

# Marketing to the bottom assignment

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As explained in the article, 'Marketing to the Bottom of the Pyramid', the bottom of the pyramid (BOP) holds great unexploited market potential and makes up approximately 4 billion people. Although these people live on less than \$2 a day and are considered the poorest of the poor, they account for three-fourths of the world's population and represent \$14 trillion in purchasing power. In an age of increasing global competition and market saturation marketing to the bottom of the pyramid may have real potential and be worthy of exploration.

Through analysis of marketing to the BOP, we will assess the opportunities and challenges around technology, finance, distribution, and social responsibility to determine if this approach is truly viable and cost effective. Bottom of the pyramid requires advanced technology. Despite the assumption that traditional BOP consumers do not want to adopt innovation, Parallax explains that the BOP embrace technology when given the opportunity.

Additionally, because the members of the BOP have such a constrained budget designing technologically advanced products that are affordable is critical. For example, the cell phone market price points of \$100 to \$200 dollars. "Empirical evidence shows that, for low-income sectors, the ability to communicate is of prime importance, and that in many cases, mobile telephony has turned out to be the only or the best option; it is considered a necessary and inelastic good (Frost & Sullivan, 2006; BCGroof & Weidman, 2007; ENGINE, AAA).

Consequently, in the coming years, there is expected to be considerable growth in the number of low-income mobile users in the developing world, as well as a higher degree of maturity of use among low-income consumers (Edmond & Eastman, 2003)” (Angola & Rammer, 2009). As explained in the article, in order for Motorola to tap into the BOP market the company realized the price point would have to be \$50 dollars or less, but offer features that were not standard to the industry.

Since many of the BOP consumers live in undeveloped countries and do not have access to electricity like we do in America, Motorola developed a low-cost cell phone with battery life of 500 hours and a standby time of two weeks. Despite Motorola phone priced at \$40 dollars with all the features that would be important to a BOP consumer. With expectations to sell over 6 million phones in six months, Motorola is set to bring in over \$480 million dollars in the first year. As with any business setting, controlling and understanding your costs is critical to your strategy and ability to make money.

Without effective research to properly identify the BOP markets needs and wants, one misstep or miss-calculation can lead to a failed product launch and potentially millions of dollars lost depending on the size of the venture. Since most BOP consumers are so poor and do not have access to standard finance options making an inexpensive product is not enough. Because BOP consumers live on less than \$2 a day, the companies that pursue BOP marketing must consider alternate or creative forms of financing to pay for their products or services. A great example of a company that instituted an unorthodox but successful enhance program is Chem..

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