

MARKETING AND BOTTOM OF THE PYRAMID: A PERSPECTIVE FROM THE SUBSISTENCE MARKETPLACE APPROACH

*Marketing e a base da pirâmide:
uma perspectiva da abordagem do mercado de subsistência*

Vitor Koki da Costa Nogami

Graduated in Business – State University of Maringá

Master in Business – State University of Maringá

PhD in Business – University of São Paulo

E-mail: vitornogami@usp.br

Madhu Viswanathan

Diane and Steven N. Miller Centennial Chair in Business

University of Illinois at Urbana-Champaign

E-mail: mviswana@illinois.edu

ABSTRACT

The present opening paper aims to introduce the Forum on Marketing and Bottom of the Pyramid. The four Forum papers are analyzed from the Bottom-Up perspective of the Subsistence Marketplace. This approach seeks understanding consumers, entrepreneurs and individual and circumstantial behaviors to the daily life of the people in poverty environment, at the micro level.

KEYWORDS: Subsistence marketplace, bottom of the pyramid, bottom-up approach.

RESUMO

O presente texto de abertura tem como objetivo apresentar o Fórum de Marketing e Base da Pirâmide. Os quatro artigos do Fórum são analisados sob a perspectiva *Bottom-Up* da abordagem do Mercado de Subsistência. Essa abordagem busca compreender os consumidores, os empreendedores e os comportamentos individuais e circunstanciais ao cotidiano das pessoas no ambiente de pobreza, no nível micro.

PALAVRAS-CHAVE: Mercado de subsistência, base da pirâmide, abordagem bottom-up.

A plurality of approaches have been employed in academic research at the intersection of poverty and business in recent years, ranging from macro to meso and micro levels. For instance, the Base of the Pyramid approach is at the meso-level and has its roots in examining the role of organizations in poverty contexts. This Forum reflects this plurality through the different articles. In this introduction, we discuss these articles while considering a complementary perspective from the micro level, specifically with the subsistence marketplaces approach.

In parallel to the development of the BoP area, the subsistence marketplaces stream has emphasized a bottom-up approach beginning at the micro-level, and the study of these contexts in their own right (Rosa and Viswanathan, 2007; Viswanathan and Sridharan, 2009; Viswanathan and Venugopal, 2015). This approach seeks to understand consumers, entrepreneurs, and marketplace behaviors and more generally, life circumstances with an emphasis on marketplace interactions at the micro-level (Viswanathan, 2013; 2016). We use this perspective in discussing each of the papers in this special issue.

The paper by Edgard Barki (Fundação Getúlio Vargas - SP), "Beyond the Base of the Pyramid: For an Inclusive and Purposeful Capitalism" reflects this plurality in covering a variety of approaches at the organizational level from stages of the BoP approach to Shared Value to Conscious Capitalism. The author notes that the approaches share a number of characteristics – a mindset with higher purpose, emphasis on a variety of stakeholders, a type of governance that is more humanistic, measurement beyond financial outcomes, and innovation. These approaches have their starting point at the organizational level. Beginning at the micro-level, the subsistence marketplaces stream studies the intersection of poverty and marketplaces in its own right. This approach derives the notion of higher purpose beginning with a micro-level analysis. At the individual-level, products are about betterment of life circumstances, at the relationship level, the human and the economic are blurred, and at the marketplace level, markets and social *milieu* are blurred. Therefore, authors have argued for the essential role of doing good in a product relevant sense in doing well (Viswanathan et al., 2009).

The second paper, by Aneel Karnani (University of Michigan), "Confusion at the Bottom of the Pyramid in Brazil", raises a number of issues with respect to categorizing people as being part of the BoP and the characteristics subsistence consumers, and the role of different sectors. Without undervaluing the importance of quantitative definitions, we note that the subsistence marketplaces stream provides an alternative perspective with its inside-out perspective. It emphasizes the qualitative nature of life circumstances in barely making ends meet and in employing local definitions of low income. Additionally, while considering the full range of low income, it distinguishes between survival, subsistence, and transformative subsistence entrepreneurs, the latter being at the cusp of low versus lower-middle income. This is all-the-more important with movement out of poverty in emerging markets. This stream also examines a variety of levels of poverty ranging from refugee settlements and isolated tribal communities to rural and urban communities. Finally, the role of different sectors in working together to address the issues of poverty are very much in line with the subsistence marketplaces stream with its bottom-up perspective and deprivation on multiple fronts. Each context is different, and the approach here is use deep understanding to consider solutions, involving a variety of sectors of society.

The third paper, by Renata Spers (University of São Paulo), "Perspectives for the Brazilian Popular Market in 2023", examines demographic changes in Brazil and variables such as education and income. The role of education in enabling employment outcomes is reflected in large-scale poverty alleviation in emerging markets in recent decades. However, at the same time the reality of some on the ground who have not achieved educational outcomes often lies in subsistence entrepreneurship. These are means entrepreneurs in that

they use limited resources in extraordinary ways. Here, the nuance involved in moving through different levels of low income should be noted.

The fourth paper, by Jose Rosa (Iowa State University), "Subsistence Consumers as Lead Users: Life Transforming Products and Services from the Bottom of the Pyramid", presents four cases of innovations developed by consumers in the subsistence market. This approach beginning at the micro-level reflects the subsistence marketplaces stream and the pathway to providing implications for a variety of sectors, in this case companies involved in product development. It highlights at a minute and detailed level, the nature of innovation by informants. In turn, such insight provides the sound basis from which to aggregate implications. For instance, author notes that companies generally do not engage the subsistence consumer in product development as well as the potential to do so.

In summary, the plurality of approaches in the arena of the Bottom of the Pyramid provide the basis for deep as well as broad understanding from different perspectives as well as for deriving implications for community, organizational, and governmental actions that improve well-being in these contexts.

References

- Rosa, J. A., & Viswanathan, M. (2007). *Product and market development for subsistence marketplaces*. Emerald Group Publishing Limited.
- Viswanathan, M. (2016). Bottom-up enterprise: insights from subsistence marketplaces. eBookpartnership, eText, and Stipes Publishing.
- Viswanathan, M. (2013). Subsistence marketplaces. eBookpartnership, eText, and Stipes Publishing.
- Viswanathan, M., Seth, A., Gau, R., & Chaturvedi, A. (2009). Ingraining product-relevant social good into business processes in subsistence marketplaces: the sustainable market orientation. *Journal of Macromarketing*, 29(4), 406-425.
- Viswanathan, M., & Sridharan, S. (2009). From subsistence marketplaces to sustainable marketplaces: a bottom-up perspective on the role of business in poverty alleviation. *Ivey Business Journal*, 73(2), 1-15.
- Viswanathan, M., & Venugopal, S. (2015). Subsistence marketplaces: looking back, looking forward. *Journal of Public Policy & Marketing*, 34(2), 228-234.