaders in consumer finance and micro lending, with 56% of their portfolio composed by small business credits and 31% by consumption credits. From 2007 to 2010, the total number of credits was duplicated, reducing the risk exposure to the tenth. On December 2010, the firm Pacific Credit Rating rated BA with ‘Grade of Investment’, due to their credit risk control and all their solvency indexes, with top results among the sector.

Frogtect (Mexico, IT Services)

Company Background

Frogtect is a social enterprise founded in 2008 by people with strong technical background, focusing on developing smart-phone technology to improve the operations of micro-retail supply chains in Mexico and Colombia. They realized the opportunity when personnel from Frogtect’s main investor, Women’s World Bank, were making ‘due diligences’ with PDAs tools to store-keepers, for credit approvals, and they became aware of the opportunities among low-income business-to-business customers.

Wrong Assumption

Since good shopkeepers have memorized almost all their products’ prices and are very customer oriented -they know their customers preferences, birthday, credit profiles, etc.- they are not interested on tools to improve the way they do business. On the other hand, they wouldn’t afford paying for sophisticated technological devices.

Needs and Problem

The main need is business development. Most of these business-owners do not know their break-even sales level and cannot analyze an investment opportunity, nor optimize their purchasing decisions. All of these limitations combine to keep micro-retailers operating in a sub-optimal manner, reducing profits, limiting growth and making life more difficult for their suppliers. In addition, corporations selling through these channels don’t have accurate information regarding sales and related factors, as they do have with supermarkets channels.

Value Proposition
The product is a point-of-sales software application that allows micro-retailers to record all store expenses and revenues directly on a mobile phone. An external bar code reader connected to the phone via a wireless connection allows micro-retailers to record transactions at the product level. In exchange, micro-retailers gain access to financial reporting, personalized recommendations and additional value-added services. The hardware and software is very accessible and the only required equipment than a smart-phone. The price is US $400, which could be charged in 4 or 5 parts.

Results

Until now, Frogtek have been selling the product in a few Mexican markets with success. A recent survey with Frogtek´s customers shows that they have improved their income, without stocking out of products anymore, and that they now know their margins, having also separated their personal income from the business´s flows. Frogtek is now focusing on building a strong sales-force, and plans to sell systematic market research data from the micro-retail channel to large corporations.

Aliar (Colombia, Food Processing)

Company Background

Aliar was founded in 2007 as a firm dedicated to cultivate agricultural products, and to process and market high quality food, based on pork and related meats, following the highest standards of sanitation and hygiene, to bring a better nutrition to the great part of Colombians.

Consumer needs and problem

The key need to attend is nourishment, since 6% of Colombians suffered nutritional deficiencies, with no access to protein from meat nutritive feeding, with good taste and hygienically presented. In 2008, the per-capita consumption of meats was 42.5 Kg. in Colombia, 86 in Brazil and 81.3 in Chile. Regarding pork, Colombian per-capita consumption was 4.5 Kg., while Brazilian was 13.4 and Chilean 20.2. Besides, among Colombians, there are cultural barriers among pork´s meat, viewed as a non-healthy, and associated with some kind of mortal bacteria.

Wrong Assumption

Since low-income Colombians don´t appreciate pork, they wouldn´t appreciate a high quality pork meat. It is almost impossible to bring accessible meat-processed products.

Value Proposition

Aliar launched a brand, calling it ´La Fazenda´. They use the whole pig, without missing any single part. In that way, they could offer more value for the whole animal, bringing quality at low prices. That let the consumer to tryout different products on different occasions and budgets, making it faster to familiarize with the meat of pork. Aliar strongly focused on a vertical integration, and under the concept ´from soil to the basket´, invested on crop production of corn and soy, seed development, as well as in state-of-art facilities for pork feeding and treatment, and even started launching their own retail stores.

Results

Currently, Aliar sow more than 30,000 acres of corn and soy, has a grain treatment plant for more of 12,000 tons, and produce 2,700 pigs per week. La Fazenda is becoming a meaning of quality, and the per-capita consumption of pork meat in Colombia has started to grow, from 4.5 Kg. in 2008 to 6.7 Kg. in 2010.

Universidad Politécnica Salesiana (Ecuador, Education)

Company Background

The Universidad Politécnica Salesiana (UPS) was created in 1994 in Ecuador and, according with the policies for the Salesian’s presence in higher education in the world, offers to the youth a high quality formation, which helps the insertion to the labor market and motivate a responsible social commitment that surpasses the immediate market needs, and transcend to a necessary change to improve the quality of personal and social life. In 2002, the UPS authorities realized that in order to expand their presence among marginal areas in Ecuador, they should adopt an on-line education approach.

Consumer needs and problem
Low-income Ecuadoreans targeted by UPS were specially the most marginalized; as the indigenous and peasants who live in remote zones and couldn’t access to high quality education.

Wrong Assumption

It is almost impossible to bring marginalized Ecuadoreans who live in remote territories, a good quality professional education. Furthermore, they don’t have neither the interest nor the skills to participate via virtual sessions.

Value Proposition

UPS brings high quality education for low-income young Ecuadoreans, who have limited possibilities to achieve high value professional degrees. Through semi-virtual and pure on-line options, UPS aims to impact on self-improvement of their students, creating habits of reading and self-education. UPS value the multi-cultural nature of the indigenous, and offer loans with very flexible payment options.

Results

The students, in special the indigenous, were more proud of their ethnic origin and start viewing their relations with their families and the community in a more positive way. Currently, UPS offers 24 different pre-graduate and 18 post-graduate programs, and is positioned among the top ranked universities in Ecuador.

Hipermercados Líder (Chile, Retail)

Company Background

Líder is the supermarket and hyper-market chain from Chilean-North American group D&S, currently owned by Walmart. Líder´s first retail format was created in 1995 as Ekono Líder, with basically large storehouses with low-cost products, sold by bulk. In 2001, D&S executives realized that they weren’t serving correctly to low-income consumers, or as they called, ‘emerging’ consumers.

Consumer needs and problem

Housewives from low-income families struggle to save money by buying more with less, in order to take care of their families. Those ladies, as well as her families, need to find all their products in a whole place, saving time and money, but also need to be respected and appreciated while shopping.

Wrong assumption

Low-income consumers just look for low prices, not regarding on the service.

Value proposition

D&S launched Hiper Mercado Líder (HML), a Hyper-Market based not just on product variety, but on customer service and in-store support. The format has large stores (around 110,000 ft²), with a broad variety of products and sections -as grocery, home, electronics, appliances, fashion, hardware, toys, pharmacy, movie rentals and coffee shops-, with a strong financing system through its own credit card -Presto-, and with even insurance products -through Presto Insurance Broker-. They try to bring always more value for less, as by offering high quality permissible products. The credit process to get the Presto credit card is easy and fast accessed, with a friendly debt renegotiation. HML also has a Loyalty Program, under the name of ´My Club´.

Results

In 2010, HML has 67 stores and since 2005, Presto is the number one independent credit card -non from a bank- in Chile, reaching in 2009 more than 1.5 million cardholders. The loyalty program ´My Club´ has more than 4 million members, who account for 75% of all the transactions. Thanks to HML, which accounts for more than 60% of D&S sales, the group has more than 33% of market share, and Líder is recognized as the tenth brand among the 100 leading Chilean brands.

Edenor (Argentina, Energy)

Company Background

Edenor is the largest electricity distributor in Argentina in terms of number of customers and electricity sold (both in GWh and Pesos). The concession, with a 95-year term, covers the north of Buenos Aires (corresponding to 25% of the city) and the north-east of Greater Buenos Aires, representing Buenos Aires and Greater Buenos Aires, 40% of the Argentinean power market. In 2003, Edenor executives wanted to increase their pay electricity usage among low-income consumers.

Consumer Needs and Problem
After the Argentinean crisis in 2002, over 20% of the population was unemployed. For these people, food and health was the priority, with services such as electricity often not paid. Some low-income Argentinean inhabitants opt to ‘hang’, making their own connections to obtain the service at no cost. Such action is illegal and penalized, but was very common in this situation. Low-income consumers from Buenos Aires need electric fluid at low cost, with a way that they can control it.

Wrong Assumption
Low-income consumers in Buenos Aires prefer rather ‘hanging’ electricity instead of paying for it, and they don’t value the cost of energy from the utility operator.

Value Proposition
A system with a prepaid-card-based power meter, which works as a ‘dual-body’ meter: part of the meter -installed within the house- has a keypad and a meter, where the customer enters the code that appears on the card, bought from a vending machine. The other part of the meter is installed outside the house, usually on an elevated line pole. The minimum amount to re-charge the card is one dollar.

Results
Edenor discovered the fact that there was willingness among low-income consumers to remain within the formal system and avoid breaking the law. The main financial benefit for Edenor was saving on costs associated with disconnecting bad debtors or illegal users. Even though this figure was not significant for the pilot test, it was very significant when projected for those 200,000 users with permanent difficulties. The company earned the confidence of low-income consumers: for 93% of their customers the prepaid system helped their household economy, for 52% the system was very good, and for 71%, purchasing electricity in installments was very convenient.

Key Findings
By extensively reviewing the abovementioned cases, it can be concluded that there is always a strong presence of the wrong assumption, which is connected to the needs and problems of the low-income consumers. However, in the decision making phase, when the company executives are studying the opportunity and have not yet decided to make the incursion, there is always an underlying factor, which is strongly related with the way low-income consumers actually will react while interacting with the product or service. We summarize the ten cases in Table 1, which shows such connection of those underlying factors with the needs. If we don’t think of the low-income consumers as second-class consumers, and see on them the same aspirations and needs as more wealthy consumers have, we could tailor a more powerful value proposition, in connection with the firm’s core competences. The key issue is that BoP consumers want to be treated as persons, as any of us want. If we see persons instead of just consumers, then the energy, commitment and resources a firm employs on that business endeavors will have an extra driver, since we need to make a profit, but serving more.

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<tr>
<th>Company</th>
<th>Wrong Assumption about BOP consumers / markets</th>
<th>Key Needs &amp; Consumer Drivers</th>
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<td>“They also value their time”</td>
<td>Package format, Size, Variety</td>
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<td></td>
<td>“Less product isn’t enough”</td>
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<td>Progress, transportation</td>
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<td>Aliar</td>
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<td>Nourishment, Taste</td>
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<td>More for less, Self respect</td>
<td>“They value their time and want to be respected”</td>
<td>Financing, Services</td>
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</tbody>
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TABLE 1: ANALYSIS OF THE TEN FIRMS
Limitations of the Study and Future Research

Although this research provides relevant and interesting insights to understanding the role of firms in venturing into BoP markets, it is important to recognize the limitations associated with the study. From the methodological point of view, the framework is a theoretical research and should be validated with empirical data, with quantitative analysis.

References


End Notes

1 Gini Coefficient is a standard measure developed as a summary of income inequality in society. The minimum value is 0 for the minimum inequality and the theoretical maximum is 1 for the maximum inequality.
2 Purchase Power Parity (PPP) is a standard that consider the exchange rate between currencies, creating a unique monetary unit, so that the money of different countries should have the same purchasing power and command the same basket of goods. PPP is useful to compare incomes among different countries.
3 ‘Trome’ is a Spanish slang word that means ‘ace’ or ‘champion’, someone very astute, and generally admired.
4 Colloquially known in Peru as ‘Mototaxis’, these three-wheeled vehicles are used as taxis, carrying the driver plus 2 seated passengers, covered with a roof.
5 The Salesians of Don Bosco (or the Salesian Society) is a Roman Catholic religious order founded in the late nineteenth century by Saint John Bosco.