



**London  
South Bank  
University**

# **The Poor in a World of Brands: An Empirical Analysis of Market Growth at the Bottom-of-the-Pyramid (BOP)**

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A thesis submitted in partial fulfilment of the requirements of London South Bank University  
for the degree of Doctor of Philosophy.

This research programme was carried out in partnership with The British University in Egypt  
(BUE).

November, 2019

## Acknowledgements

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I am forever indebted to Dag Bennett and Charles Graham, not only for their supervisory role in this project, but for taking the time and giving me the space to help me discover who am I as a researcher. Thank you for taking the time and patience to teach me about so many things I did not know, for letting me hijack your summer holidays, and for alleviating the stresses and anxieties every time I expressed them to you. Before I started this journey, I was told by a retiring professor that supervision is the important aspect of a PhD programme, where guidance the supervisor offers becomes the launch pad of who one becomes as a researcher. If I bump into him one day, I can assertively tell him that I have been in good hands.

I express my sincere thanks to TNS-Kantar for sharing their first consumer panel in Egypt as part of their long partnership with the Ehrenberg-Bass Institute. Collaborations as such enable the production of rigorous and reliable research, to which a big part of this project could not have become possible otherwise.

I am grateful to the anonymous reviewers of the conference and journal publications produced from this work for their constructive and detailed feedback which has shaped and developed the ideas of this work.

My gratitude also goes to the research participants who agreed to participate in this study. You have taken time from your busy schedules to generously offer your practical knowledge and market experience. Your insights have shed lights on many theoretical misconceptions and gaps, and with such efforts of bridging the gap between academia and industry, we collaboratively advance relevant knowledge.

My appreciation extends to The British University in Egypt for supporting this project and to the Business department in particular for their understanding and consideration to help me complete my degree at ease.

Finally I want to express my love and gratitude to those closest to my heart. I thank my parents, Nagy Hamada and Soraya Ibrahim who support, love and inspire me every day. This was your dream long before it was mine – today we make it true and you should know that nothing makes me happier than seeing the pride in your eyes. I want to thank my sister, Ola Nagy, for

being my favourite companion when I needed a break, and my most meticulous proof reader when I needed an academic eye. I am proud of you and of who you have become.

Lastly, my heart goes to Ahmed El-Maghraby. You have encouraged, supported, loved and comforted me throughout this journey in my times of happiness, pride and accomplishment and my times of panic, doubtfulness and tiredness. You are my source of comfort, love and light in this world and I hope that you are proud of me as I am of you. May we always grow and shine together.

*Dedication:* This piece is dedicated to my late grandmother, Na'eema Abu-Zeid – the first one to call me a Doctor over 15 years ago. There I am. Your prayers guide us from above.

## Publications Produced from this Work

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Nagy, M., Bennett, D. & Graham, C. (2019), Why include the BOP in your international marketing strategy, *International Marketing Review*. DOI 10.1108/IMR-03-2019-0097 [accepted for publication]

Nagy, M., Bennett, D. & Graham, C. (2019), A Framework for Market Growth in Bottom-of-the-Pyramid (BOP) Markets, *European Marketing Academy Conference (EMAC)*, 28<sup>th</sup> - 31<sup>st</sup> May 2019, University of Hamburg, Hamburg.

Nagy, M., Graham, C. & Bennett, D. (2019), Think Category Not Brand to Break through at the Bottom-of-the-Pyramid (BOP), *52<sup>nd</sup> Academy of Marketing Conference*, 2<sup>nd</sup> - 4<sup>th</sup> July 2019, Regent's University, London.

Graham, C., Bennett, D., Franke, K., Lu-Henfrey, C. and Nagy-Hamada, M. (2017), Double Jeopardy 50 years on reviving a forgotten too that still predicts brand loyalty, *Australasian Marketing Journal*, 25(4), pp. 278-287.

Nagy, M. (2017), Can the private sector be the solution to youth unemployment and poverty? Exploring the Bottom-of-the-Pyramid proposition in Egypt, *World Bank Publications*, Finalist from Egypt's Youth Essay Competition. Available on <http://pubdocs.worldbank.org/en/562681485270437152/May-Nagy-Essay.pdf>

## Abstract

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**Purpose** – This study responds to the increasing interest in under-researched BOP markets by presenting a theoretically robust and practically relevant framework that informs the design of effective BOP market growth strategies, thereby addressing current knowledge gaps on the lack of data-driven insight about BOP market behaviour and the lack of empirical knowledge on establishing BOP market growth.

**Methodology** – A mixed-methods research is designed that analyses quantitative panel data on the FMCG consumption 3265 Egyptian households over 52 weeks and qualitative data analysing in-depth interviews with executives from 12 BOP market-leading companies managing a total of 79 FMCG brands. Scientific analysis of market behaviour was mapped with managerial insight from successful and experienced industry practitioners to develop empirically grounded knowledge.

**Findings** – Expanding to the BOP does not require complete business model redesign as suggested by previous BOP researchers. In fact, the biggest brands at the BOP are not BOP-tailored brands and the market is found to follow normal behavioural patterns predictable by the Double Jeopardy (DJ) Law. Bigger brands design three levels of growth-oriented strategies: brand-level, portfolio-level and category-level, collectively aiming to increase the number of BOP and non-BOP buyers.

**Practical Implications** – BOP buyers buy across many categories and brands in behavioural patterns that are familiar and predictable from the marketing science laws of growth. Growth at the BOP is a result of expansion strategies aimed at driving penetration across *all* buyers, and not only BOP buyers. The study offers recommendations to portfolio design which plays a critical role in attracting and retaining buyers, in addition to market development strategies that drive BOP category growth by attracting category users that can later become brand users.

**Originality** – Methodical analysis of BOP market behaviour, structure and rivalry based on newly-available marketplace data scientifically invalidates a number of misconceptions in the BOP discipline while testing and extending the established DJ theory to the BOP context for the first time. A holistic, multi-layer framework on market growth at the BOP is proposed, based on data from consumers and marketers offering new insight based on grounded data for the first time in the discipline.

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# 1. Introduction

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Farah was a 45-year old woman in a class of 17 students in an adult literacy class programme. She was lucky to have attended school for a few years before she decided to drop out because she didn't like school, even though her father wanted her to continue her education. The fact that she got a few years of schooling made her top of her adult literacy class decades later, always eager to participate. One time, Farah volunteered to be the first student to come up to the board and write a full sentence about what she did last night. She stands up and writes that she baked a chocolate cake for her children using a *Betty Crocker* cake-mix. As she walked away from the board, she goes on to tell her classmates that she doesn't make cake from scratch anymore, and that *Betty Crocker* is much better than *Dream* (a local brand). She tried them and she knows.

The above was one of the stories encountered by the researcher while volunteering as a facilitator in a social programme to fight adult illiteracy among poorer communities. The programme ran over 12-24 weeks and involved 3-4 facilitators teaching how to read and write in the native language. Classes included males and females across a wide age group between 25-65 years. The close and regular interaction with that community allowed the researcher to learn stories about their everyday lives only to start realising that many of the pre-conceptions about the poor and how they live were wrong. For instance, while all students could not read or write, all owned a mobile phone and were able to use it calling their colleagues when they ran late for class. During simple spelling exercises, where the task would be to think of a word that starts with the letter X, students would start saying brand names – brand names that the researcher deliberately avoided to ensure content was relatable to students of different socio-economic backgrounds to the researcher. It was then when the researcher became intrigued and the research idea for this project struck.

## 1.1 Background

*Farah*, among millions of others, constitute the poorest and largest market segment, commonly referred to as the *Base/Bottom-of-the-Pyramid* (BOP). The term was first mentioned in a speech by President Roosevelt (1932),

*“These unhappy times call for the building of plans that rest upon the forgotten, the unorganized but the indispensable units of economic power, for plans like those of 1917 that build from the bottom up and not*

*from the top down, that put their faith once more in the forgotten man at the bottom of the economic pyramid”*

Over seventy years later, the BOP started attracting academic and commercial interest when CK. Prahalad (2005) introduced the BOP proposition in his book *The Fortune at the Bottom-of-the-Pyramid*, arguing that there is much untapped market potential within the world’s poorest communities. BOP markets were previously ignored by marketers based on the intuitive thought that the poor have low purchase power (Munir et al, 2010). In contrast, the BOP proposition suggested that BOP markets are huge (predicted at 2 billion consumers worldwide (UN publications, 2014), underserved, and are rapidly growing where most reside in countries with 5-10% growth rates (Payaud, 2014), and so their aggregate purchase power and market size makes them an attractive market for businesses seeking international growth. The high estimated BOP purchase power is usually drained in the high-cost, informal economy (London & Hart, 2004), leaving the poor to endure ‘poverty premium’ prices (Prahalad, 2005) with access to limited, low quality products priced highly from predatory intermediaries (Prahalad & Hammond, 2002). The BOP proposition argues that if marketers convert this huge purchase power to the formal, efficient economy then secluded BOP markets can be provided with a wider variety of products and services at lower prices which leads to the economic and social inclusion of the poor in the modern, formal economy (Jaiswal & Gupta, 2015).

The compelling, and almost idealised, BOP proposition quickly attracted the attention of critiques (Karnani, 2007; Warnholz, 2007; Linna, 2012; Simanis, 2012), arguing that the unfamiliar nature at the BOP poses business challenges that overrules any growth potential it may offer. BOP markets are characterised by underdeveloped infrastructure (Weissburg, 2008), inadequate and complex legal systems (Miller, 1998), limited income and low education levels (Jagtap et al, 2014). In turn, conventional theory argues that these characteristics affect buying behaviour (Kotler & Armstrong, 2012; Luiz, 2006), which in poorer communities is shaped by experiences of resource shortages and psychological, social and literacy barriers (Viswanathan & Sridharan, 2012) that may depress loyalty in highly defined market segments (Kotler & Kotler, 2012). Buying is further affected by unstable competitive sets, high levels of unbranded competition and imbalances between supply and demand (Cateora et al, 2014; Sheth, 2011).

In response to those challenges, the literature took a turn towards the importance of innovation. Innovation has become a dominant theme in the BOP literature, recommended as a necessary tool to overcome the unfamiliar nature at the BOP (Lundvall et al, 2009; Pansera & Owen, 2015; Heeks, 2012; Lal Dey et al, 2013). Although the concept has attracted considerable research interest, the literature has been inconsistent in the definition of innovation followed (Schumpeter, 1934; Linna, 2012; OECD, 1997; Lim et al, 2013; Cels et al, 2012; Ramani et al, 2012) and the type of innovation recommended. Discontinuous, zero-based, disruptive, grass-roots, inno-fusion (Polak & Warwick, 2013; Jun et al, 2013; Viswanathan & Sridharan, 2012; Linna, 2012; Heeks, 2012; Hang et al, 2010) are some of the types of innovation that have been recommended by previous scholars to address BOP markets. Inconsistencies were also identified on the scope of innovation, whether it is at the marketing mix level (Ray & Ray, 2011; Berger & Nakata, 2013; Prahalad, 2014; Anderson & Billou, 2007), organisational level (Lim et al, 2013; Simanis & Duke, 2014), or inter-organisational level (Schuster & Holtbruge, 2014; Linna, 2012; Ramani et al, 2012; Heeks, 2012). Additionally, although extensive work is available on BOP innovations, no published work has scientifically tested whether innovations result in improved market metrics. This raises questions as to why innovation has attracted academic attention if its marketing outcomes are still not known. It is possible that innovation attracted academic attention because unorthodox market approaches are interesting to study, but have little or no influence on market growth. To address this knowledge gap, this study considers brands that achieved market leadership and investigates the role of innovation in their marketing strategies, following Rogers' (1983, p.11) definition of innovation, as follows.

*“an idea, practice, or object perceived as new by an individual or other unit of adoption. It matters little, so far as human behaviour is concerned, whether or not an idea is “objectively” new as measured by the lapse of time since its first use or discovery. The perceived newness of the idea for the individual determines his or her reaction to it. If an idea seems new to the individual, it is an innovation.”*

A limitation of the young BOP literature body is that most conclusions are drawn based on case study or conceptual research. None of the studies examined BOP buying on an aggregate scale to draw generalisable conclusions about BOP consumers. In terms of BOP supply (i.e., from the companies' perspective), the literature has been dominated with success or failure case studies with an exaggerated focus on multinational companies, and little empirical research on

marketing strategies adopted, their realised outcomes and the role of innovation to achieve those outcomes. Over two decades following the introduction of the BOP proposition, the literature still lacks data-driven evidence that tests existing theory and/or proposes new, robust theory to understand the unfamiliar nature of the BOP enabling effective market strategy design based on empirically-grounded data – this research study aims to address this knowledge gap.

## 1.2 Research Overview

The study aims to follow a data-driven, empirically grounded research approach to address two major gaps in the BOP literature.

First, to join the literature discussion on the unfamiliarity of the BOP by examining data of *actual* buying by the poor, revealing BOP market behavioural patterns when measured against well-established market regularities, namely the Double Jeopardy Law (DJ) (Ehrenberg, 1988; Ehrenberg et al, 1990; Ehrenberg et al, 2004; Uncles, et al, 1995; Sharp, et al 2012; Graham et al, 2017). Euromonitor International (2019) recently published a country level analysis across 40 countries classifying consumers into 200 types, which suggests to practitioners seeking international expansion that consumers largely differ across the world. Using survey data to develop such classifications encourages participants to express their different personalities, but informs little on whether those many different personalities actually translate into that many different buying patterns. In contrast, the idea that the similarity of basic human needs shapes the behaviour of individuals regardless where they live supports the supposition that many consumer-related constructs may be universal (Schwartz, 1992; Burgess & Steenkamp, 1999), supported by previous empirical studies over many years revealing a set of recurring patterns of buyer behaviour (Bound, 2009). A scientific examination of actual buying will determine specific points of similarities and differences of BOP consumers, and has become possible following the developed literature of marketing science offering generalised models of aggregate brand performance (Ehrenberg et al., 1990).

The second major gap this study aims to address is the lack of available knowledge on establishing market growth at the BOP. Previous BOP literature was focused on market entry strategies with little to offer on market growth strategies. A review of 46 studies on market growth (Appendix 1), showed that 84% were conducted in developed markets, and the few



that included data from developing markets (Thailand, South Africa, Indonesia, Nigeria, Kenya) include no specific examination of their huge BOP markets. This study aims to fill this knowledge gap by building relevant theory on BOP market growth strategies. A methodical analysis of BOP markets makes theory generation possible when followed by an examination of strategies adopted by BOP, local, regional and global market-leading brands across a spectrum of FMCG categories where commonalities will reveal the effective strategies for establishing market share at the BOP.

By addressing the above two major gaps, this research aims to offer a theoretically robust and practically applicable framework that informs the design of effective marketing strategies to establish market growth within BOP segments. Marketers understand that they must establish a foothold in emerging markets in their current state of unfamiliarity (or chaos even) to reap the benefits as the market later grows, in terms of both size and wealth. The pragmatic research paradigm adopted in this research makes it primarily concerned with offering practical knowledge that solves real-world problems. Hence, this work does not address literature gaps and academic debates only, but also speaks to struggling marketers who find little academic guidance in their BOP marketing strategy design, as they increasingly turn their strategies away from mature markets towards the rapidly growing emerging markets.

To achieve the research aim, this study answers the following research questions:

**RQ 1:** What are the characteristics, market structures and consumer buying patterns of BOP markets in Egypt?

**RQ 2:** What is the role of innovation in BOP market growth?

**RQ 3:** What are the different perceptions and strategic market approaches of market leading local, regional and global players towards BOP markets?

**RQ 4:** What are the common marketing strategies designed and implemented by BOP market leaders to establish BOP market growth?

A pragmatic research is designed to identify the most relevant research strategies and approaches to answer research questions. The research design of this study is in two phases. Phase 1 answers RQ1 and prepares for RQs 2-4, while Phase 2 answers RQs 2-4. Phase 1 involves quantitative analysis of a consumer panel dataset of 3265 households by testing the

DJ model fit to offer a statistical explanatory analysis of BOP market structures and behaviours. It also reveals the biggest brands who were able to successfully break through the BOP and achieve market leadership to be recruited for qualitative interview research in Phase. Phase 2 takes an exploratory lens to identify the marketing perceptions and strategies of market-leading players at the BOP and involves conducting in-depth interviews with executives from the sample identified from the quantitative panel analysis. The research design addresses critiques that previous BOP studies were too focused on actions by firms and lacked a customer-centric approach (Sheth, 2011; Shah et al., 2006). The study responds to this by addressing the supply side (brand building from companies' perspectives) and the demand side (consumers brand buying behaviour) for a comprehensive understanding of BOP market forces.

The data used for this study is novel in three aspects. It uses the first batch of consumer panel data available in Egypt (an emerging market with a BOP market of over 30 million consumers), it is the first BOP study to examine data based on *actual* household buying and lastly, it is the first BOP study to collect primary data from a sample of market-leading BOP brands across multiple consumer categories.

### 1.3 Research Contributions

The purpose of undertaking research is to advance science (Hitt & Smith, 2005) while offering practical utility to problems of practicing managers (Hambrick, 2005). Contributions by this study were thought about following Corley & Gioia (2011) AMR paper on what constitutes a theoretical contribution, which proposes that theoretical contribution should offer both scientific and practical utility, providing revelatory insight and originality based on problem-driven research. In this light, the research contributions are presented next and revisited in depth in the *Conclusion* (Chapter 7).

This research advances scientific knowledge in terms of the following:

- Contributions to the BOP literature by offering a scientific examination of BOP market behaviour, statistically identifying whether/how BOP unfamiliar market conditions result in unfamiliar buying behaviour.
- Contributions to the international strategic marketing literature by proposing a new multi-layer framework for a holistic approach to growing BOP market share.

- Contributions to the marketing science literature by testing and extending the existing theory of DJ to a new context.
- Contributions to the BOP literature by proposing new higher-level considerations for market penetration strategies at the BOP revealed by mapping qualitative and quantitative research.
- Practical illustration of the usefulness and applicability of the DJ theory in offering insight in unfamiliar contexts.
- New insights on differences between market approaches and perceptions of local, regional and global market players at the BOP.
- New insights on BOP buying preferences and behaviour based on newly-available data of actual buying.
- Contributions to the BOP literature by methodologically examining a sample of local, regional and global companies, rather than global companies only who dominate BOP studies (Hillemann & Verbeke, 2014; Fawcett & Waller, 2015; Schuster & Holtbrugge, 2012; Faulconbridge, 2013; Chikweche, 2013).
- Contributions to the marketing science body by showing whether practitioners in emerging markets are familiar with and follow the laws of marketing/ marketing empirical generalisations.
- Methodological contributions showing how mixed methods research reveals new and important dimensions in the data not revealed by single methods research.

The pragmatic nature of this study emphasises the importance of conducting research that solves practical problems. Practical utility is considered when the theory can be directly applied to issues facing practitioners (Corley & Gioia, 2011). The BOP, and consumers from emerging markets at large, have become the trending source of growth for businesses (UK Reuters, 2019) where sales growth in FMCG industries is predicted to be 2-4 times higher in emerging markets compared with developed markets (Nilsen Insights, 2018). Market trends reflect a shift from an interest in developed markets that have become saturated, to new, growing markets eager to adopt new brands – like *Farah* in the introductory example. Yet, the literature remains dominated by research conducted for developing markets (Appendix 1), although the evidence suggests decreasing growth propensities of established markets, even with increased loyalty (Graham et al 2012). New market realities require rigorous and relevant research on

establishing a market foothold that rides on the anticipated growth wave at the BOP. Accordingly, this research offers practical utility in terms of the following:

- Analysis of observed market behaviour identified BOP buying patterns which is crucial to marketers interested in expanding to the BOP. Scientific answers are provided to questions such as what do the BOP buy (categories and brands)? How often? Does their behaviour show signs of high brand switching or high loyalty? Do they buy lower-priced brands only? Do they show different buying patterns of foreign compared with local brands? Do they realise abstract differences between competing brands? etc.
- Analysis of observed market behaviour provided insight about the market structure of the BOP which helps practitioners set realistic benchmarks to their marketing objectives, such as which brands lead in BOP markets? What is the average market size of brands at the BOP? What is the average market size of market leading brands at the BOP? Why are some brands small even though they are frequently bought? etc.
- Testing whether the DJ model holds at the BOP offered practical insight on how to drive growth at the BOP, e.g., should strategies be focused around increasing number of buyers or increasing loyalty?
- Analysis of BOP market-leading strategies across many categories revealed the strategies that result in building BOP market share, beyond the individualities of each category.
- Qualitative research interviews with executives of the biggest BOP brands gave access to the minds of those who successfully overcame BOP uncertainties, offering “learning lessons” to practitioners looking to follow.
- Discussion of qualitative research interviews from a pool of local, regional and global market players revealed the differences and similarities between the three groups in how they perceive and approach the BOP. This offered practical utility to current practitioners from each pool where, for example, a local practitioner will find relevant knowledge on how other local players – who do not enjoy the same resources of global market players – reached market leadership at the BOP, while also revealing what to expect from regional and global competitors.

- A framework is proposed on strategies to growing market share at the BOP that draws on insight from quantitative data of actual buying and qualitative data collected from market leaders across many categories, suggesting reliability and comprehensiveness in the proposed framework.

## 1.4 Thesis Structure

The thesis is divided into 7 chapters, as follows.

*Chapter 1* offered background about the research topic, an overview of how the research was carried out and the theoretical and practical contributions it offers.

*Chapter 2* critically reviews the relevant literature, identifies research gaps, and positions the study within the current body of knowledge. The two main research areas covered are the BOP literature and the marketing science literature, with specific focus on the DJ Law.

*Chapter 3* provides the detailed methodological process followed in this study. It reports and justifies the research paradigm and approach adopted for this study, the two phases of the research (quantitative and qualitative) in terms of rationale, sampling process, plan for analysis, methodological limitations, validity, reliability, and ethical considerations.

*Chapter 4* presents the findings of quantitative analysis from the consumer panel dataset. The chapter starts with broader analysis of the overall market in terms of category buying, before moving on to a more focused analysis of categories and the brands within them. The DJ model is fitted to the aggregate market, and to individual categories by statistically comparing predicted against observed values to determine whether the BOP abides by known market regularities. By the end of Chapter 4, the researcher was able to answer RQ 1.

*Chapter 5* presents the findings of qualitative analysis of interview data collected from executives of market leading brands identified from the quantitative data analysis. The chapter is structured around the research themes identified from the qualitative analysis, presenting narratives from research participants to support findings. By the end of Chapter 5, the researcher was able to answer RQs 2-4.

*Chapter 6* offers a discussion of research findings drawing from the quantitative and qualitative analysis. It brings together the different streams of the research and presents the main

arguments concluded from the analysis before illustrating the proposed framework based on the research findings.

*Chapter 7* concludes this work by discussing the theoretical contributions, managerial implications, wider ethical implications, research limitations and suggestions for future research. The chapter ends with some personal reflections.

## 2. Literature Review

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### 2.1 Introduction

The introductory chapter offered an overview of the current literature and the main gaps filled by the current study. This chapter extends from Chapter 1 with the purpose of presenting and reviewing the knowledge developed so far within the BOP discipline, identifying where the knowledge boundaries and gaps currently stand, and positioning this piece of work within the current body of knowledge. The chapter begins with some background about BOP markets and the context of this study, followed by a review of the BOP literature and the knowledge gaps it holds. It then refers to the marketing science literature to show how the DJ theory can fill a few of the BOP knowledge gaps identified. The chapter then proceeds to discuss the role of innovation, argued to be the recommended tool to break through the BOP, and sometimes even, DJ – the innovation literature is presented from both lights. To structure the research findings, the 4A's (Anderson & Billou, 2007) is presented and discussed as the theoretical framework for forthcoming analysis. Finally, the chapter presents the current gaps of knowledge and suggestions by previous researchers addressed by this study.

### 2.1 Background

Consumption and growth in developed markets is slowing down as markets become saturated and most product categories reach maturity (Kotler & Keller, 2007; Stiglitz, 2016). Emerging markets, in the meantime, are witnessing a consumption revolution as markets experience rapid growth (Rosa, 2012), with increases in innovation activities (Teagarden, 2016; Story et al, 2015).

Previously, marketers would restrict their emerging market strategies to the few wealthy segments, who display behaviours similar to the more familiar Western consumers (Arnold & Quelch, 1998; Prahalad and Lieberthal, 1998; Munir et al, 2010). However, as the world is going through economic and social shifts, marketers and scholars are directing their attention to new sources of growth in fast-growing, profitable markets (Cumming & Zhang, 2016; London & Hart, 2004) such as the bottom-of-the-pyramid (BOP) – usually the biggest consumer segment in emerging markets. BOP markets present vast opportunities and unique challenges to

businesses (London & Hart, 2004). The BOP proposition argues that there is much untapped market potential within the world's poorest communities which constitute almost two-thirds of the world's population and so, on aggregate possess huge purchasing power (Payaud, 2014). Egypt is classified as a lower-middle income country (Worldbank, 2019). With a population of over 99 million individuals growing at 2.1% per year, Egypt has a BOP market of approximately of 30 million consumers (Euromonitor country briefing, 2016). Forecasts for 2015-2030 show that Egypt offers an attractive consumer market where annual GDP growth (Worldbank, 2019) and capacity of discretionary spending and household income are expected to grow (Euromonitor country briefing, 2016), making it the ideal time for brands to enter and establish themselves in Egypt. Winning brands are those that can penetrate the market in its early stages and aggressively build market share. As the market develops and attracts competition, early entry brands will have moved along the experience curve, built economies of scale and established marketing and distribution presence (Doyle & Stern, 2006). Competition is a non-zero-sum game where all brands can grow. Whereas in established markets, most potential brand users have already been drawn to the category, leaving the market saturated as sales become a function of repeat buying (Doyle & Stern, 2006).

## 2.2 The Bottom of the Pyramid (BOP) market

### 2.2.1 Definition

Definitions of the who constitutes the BOP varied between those earning less than \$1/day (Bunerjee & Duflo, 2006; Anderson & Billou, 2007), \$2/day (Jaiswal & Gupta, 2015; Jagtap et al, 2014; Alur & Schoormans, 2013; Polak & Warwick, 2013; Munir et al, 2010; Rangaan et al, 2007), \$1 or \$2 per day (Berger & Nakata, 2013), \$1-3/day (Mohr et al, 2012), \$4/day (Heeks, 2012), \$5/day (Viswanathan & Sridharan, 2012), \$1500 per annum (Jun et al, 2013), a purchasing power parity less than \$1500 per annum (London & Hart, 2004), or per capita income of below \$2000 (Hall et al, 2012). More broadly, some studies refer to the BOP as those living on a "few dollars per day" (Ramani et al, 2012 and Schwittay, 2011) or "the poorest individuals on the planet" (Payaud, 2014, Rabino, 2015; London, 2009; Posthumus et al, 2013; Zhou et al, 2011), or they do not define it at all (Chikweche, 2013; Faulconbridge, 2013; Pansera & Owen, 2015; Linna, 2012), raising criticism that "BOP projects use terms like 'the poor',



*'poverty' and 'informal sector' among others, as if they are self-evident requiring neither context nor conceptual clarification*" (Chatterjee, 2014, p.895).

The lack of a universal BOP definition has led to confusion and inaccurate generalisations (Kolt, 2014; Ray & Ray, 2011; Lim et al, 2013), however such inconsistencies may be necessary to accommodate to different economic conditions, since the definition of poverty differs based on political, socio-cultural and historical settings (Chatterjee, 2014), and hence, as argued by Prahalad (2014, p.7) in his revised BOP proposition, there *"is no single universal definition of the Bottom of the Pyramid that can be useful*. This study adopts the famous \$2/day definition in terms of income, but also considers other dimensions that result in poor living (Schwittay, 2011; Yurdakul et al, 2017), such as access to education, occupation, travel, and residence. This extends from the theory of poverty (from the field of developmental economics) which emphasises that poverty is not about lack of income, but is multiple, inter-related deprivations in opportunity and capability (Nakata & Weidner, 2012), thereby responding to critiques that a more holistic definition of poverty is necessary (Piacentini & Hamilton, 2013).

## 2.2.2 The Growing Interest (and Criticism) of the BOP

The BOP is the most significant unaddressed market growing at a rate faster than any other segment (Nakata & Weidner, 2012) driven by growing interest and aspiration towards global brands and international trends (Prahalad, 2014), offering much untapped market potential (London & Hart, 2004; Prahalad, 2014; Polak & Warwick, 2013). As markets mature, tackling price-sensitive consumer segments becomes necessary to maintain growth (Doyle & Stern, 2006), where marketing science evidence suggests that brands grow by focusing on market penetration and targeting non-buyers (Sharp, 2010; Ehrenberg et al, 2004). With mature markets, most buyers are already category buyers with fixed brand repertoires and so attempts to grow a brand involve temporarily prompting users to switch between competition (Ehrenberg et al, 2004; Graham, 2007), whereas in a growing, unsaturated market, such as the BOP market, there is a large pool of non-users that can still be drawn to the category and hence competition becomes a non-zero-sum game (Doyle & Stern, 2006). Brands can grow by increasing their number of buyers as they attract non-category users.

The BOP has become an attractive market to find growth because, contrary to common belief, the poor are spenders. They buy products that satisfy higher-order needs above their basic

necessities. Various explanations for this buying behaviour include the theory of immediate gratification which explains that poverty conditions can make buyer choices more short-term and impulsive as one attempt to temporarily reduce distress (Liu et al, 2012). Whereas the theory of compensatory consumption explains that poorer consumers spend on socially visible goods as one way to compensate for their low social status (Gupta & Pirsch, 2014). In doing this, BOP consumers are brand conscious (Pitta & Marshall, 2008) because brands offer a sign of quality reducing risk. It has also been suggested that since saving for big items (such as a house or a car) is not normally achievable, the poor spend what they earn to improve their current standard of living (Martinez & Carbonell, 2007).

However, Prahalad's arguments about finding fortune at the BOP were received with scepticism by a number of researchers, described as being faulty, not practical, or unoriginal. For example, Karnani (2007, p.91) describes BOP marketing as a "*mirage*" and the BOP proposition as "*seductively appealing, but it is riddled with fallacies*". Karnani (2007), Warnholz (2007) and Linna (2012) criticise that the BOP market size is largely over-estimated while the costs of serving a complex, fragmented, culturally dissimilar market are under-estimated; concluding that in fact there is no "fortune" at the BOP – in fact there is hardly any profit. Instead, it is proposed that marketers are better off targeting "the next billion", i.e., the poor living on *more* than \$2/day (Ireland, 2008).

Much of the criticism of BOP research is concerned with the relevance and validity of the data from which conclusions are drawn from (Chatterjee, 2014 and Zhou et al, 2011) where most studies are based on case study research, many of which include stories about consumers outside the BOP bracket (Warnholz, 2007; Agnihotri, 2012). The dominance of case study research coupled with the lack of a universal definition of BOP consumers resulted in different studies around the world referring to quite different consumer groups all labelled as BOP markets (Kolk et al., 2014).

Another criticism of the BOP proposition argues that increasing consumer choice leads to increased poverty where the marketing of non-essential, discretionary products creates unnecessary consumer needs, causing distress and distraction from necessities (Karnani, 2007; Jaiswal, 2008; Davidson, 2009 and Walsh et al 2005). This argument assumes that the poor are passive, irrational consumers that submit to temptations triggered by marketing, which goes against neoclassical theories of consumption that assume that individuals make fully rational,

utilitarian consumption decisions (Ackerman, 1997; Hayakawa & Venieris, 1977), and have been extended to the BOP empirically showing that the poor can make optimal decisions regarding their product choice (Jun et al, 2013). Ethical considerations about marketing to the poor are revisited in the concluding chapter of this work (Chapter 7).

Decades after the introduction of the BOP proposition, the literature still lacks empirical evidence on the growth potential available at the BOP, where most market growth studies are on developed markets, where data is more accessible and available. The lack of relevant data and insight about how the poor live their lives and how they make consumption decisions has left the BOP in the dark, prevailed with conceptual and ungeneralizable research.

### 2.2.3 The Uncertainties and Complexities of the BOP

Although BOP consumers are many in number they are limited in resources (Nakata & Weidner, 2012), mostly living on an unstable, irregular income and have received basic or no education (Vachani & Smith, 2008; Berger & Nakata, 2013; Ramani et al, 2012). A significant obstacle is determining how to design and present goods to poor consumers as they are difficult to reach using traditional communication and distribution techniques (Jagtap et al, 2014). Marketers are required to design and package goods that act as a bundle of benefits to consumers, who perhaps have very limited previous product/category knowledge (Anderson & Billou, 2007), while considering that the greater the novelty of the offering, the more likely it will face resistance, requiring time and effort in educating consumers and cultivating consumer community groups (Simanis & Duke, 2014). This is unlike buyers from established markets where most are assumed to have completed their learning curve about the category and its brands (Ehrenberg et al, 2004). Often this requires businesses to establish non-formal relationships, based on trust and mutual benefit, with community groups, intermediaries, or NGOs to efficiently access BOP markets (Santos & Rufin, 2010; Schuster & Holtbrugge, 2014). But in doing so, marketers have to work with a weak, underdeveloped, infrastructure (Berger & Nakata, 2013; Donaldson, 2006; Ramani et al, 2012; Anderson & Billou, 2007; Vachani & Smith, 2008) in large informal economic sectors that usually neither abide by, or are protected from, formal state regulations (Mohr et al, 2012) Reports by the World Bank and IMF indicate that the biggest BOP markets reside in countries identified as most difficult to conduct business in (Chikweche & Fletcher, 2012). Some firms have gone to the extent of investing in a BOP

country's infrastructure by building roads, power networks, farms, etc., before being able to realise any profit (Weissburg, 2008).

Due to the above characteristics, BOP scholars suggest that established businesses must reconfigure their strategies and perspectives (Jagtap et al, 2014; Viswanathan & Sridharan, 2012; Simanis & Duke, 2014), arguing that different market contexts have a direct effect on market growth, as the range of strategies a business can pursue become limited (Castrogiovanni, 1991) requiring entirely new market approaches (Olsen & Boxenbaum, 2009). This stream of research shows that imitating Western business-as-usual models to the low-income markets has shown unsuccessful results (Hahn, 2009; Schuster & Holtbrugge, 2014), arguing that assuming BOP markets are similar to other markets but with lesser purchase power is an oversimplification (Munir et al, 2010). Instead, BOP markets are argued to be complex and require more than basic repackaging and/or repricing of products sold in developed markets (Weissburg, 2008; Viswanathan & Sridharan, 2012). Furthermore, BOP markets include many "prosumers"; individuals that produce many of the items that they consume (Viswanathan & Sridharan, 2012), and mostly transact within the informal sector (Silvestre & Neto, 2014), making understanding their choices and estimating market demand difficult. Not only are BOP markets argued to be different from developed markets, but some also argue that the BOP are different amongst themselves, composing different segments of a heterogeneous BOP (Hillemann & Verbeke, 2014; Rangan et al, 2011; Piacentini & Hamilton, 2013; Chatterjee, 2014; Zhou et al, 2011).

In contrast, another stream of research is based on the idea that there are many ways in which consumers and markets have a great deal in common, regardless whether they are in advanced or developing economies, discussed next.

### 2.3 Laws of Market Growth

The idea that the similarity of basic human needs shapes the behaviour of individuals regardless of where they live supports the supposition that many consumer-related constructs may be universal. The literature on marketing science and laws of growth applies well-established analysis techniques based on large sets of consumer purchasing data that have long been the bedrock of developed-market structural analysis. This body of research looks at the objective evidence of aggregate purchasing distributed across a population followed by an

examination of brand performance measures (BPMs) including market share, penetration, purchase frequency, 100% loyalty, share of category requirements (SCR). Previous empirical evidence studying BPMs recognised a set of recurring patterns of buyer behaviour, in terms of how many consumers buy, how often do they buy and what else do they buy (Bound, 2009). Basing their work on observed consumer data, such studies contributed to our knowledge of marketing science; and their findings were verified across different product categories, geographies and market conditions constituting a set of marketing empirical generalisations (Habel & Lockshin, 2013; Scriven & Goodhardt, 2012).

### 2.3.1 Empirical Generalisations in Marketing

An empirical generalisation (EG) is a relationship between two or more variables that has been observed to hold across a range of conditions (Uncles and Wright, 2004). EG's are considered managerially useful because they predict "*what tends to happen to consumer behavior and, therefore, business performance, when a firm, brand or other relevant entity engages in a certain marketing behaviour*" (Hanssens, 2018 p.6). EGs offer a basic form of marketing knowledge that constitute the building blocks for more complex knowledge while offering utility and guarding against falsehoods and unsubstantiated claims (Uncles & Wright, 2004). Marketing EGs provide a set of benchmarks, and are arguably the closest marketing "laws" there are to scientific laws (November, 2004), summarised below:

- *Double Jeopardy Law*: Small brands are punished twice for being small; they have fewer buyers, and those few buyers buy them less (Ehrenberg & Goodhardt, 2002). Bigger brands have much higher numbers of buyers than their smaller rivals, in line with market shares, but average purchase frequencies vary far less and are predictable from brand size. If  $w_o$  is a constant for that set of brands and chosen time period,  $w_x$  is Brand X's average purchase frequency, and  $b_x$  is its penetration rate then the Double Jeopardy pattern can be described as follows (Ehrenberg et al, 2004)

$$w_x(1 - b_x) = w_o$$

- *Consumers are rarely 100% loyal*. Instead, consumers display different but steady multi-brand behavioural loyalty over time in which they are polygamously loyal to a group of brands, buying from an established brand repertoire (Ehrenberg et al, 2014; Uncles et al, 2010, Banelis et al, 2013).

- *Natural Monopoly Law*: Light occasional buyers favour the bigger brands, whereas smaller brands are bought by heavier category buyers (Ehrenberg et al, 2004). Larger brands have more 100% loyal buyers, partly because they have many buyers that haven't made many purchases during the analysis period, reflecting that light occasional buyers favour bigger brands (Sharp, 2010)
- *Duplication of Purchase Law*: Most buyers of a brand are light, infrequent buyers (Uncles et al, 1995, Graham 2015), and are shared with competition in line with brand size. Brands share customers with other brands in line with their relative market shares (Ehrenberg et al, (2004). Observed switching patterns can be modelled using the Duplication of Purchase Law. If  $p_{j/i}$  is the proportion of previous buyers of brand  $i$  who buy brand  $j$ , and  $p_j$  is the proportion of all new buyers who buy brand  $j$ , then the formula for the Duplication of Purchase law becomes (Ehrenberg & Pouilleau, 2013)

$$p_{j/i} = Dp_j$$

- *Loyalty is distributed among brands with little differentiation between the brands*. In other words, in repeat purchase markets, each brand normally sells to all buyers of a category, rather than to a particular segment of buyers (Ehrenberg et al, 2004; Uncles et al., 2012), where segmentation only appears if significant functional differences exist. Other than that all brands within one product category usually act as close substitutes to each other.

If patterns are consistently being observed, then prediction should be possible. Based on that, a body of literature has emerged, based on data from observed consumption behaviour, that explains how brands grow their market share (Sharp & Driesener, 2000; Riebe et al, 2014; Graham, 2007; Bennett & Graham, 2010; Ehrenberg et al, 2004; Uncles et al, 2010; Wright & Sharp, 2010; Uncles & Kwok, 2008; Uncles & Wright, 2004; Sharp et al, 2012). Empirical generalisations are based on an analysis of observed behaviour which contrasts with much of the marketing literature dominated with research analysing consumer perceptions and intentions, that may or may not translate to actual behaviour. That is why theories such as the Theory of Planned Behaviour have been criticised to offer little predictive ability since it neglects the influence of external factors (Sniehotta et al., 2013), and internal factors such as learning (Thomas, 2013) and habits (Jokonya, 2015). In contrast, marketing empirical

generalisations rest on analysis of behaviour that already has taken place, offering accurate predictors to future behaviour. Empirical evidence suggests that customer acquisition, rather than enhancing customer loyalty or reducing customer defection, explains changes in market share (Riebe et al, 2014). This goes against conventional marketing thought that would argue, as Jacoby & Chestnut (1978) put in the first page of their book, that *“the success of a brand in the long-term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand.”* Empirical generalisations suggest that increasing market share happens by expanding brands’ physical and mental availability in a continuous battle for attention (Sharp, 2010), acting as a reminder for those light, infrequent buyers (who are the majority of the consumer base) to keep buying the brand.

Researchers with similar views as Jacoby & Chestnut (1978) criticised the school of marketing empirical generalisations based on the idea that it is difficult to find regularities within the unpredictable and uncertain nature of consumer marketing (Dowling, 2004), where constantly changing contexts mean that even if empirical generalisations were once held true, they will quickly become out-dated (Sheth & Sisodia, 1999). Proponents of the attitude and attachment schools of thought argue that such models cannot capture consumers changing loyalties (Sharp et al, 2012), nor does it account for the softer, psychological aspects of marketing interventions. However any such interventions may be in vain if they lack a careful understanding of the context in which they occur. That context in consumer goods categories has been shown to have consistent regularities that have been observed in over 50 product categories (Ehrenberg et al, 2004) over the past 50 years (Bennett & Graham, 2010).

Empirical generalisations are well established in developed markets, and hence interest is now turned towards developing markets being fertile sources of growth (Bennett, 2008; Romaniuk & Sharp, 2016; Uncles & Kwok, 2008; Bennett & Graham, 2010). Fast growing category penetration, the establishment of consumer-brand repertoires through experimentation and leapfrogging brand shares over time are characteristics that challenge the steady state of category maturity that Dirichlet models are normally based on. EG explanatory theory is integrated into the NBD-Dirichlet model of purchase incidence and brand choice (Goodhardt et al, 1984; Scriven & Goodhardt, 2012) but its components, including DJ, may be applied independently to provide benchmarks in new marketing environments, such as the BOP where

differentiated replications would then reveal any contingency effects operating in the new contexts (Easton, 2002). The next section elaborates on the literature on the Law of DJ.

### 2.3.2 Double Jeopardy (DJ)

DJ says that small brands are punished twice for being small: they have fewer buyers than bigger competitors, and those buyers buy them less often (Ehrenberg et al, 1990). The EG summarises the outcome effects of repeat buying in repertoire markets with a simple model that integrates the theoretical assumptions of the Law and predicts behavioural loyalty (purchase frequency) from brand size. Where  $b$  is brand penetration - the number buying it at least once in a period - and  $w$  is the average brand purchase frequency across those buyers, the model relates the values in the sales equations for competing brand ( $x, y, \dots, n$ ) described by the equation (Ehrenberg et al, 1990):

$$w_x(1 - b_x) = w_y(1 - b_y) = w_o$$

The value  $w_o$  is a constant for the category, estimated as the average value of  $w(1 - b)$  for all observed brands. The predicted value of  $w_x$  for a given  $b_x$  is therefore  $w_o/(1 - b)$ , which shows that the fewer the buyers ( $b$ ) the smaller  $w$  (purchase frequency) must be, the Double Jeopardy effect.

In this form the model makes two independent assumptions (Goodhardt et al, 1984). The first is that buying of different brands is independent across consumers (e.g. the proportion of households that buy brand  $x$  in the period is  $b_x$  irrespective of whether they also buy brand  $y$ ); and second, brands do not differ in how often their customers buy the total category on average, therefore no one brand monopolises the heaviest category buyers.

These assumptions are widely found to hold where DJ has predicted loyalty in scores of product categories (Ehrenberg et al, 2004; Graham et al, 2017) and has been extended to product variants (Singh et al, 2004), TV programme choice (Ehrenberg et. al, 1990), retailing (Pleshko & Souiden, 2007), fashion retail (Brewis-Levie & Harris, 2000), sports (Doyle et al, 2013) and infrequently bought goods and brand extensions (Ehrenberg & Goodhardt, 2001). The theory has made novel predictions about brand defection (Wright & Riebe, 2010), mental market share (Romaniuk, 2013), social marketing (Grunelee et. al, 2016) and anti-brand social media activity (Kucuk, 2010). If DJ is to be considered as a successful theory by Marketing Scientists, then it must continue to predict in novel settings (Hunt, 1994), such as the BOP.



### 2.3.2.1 *Extending the Law of DJ to Understand the BOP*

The Double Jeopardy law was developed in mature, stable categories. Its *No Segmentation* assumption arises because households buy habitually from individually different repertoires of competing brands that they perceive as close substitutes (Sharp & Driesener, 2000). In aggregate this means first that the most popular brands get bought a little more frequently simply because rather more people know of them, and second most brand buyers in a given time period are light buyers of that brand and devote more of their category purchasing to other brands (Sharp, 2010; Romaniuk & Sharp, 2016). In contrast, the negative view of marketing barriers in BOP markets is likely based on an unrealistic view of brand loyalty that supposes that BOP buyers are light buyers for many extrinsic reasons such as poor distribution, low disposable income, etc., whereas it has been repeatedly shown that most brand buyers in *any* customer base are predictably light buyers (Graham et al, 2017).

The DJ theory assumes that behavioural loyalty measures, including share-based measures like SCR as well as the distribution of heavy medium and light buyers, are similar between competing brands where the number of buyers any brand attracts is the main determinant of performance (Ehrenberg et al, 2004; Scriven & Goodhardt, 2012). DJ assumptions suggest that buyers behave habitually because they are experienced with the category and the brands in their individual repertoires, and a zero-order assumption means that category buying remains stationary (Ehrenberg & Goodhardt, 2002; Sharp & Driesener, 2000). However, this may not be true in BOP markets where new buyers and new brand entrants violate stationarity, in which case deviations from theoretical values would show that the strict assumptions of the law have been breached. Stochastic models like the  $w(1-b)$  DJ approximation have nevertheless been fitted to temporal cross sections, and BPMs then assessed in series, within which buying behaviour appears to remain “normal” (Bennett & Graham, 2010; Graham et al, 2017).

If RQ1 establishes normality amongst BOP markets, then DJ provides a prescription for growth, since the greatest difference between competing brands would be in the number of buyers each attracts (Ehrenberg et al, 1990; Ehrenberg & Goodhardt, 2002). In developed economies the route to brand growth is through increased penetration (Dawes, 2016), but this study examines BOP brand growth strategy through a DJ lens to empirically understand its market structures and behaviours, and the driver behind brand growth.

## 2.4 Innovation to Break Through the BOP (and DJ?)

BOP markets are huge, growing rapidly, open to innovations and include low competition (Jun et al, 2013). A significant obstacle is determining how to present brands to poor consumers, to which the BOP literature emphasises the important role of innovation (Muchie & Gammeltoft, 2003; Lundvall et al, 2009; Pansera & Owen, 2015; Heeks, 2012; Lal Dey et al, 2013). There are many definitions of innovations (see Schumpeter, 1934; Linna, 2012; OECD, 1997; Lim et al, 2013; Cels et al, 2012; Ramani et al, 2012), some of which contradict with others. This study follows Rogers' (1983, p.11) definition being

*“an idea, practice, or object perceived as new by an individual or other unit of adoption. It matters little, so far as human behaviour is concerned, whether or not an idea is “objectively” new as measured by the lapse of time since its first use or discovery. The perceived newness of the idea for the individual determines his or her reaction to it. If an idea seems new to the individual, it is an innovation.”*

Innovation is positioned in the body of knowledge as the recommended technique to break through the unfamiliar nature of the BOP and create relevant offerings that are accepted and adopted by poor consumers suffering from resource constraints (Lundvall et al, 2009; Muchie & Gammeltoft, 2003). For example, researchers suggest innovation design as a bottom-up process to understand BOP buyers and create relevant market offerings, (Viswanathan & Sridharan, 2012; Linna, 2012; Lim et al, 2013). During this bottom-up approach, BOP consumers can become sources of innovative ideas, despite, or even due to, their limited resources, where ideas can later be developed to market offerings that are accepted by the BOP, (Pansera & Owen, 2015; Heeks, 2012; Lal Dey et al, 2013) and, sometimes even taken to developed home markets (reverse innovations) (Jagtap et al, 2014). Product design is followed by a joint effort between businesses and local communities in distribution and promotion to diffuse the innovative offering (Ramani et al, 2012; Slivestre & Neto, 2014) suggested as a technique for businesses when they lack the relevant market knowledge to execute their ideas (Linna, 2012). Studies with a sample of big, global businesses (Rosa, 2012; Linna, 2012) and small local enterprises (Lim et al, 2013; Pietrobelli & Rabellotti 2006; Zhou et al, 2011) both find that innovation through collaboration, such as collaborating with intermediaries or the state, cooperating with non-traditional partners, co-creation with BOP consumers (Schuster & Holtbruge, 2014; Linna, 2012), is important to penetrate BOP markets and overcome any anticipated local resistance (Ramani & Mukherjee, 2014; Posthumus et al, 2013). Entering

creative local partnerships offers new intermediaries to diffuse innovation (Ramani & Mukherjee, 2014; Hall et al, 2014; Hang et al, 2010), creating local physical presence at the BOP. Such partnerships can be with local consumers (Santos et al, 2015; Simanis, 2012), channel members (Alur & Schoormans, 2013; Ray, 2011; Ireland, 2008), entrepreneurs (Hall, 2014; Schwittay, 2012; Linna, 2012; Polak & Warwick, 2014), NGOs (Schuster & Holtbrugge, 2014; Posthumus et al, 2013) or governments (Berger & Nakata, 2013; Mohr et al, 2012) to create or diffuse innovations at the BOP (Ramani et al, 2012).

However, while the literature strongly advocates the creation and diffusion of innovations to succeed at the BOP, very little evidence is provided about the effect of such innovations on markets and subsequent brand growth. Whereas studies on emerging markets that empirically examine the effects of innovation on business success do so at the aggregate market level, with no particular focus on its BOP (Story, Boso & Cadogan, 2015; Acquah, 2007; Gao et al, 2007; Boso, Cadogan & Story, 2012). The innovation body of literature shows that applying innovative projects is a dynamic, multi-linear, complex process (Ramani et al, 2012; Zhou et al, 2011), but offers little practical guidance (Pels & Sheth, 2017), or any insight about the expected outcomes, in the short and long run. Research selection bias should also be considered here, where researchers are usually interested in new and innovative stories (Uncles & Wright, 2004; Sharp et al, 2017), perhaps leaving out brands that are successful at the BOP following no “new” marketing approaches.

On the other hand, the marketing science literature finds that most attempts at product innovations follow the Law of DJ after as little as 1-2 quarters after introduction (Ehrenberg & Goodhardt, 2000; Wright & Sharp, 2001). Cases where innovations lead to deviations from DJ achieving higher than predicted loyalty is when the innovation is at the category rather than the brand level (e.g., gluten-free bread, vegan burgers, sugar-free chocolates etc.) and hence brands with similar functional benefits can cluster and deviate from model predictions (Scriven et al, 2017) breaking the non-partitioning assumption of DJ. This market niching deviates from model predictions as a result of differentiated *functional* attributes, where its higher loyalty is a result of its fewer buyers buying it slightly more frequently because there are not much alternatives to buy (Scriven et al, 2017). In contrast with the BOP literature, the marketing science literature argues that while niche innovations enjoy marginally higher loyalty, they

typically still remain small brands (Kahn et al, 1988); where only cases of discontinuous innovations result in long-term change in market structure (Graham, 2009; Sharp et al, 2012). Currently, both disciplines offer two approaches towards the role of innovation towards market growth at the BOP. The BOP discipline urges the necessity of innovations and collaborations to break through the BOP, while the marketing science discipline finds that such attempts usually result in normal market behaviour following a DJ pattern, or in fact can result in smaller market share due to restricting the number of buyers by focusing on a niche market. The lack of market-driven evidence in the BOP literature, and the lack of BOP data in the marketing science literature leaves this as a current gap in knowledge.

## 2.5 The 4 A's as a Theoretical Framework

To provide a structured approach to the investigation of how market growth can be achieved at the BOP, the research refers to the 4A's as the theoretical framework underpinning the study. The 4 A's framework, developed by Anderson & Billou (2007), has been well-accepted and widely-applied in the BOP literature (Lihikoinen et al, 2018; Sinha & Sheth, 2018; Bates & Buckles, 2017; Sheth & Sisodia, 2012) as it offers a substitute, solution-driven alternative to the traditional 4 P's. The 4 A's framework consists of *acceptability* (product), *affordability* (price), *awareness* (promotion) and *availability* (place).

*Acceptability* refers to necessary adaptations to create willingness for buyers to consume, which can range from reduced pack sizes and/or reducing products to their simplest "bare-bone" form (Chikweche & Fletcher, 2012), up to complete BOP-tailored brands (Prahalad & Hart, 2002). Growth at the BOP was argued to be a result of product adaptations driven by solutions that lead to improved living (Hart & Christensen, 2002).

*Affordability* refers to setting prices with an appreciation of BOP consumers limited and irregular income streams. Affordability strategies can range from selling on credit, to more innovative methods such as allowing consumers to recover part of cost so that the upfront cost of access is reduced, e.g. tea in redeemable glass jars (Chikweche & Fletcher, 2012; Pitta et al, 2008).

*Awareness* involves addressing weak consumer knowledge and media limitations in BOP markets which requires finding alternative communication methods that can effectively inform buyers about offerings (Anderson & Billou, 2007). Communications are designed with a

consideration of social and cultural contexts (Ramani et al, 2012), such as using comics or short movies to overcome illiteracy challenges (Berger & Nakata, 2013).

*Availability* describes the degree to which products are within buyer reach, overcoming distribution challenges such as lack of formal retail outlets in fragmented, sometimes even isolated, villages with underdeveloped infrastructure (Martinez & Carbonell, 2007). Innovative distribution methods, such as partnering with local networks (BOP entrepreneurs and consumers) has been suggested as a mechanism to make brands available in informal BOP distribution systems (Pitta et al, 2008; Chikweche & Fletcher, 2012).

The 4 A's framework contrasts from the 4 P's by emphasizing that the traditional marketing mix when applied in BOP markets fundamentally requires addressing challenges and limitations that usually lie outside firm boundaries – a reason many businesses struggle in BOP markets. It was selected as an appropriate theoretical framework for this study for a number of reasons. First, it encompasses most marketing decisions of which the marketing outcomes can be observed in DJ analysis. Second, it was developed and tested following an action-based methodology in 5 BOP markets, one of which is Egypt, making it the only published research that includes Egypt's BOP consumers. Thirdly, much of the BOP innovation literature revolves around one or more of the marketing mix elements (e.g., Ray & Ray, 2011; Berger & Nakata, 2013, Prahalad, 2014; Ramani et al, 2012), making it a suitable theory that brings together the different research areas of the study.

Table 1 provides the definitions of the 4A's (Anderson & Billou, 2007) adopted in this study.

Table 1-Definitons of 4 A's (Anderson & Billou, 2007)

4 A's	Definition
Availability	The extent to which customers are able to readily acquire and use a product or service.
Affordability	The degree to which a firm's goods or services are affordable to BOP consumers.
Acceptability	The extent to which consumers and others in the value chain are willing to consume, distribute or sell a product or service.
Awareness	The degree to which customers are aware of a product or service.

## 2.6 Bridging the 4 A's to the world of Marketing Science

While the theory of DJ and the 4 A's framework come from different research disciplines, they share some common views towards how consumers interact with markets. The world of marketing science conceptualises salience as brands competing mostly on the basis of mental and physical availability in established markets (Sharp, 2010). Assumptions of DJ theory include that there is no new consumer learning about brand offerings (Uncles et al, 1995; Sharp & Driesener, 2000), and hence consumers have already learnt that existing offers are acceptable and available having adopted them into their individual household repertoires. Accordingly, higher brand sales are achieved by making it mentally and physically easier to acquire brands in the face of the competition. Brands with lower salience (i.e., not as easily recognised or recalled during point of purchase), or not as well distributed are replaced by alternatives from the established household repertoire.

Similar to the marketing science literature, the 4 A's framework encompasses mental availability as *awareness* and physical availability as *availability*, but also introduce two other A's – *acceptability* and *affordability* – which in BOP contexts can be substantial obstacles to brand and category buying. In BOP contexts, consumers do not have established repertoires as new brands enter and struggling brands exit the market, and therefore consumers are still learning and experimenting with new and changing categories and brands. In established markets too, brands need to maintain *acceptability* and *affordability* of offerings, but that becomes the market equilibrium. Brands that engage in promotional activities to enhance their *acceptability* and *affordability* result in temporary changes to market structures (Graham, 2009), and the market quickly returns to its equilibrium.

Hence, while the DJ theory of marketing science is based on the assumption that consumer learning is complete, Anderson & Billou's (2007) framework suggests that BOP consumers are still learning about brands. Therefore, while both theoretical models share a common view that brand buying is centred around brands being accessible to consumers, they happen in different market conditions, and result in different expected outcomes (e.g., becoming part of a forming BOP repertoire versus enjoying short-term marketing outcomes in developed

markets). Findings of this work will test the relevance of both models and how they apply in BOP contexts.

## 2.7 Current Gaps in Knowledge to be Addressed

The current body of knowledge on BOP markets is growing, yet it is still deficient in informing marketers on how they can establish growth at the BOP, as described by Romaniuk et al (2018, p.789), *“in emerging markets, the evidence about how to grow market share is still sparse”*. No available empirically-grounded knowledge is available about BOP buyer behaviour and so it is unclear whether standard marketing approaches or specific emerging market approaches are most likely to succeed. Little is known on BOP markets from the demand side (in terms of their buying behaviour) and the supply side (in terms of why and how some brands established strong BOP market presence). Current marketing knowledge has mostly been developed in less than 20% of the global consumer population – those concentrated in advanced economies (Rosa, 2012). With growing interest in emerging markets, knowledge relevant to the remaining 80% of the consumer population is required. This study reviewed 46 studies on market growth (Appendix 1) to find that only 6 included samples from emerging markets, and none talked about their BOP segments, reflecting a lag between marketing practitioner interests and marketing academics productions. This study aims to use a data-driven approach to understand the structure and buying behaviour of BOP markets and use it to build a model that guides the design and implementation of effective BOP market growth strategies as one attempt to catch up with market trends

This study responds to calls by previous researchers for effective strategies towards BOP markets (Ramachandran et al, 2012; Tashman & Marano, 2010; Silvestre & Neto, 2014). Most studies on BOP markets follow a conceptual, observation-based approach with a lack of empirical studies that apply analytical frameworks, which was considered as a weakness of BOP literature (Schuster & Holtbrugge, 2014; Silvestre & Neto, 2014). The study responds to marketing science researchers that call for differentiated replication and extension studies that test DJ (and other Dirichlet) models in emerging markets (Burgess & Steenkamp, 2013), i.e. real-world learning laboratories, to develop contingency theory and addresses criticisms that the BOP discipline does not sufficiently account for local differences across the dissimilar BOP markets (Zhou et al, 2011). It also responds to research suggestions to employ qualitative

research techniques, which can provide insight and depth (Nakata & Berger, 2013) from the firm's perspectives (Hall et al, 2012) in new, unexplored geographical areas (Viswanathan & Sridharan, 2012; Hall, 2014).

## 2.8 Summary

This chapter offered a review of the current knowledge within the current literature of the BOP, marketing science and innovation at the BOP. The chapter identifies knowledge boundaries, and positions the study to advance and progress that knowledge. It begins with a background out of which the concept of BOP markets emerged, followed by a review of the BOP literature and the disagreements within it, highlighting the knowledge gaps it holds. The literature on marketing science is then presented, illustrating how it can offer scientific means to address what we still do not know about the BOP even after decades of published research. A discussion is then offered on the role of innovation, showing that it has been argued to break through the BOP, and sometimes deviates from DJ predictions, and hence will be tested in this study for any, or both effects. The discussion shows that the effect of innovation on market growth still remains unexplored. Finally, the chapter presents the 4A's as the theoretical framework upon which the discussed research streams can be collected and organised, and shows that in addition to being a widely accepted theory within the BOP discipline, it also shares common views with DJ explanatory theory. The chapter ends with a discussion of current knowledge gaps that are filled by this study. The next chapter proceeds to discuss the detailed methodology followed to complete this research.



## 3. Methodology

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### 3.1 Introduction

The previous chapters provided a review of the relevant literature to show where this research is positioned in respect to current scholarly knowledge about BOP markets. To progress knowledge, a sound, reliable and practical methodological plan should be developed. This chapter reports the methodological research process undertaken beginning with a discussion of pragmatism as the research paradigm and philosophy underpinning this study, used with an abductive research approach. The discussion then moves to the research design that describes a mixed-methods research choice including two research strategies conducted over two phases. Phase 1 includes an analysis of newly-available consumer panel data of FMCG buying over 52 weeks, followed by Phase 2 which includes an analysis of in-depth interviews with experienced BOP industry practitioners. Data collection and analysis details are reported in depth for each phase. The chapter then progresses to discuss methodological reliability, validity and limitations. Finally, ethical considerations are discussed.

Below is a reminder of the research questions that underpin the methodological decisions discussed throughout this chapter.

1. What are the characteristics, market structures and consumer buying patterns of BOP markets in Egypt?
2. What is the role of innovation in BOP market growth?
3. What are the different perceptions and strategic market approaches of market leading local, regional and global players towards BOP markets?
4. What are the common marketing strategies designed and implemented by BOP market leaders to establish BOP market growth?

### 3.2 Research Paradigm: Pragmatism

A research paradigm involves a cluster of beliefs that guide decisions about what should be studied, how research should be carried out and how results are to be interpreted (Bryman, 2012; Tashakkori & Teddlie 1998). In social science, the spectrum of research paradigms runs from positivism/scientific to interpretivism/constructivism (Guba & Lincoln, 1988; Tashakkori

& Teddlie 1998). Positivist research paradigms usually involve a deductive approach where the goal is to use data to test or confirm previously established theory (Parvaiz et al, 2016). Whereas in interpretivism, an inductive approach is employed with the goal of developing new theory by recognising that individuals assign subjective meanings to experiences (Deetz, 1996) and hence reality is created through individuals' experiences within social and personal contexts (Hennink et al, 2011).

During initial research design phases of this study, it was found that different research questions required different approaches to extracting knowledge. RQ1 is concerned with describing behavioural norms and regularities in BOP markets, and explaining it in light of existing theory on market regularities and behaviour. It accepts objectively derived positivist methods to extend generalised form-of-laws theory requiring a deductive approach to observed data to extend established empirical generalisations and supporting theory in this new context. Whereas, RQs 2-4 take an exploratory lens to interpretively understand managerial knowledge which shaped decision making towards the BOP and resulted in market leadership. The focus is on understanding practitioners' perceptions of, and decisions towards BOP markets revealing how far this theory is current and being applied – requiring an inductive approach to knowledge.

Hence the research requires shifting between a positivist approach of deductively extracting knowledge based on scientific benchmarks, to an inductive approach of interpreting managerial knowledge about the BOP. However, the methodology literature was assertive regarding the incompatibility of combining positivist and interpretivist research paradigms in a single study (Smith & Heshusius, 1986; Guba, 1987; Guba & Lincoln, 1988; Sale et al, 2002), even though most research designs are not as polarised to be purely positivist or interpretivist (Morgan, 2007). In contrast, pragmatism is a philosophy of knowledge concerned with practical solutions to research problems that result in respective practical consequences (James, 1907). It accepts the shift between different approaches to knowledge (scientific, deductive and interpretive, inductive thinking) being based on the premise that methodology should be driven by the research questions to be investigated, and not by the underlying research paradigm (Pansiri, 2005; Teddlie & Tashakkori, 2009; Creswell & Clark, 2011). Shifting between different approaches towards knowledge is a crucial pillar of this research design.

Additionally, in line with the research aim of this study; producing empirically grounded and practically useful theory for practitioners at the BOP, pragmatism aims to result in theories which are useful within given contexts (Giacobbi et al, 2005), and hence offering “practical truths” (James, 1907) rather discovering universal truths about the nature of reality that do not account for the peculiarities of different social and cultural settings (Williams, 1985; Rorty, 1990). Consequently, pragmatists evaluate research results based on the practical impact the research outcomes offer to society (Giacobbi et al, 2005), which in this research are shaped by the international interest in BOP markets, met with the lack of guiding research evidence about market growth strategies thereof.

### 3.2.1 Philosophy & Approach

Pragmatism originates with the work of James (1907) and is defined as an approach to “*relieve and benefit the condition of man – to make mankind happier by enabling them to cope more successfully with the physical environment and with each other*” (Rorty, 1991, p.27). Social researchers define it as an “*approach to understand what works in the world, taking into account context and human behaviour*” (Scott & Briggs, 2009, p.225). The view held by purist researchers (i.e., pure positivists or interpretivists) that epistemological and ontological considerations are the “*fundamental questions which are interconnected in such a way that the answer given to any one question constrains how the others may be answered*” (Guba & Lincoln, 1998, p.21) is in sharp contrast with pragmatists’ views which are led by the research questions in themselves and not the underlying perceptions towards reality. Indeed, classical pragmatists (Rorty, 1991) advocate the complete abandonment of any discussion about philosophical issues, such as ontological or epistemological considerations, as it distracts from the “what works” tactic towards methods (Creswell, 2003). This naturally raised criticisms by purist researchers towards pragmatism, such as failing to adhere to theory, lack of principles and sloppy thinking (Ormerod, 2005; Lincoln, 2010).

In response, modern pragmatists (e.g., Giacobbi et al, 2005; Morgan, 2007; Hall, 2013; Morgan, 2014) published work on underlying philosophical issues as one way to develop dialogue with proponents from other research paradigms. This research follows the more modern and moderate version of pragmatism. From an ontological stance, while classic pragmatists argue for abandoning the debate on different perspectives and the assumptions of ontological stances about the nature of reality (Dewey, 1931), modern pragmatists find value in those

differences by treating them as social contexts for inquiry rather than abstract philosophical differences (Morgan, 2014). This inquisitive approach to the different forms from which knowledge can be developed is adopted, and for that is why the research borrows explanatory theories from different disciplines (DJ from marketing science discipline, 4A's from BOP discipline) and approaches and analyses different forms of data. From an epistemological stance, modern pragmatists contrast with positivists and interpretivists who hold polarised epistemological views and present pragmatism as an alternative epistemological paradigm (Hall, 2013) that allows researchers to move back and forth between an objective and subjective role as a researcher (Teddlie & Tashakkori, 2009), depending on the different stages of research and the nature of the research questions (Creswell, 2003; Teddlie & Tashakkori, 2009). This epistemology is adopted by the researcher as the research moves between Phase 1 and 2 (discussed in Section 3.3), where in Phase 1 the researcher adopts a positivist role towards knowledge based on the premise that while our reality is complex, relationships between phenomena can show regularities when scientifically examined, thereby answering RQ1. In Phase 2, the researcher adopts an interpretive, exploratory role towards the marketing knowledge of effective decision-makers at the BOP, answering RQs 2-4. As the research moves from Phase 1 to 2, an interpretivist view is adopted, but from a shared empirical platform based on positivism. Similarly, a pragmatic research approach follows a reasoning process that moves back and forth between induction and deduction, labelled by pragmatists as abduction (Morgan, 2007). Abduction involves juggling between the different kinds of knowledge produced making it particularly relevant in studies that sequentially employ qualitative and quantitative research (Ivankova et al, 2006; Morgan, 2007). In this study the researcher moves back and forth between deductively and objectively approaching consumer data using quantitative methods to inductively approaching qualitative data collected from practitioners. This reasoning approach switches at several points during the research. While the research design is sequential (quantitative data analysed first, followed by qualitative data), the thinking about it is not so sequential as quantitative data is recurrently reflected upon, by the researcher and the research participants, during and after qualitative data collection and analysis, including sharing data findings with practitioners in order to understand their interpretations and managerial reflections of it.

Finally, in addition to the ontological and epistemological perspectives of modern pragmatism that align with the researcher's thinking towards the research topic, pragmatism also accepts the researcher's methodological view that appreciates the complementarity of different research methods, where each fills a different knowledge gap to develop a more robust understanding of reality (Onwuegbuzie & Johnson, 2006). Stemming from the epistemological continuum discussed, pragmatic research can often incorporate a mixed methods research design where the research questions determine the extent to which qualitative and quantitative methods are employed (Creswell, 2003; Teddlie & Tashakkori, 2009). This is elaborated next.

### 3.3 Research Design

Pragmatism is concerned with the usefulness of the outcome of the research (Johnson & Onwuegbuzie, 2004) and the integration of research methods most suited to answering the research questions (Mackenzie & Knipe, 2006; Bryman, 2012). This research was designed considering the research outcome being the development of empirically grounded and practically useful (pragmatic) theory on market growth at the BOP which addresses the literature lack of scientific evidence due to the infancy of the BOP research stream (Jaiswal & Gupta, 2015). Theory development in this research is thought of as an upward spiral of knowledge evolving from inductive theory development, testing and confirmation or refutation of the theory then back to exploration to develop further propositions about *why* certain patterns consistently emerge across many sets of data (MSoD). Accordingly, the research design of this study begins by testing and extending existing theory achieved by deductive analysis of buying behaviour using scientific measures that offer predictability (RQ1), followed by development of new explanations from a further round of exploration in RQs 2-4, through the interpretation of interview data to eventually achieve an informed synthesis of both sides of the story. This contrasts with the way theory development has been approached in the BOP discipline being dominated with case study research (Pels & Sheth, 2017; Schuster & Holtbrugge, 2012; Zhang & Tong, 2012), with issues of selection bias and limited transferability of results (Tashakkori & Teddlie, 2003).

Accordingly, the research follows a two-phase, a sequential (Small, 2011; Creswell, 2003) research design. Phase 1 begins with quantitatively analysing a consumer panel dataset to offer

a statistically descriptive analysis of BOP market structures and behaviours (answering RQ 1). Quantitative data was originally developed for the world of natural sciences (Bryman & Bell, 2011) but has found fruitful applications in the world of social sciences, one of which are the explanatory theories of empirical generalisations that describe and predict observed market regularities (Ehrenberg, 1988; Ehrenberg et al, 1990). Existing and competing theories on market behaviour can be confirmed or refuted since country-wide panel data is available for the first time at the BOP creating a scientific ground to build robust theory. Once Phase 1 is completed and a scientific analysis of BOP market behaviour is available, the study proceeds to Phase 2 of this research which explores new propositions for theory development on BOP market growth stemming from an objective understanding of market behaviour. Phase 2 takes an exploratory lens to identify the perceptions and strategies of market-leaders at the BOP (answering RQs 2-4) through in-depth interviews with executives. Qualitative research allows the examination of social phenomena (Bryman & Bell, 2011) and is used in this study to generate theoretical propositions about market approaches and strategies towards the BOP, perhaps to be quantitatively tested in future studies for generalisability to push the boundaries of knowledge.

The methodology discipline offers different views towards this type of mixed-methods research. Some perceive it as a generational trend in research following the eras of quantitative research followed by qualitative research, as illustrated by Robson & McCartan (2016),

*Some advocates of multi-strategy (mixed method) designs are evangelical in their zeal. It is seen by them as an idea whose time has come, a third way to do research, arising phoenix-like from the smoking ashes of the quantitative-qualitative wars.*

Others argue that qualitative and quantitative research approaches are not compatible to be combined (Gephart, 2004; Sale et al, 2002; Guba & Lincoln, 1988), based on the premise that each come from a different view and relationship towards reality and its constructs. For example, the positivist stance that underpins the marketing science of empirical generalisations perceive reality to be externally constructed from the researcher, where observed phenomena of actual buying can be scientifically measured. Whereas the qualitative approach is underpinned by a joint construction of knowledge about the perceptions of reality held by interview participants and the researcher, where the researcher plays an active role by bringing in their knowledge on market science. However, previous studies have demonstrated

the value of multiple methods (Howe, 1988; Biddle et al, 2001; Dewar & Horn, 1992; Brustad, 2002) to enjoy the strengths and overcome the limitations of either (Hardy et al, 1996). This study follows the pragmatic view that, in practice, both approaches rely on human judgement and reasoned argument, and both use empirical data to question and advance theory (Howe 1988) and hence both can be used as part of different reasoning approaches to find the most suited way to answer research questions (Mackenzie & Knipe, 2006; Bryman, 2012; Creswell, 2006). Therefore, the choice of a mixed-methods research is underpinned by complementarity motivations where qualitative research is used here to complementarily add depth and fill in gaps in understanding by providing meaning to quantitative data (Denzin, 1989; DeLuca et al, 2012, Small, 2011) since quantitative data may identify patterns and relationships but will not explain why such patterns and relationships exist (Green & Thorogood, 2009). Each method approaches the research issue from a different perspective *“and hence each will reveal different aspects of it, much like a kaleidoscope, depending on the angle at which it is held, will reveal different colours and configurations of objects to the viewer”* (Denzin 1989, p.235). Therefore, adopting two complementarity research methods will arrive at more comprehensive, and scientifically-grounded findings.

The two phases of this research are extensively discussed, next.

### **3.4 Phase 1: Quantitatively Understanding BOP Market Behaviour**

The first research question of this study pertains to characteristics, market structures and consumer buying patterns of BOP markets in Egypt. An overall analysis of market behaviour is important to establish a foundational understanding of the BOP. If this foundational knowledge is scientific and comprehensive, it will allow progressing to theory development about BOP market strategy. Following a pragmatic line of thinking, and to provide a scientific answer to RQ1, a deductive reasoning approach is required to objectively examine and empirically analyse (Hussey & Hussey, 1997) observed market behaviour. The study refers to the literature on market regularities observed from buyer behaviour to understand BOP market behaviour (Ehrenberg, 1988; Ehrenberg et al, 1990; Ehrenberg et al, 2004; Uncles, et al, 1995; Sharp, et al 2012; Graham et al, 2017), and accordingly adopts the view that while social phenomena occur in a complex reality, existing relationships between social phenomena may show some regularity (Patton, 2002). The predictability of the DJ model and its underlying theory are only

as good as the last replication and extension. While there has been some attempts at extending the behavioural models to emerging markets (Uncles & Kwok, 2008; Bennett & Graham, 2010), BOP consumers remain unexplored, predicted to break the model's assumptions (discussed in Chapter 2), such as the market stationarity and no new consumer learning assumptions.

Phase 1 follows the *empirical-then-theoretical* (EtT) approach where observed regularities identified in data allows proposing empirically-based theory (Ehrenberg, 1994). In EtT, theory development happens through differentiated replication studies by testing the theory in many data sets across many market conditions (Barwise, 1995). Differentiated replications expand the scope of the theory to establish generalisations while also identifying its boundary conditions (Frohlich & Dixon, 2006) resulting in descriptive and predictive models, such as the Dirichlet model (Ehrenberg & Bound, 1993). The purpose of adopting the EtT approach in this study is to shed light on an under-researched market, advocated by international marketing scholars to be unlike any other market (Ghemawat & Altman, 2016; Luiz, 2006). Evaluating BOP market behaviour against empirically grounded market regularities will show whether their claims are true, revealing the market structure and behaviour at the BOP.

Predictive models that describe regularities, such as the DJ model, are selected for this study because they offer a number of advantages (Uncles & Kwok, 2008). First, the DJ model offers benchmarks from findings from an established school on marketing science showing whether the BOP conforms with known regularities. Second, it provides a common ground to compare different data from different markets (e.g., BOP and non-BOP market segments) and finally, it identifies systematic deviations from model predictions to scientifically highlight differences of BOP market behaviours. This was impossible in the past with the lack of data on the BOP, but with panel data being available for the first time, the EtT approach is adopted in Phase 1 to extend into BOP settings to challenge, confirm or refute conflicting conceptual theory with new evidence based on a panel of reported consumer purchase data.

Tracking consumer purchases over time is an effective technique to reveal buying patterns (Crouch & Housden, 2003), and so consumer panels have been used as a reliable source of behavioural data (Ehrenberg, 1972; Ehrenberg, 1988). A consumer panel is a sample of households from a population of which a market is being estimated, and whose purchases are recorded on a regular basis (Kent, 1989). Consumer panel data analysis is a common tool used by practitioners and EtT researchers making possible the identification of law-like patterns



across brands under different market conditions offering a platform to set benchmarks and make predictions (Uncles et al, 2010). Additionally, a vast school of marketing science researchers have used consumer panels from different parts of the world across different buying situations and market conditions (e.g., Morrison & Schmittlein, 1988; Sharp et al, 2012; Ehrenberg, 1972; Brewis-Levie & Harris, 2000; Ehrenberg et al, 1990; Kato & Honjo, 2006; Uncles, et al, 2010; Meyer-Warden & Benavent, 2006; Ehrenberg & Scriven, 1999; Goodhardt et al, 1984; Uncles et al, 1995; Graham, 2009; Wright & Riebe, 2010; Uncles & Kwok, 2008; Riebe et al, 2014; Ehrenberg & Goodhardt, 2001; Graham et al, 2017; Bodapati & Gupta, 2005; Uncles et al, 2005; Charlton & Ehrenberg, 1976; Labeaga-Azcona et al, 2010), offering empirical findings that expanded our knowledge on market regularities and buyer behaviour. Therefore, it was found that the most accurate way to tackle RQ 1 would be to refer to the methodological technique that has been tested and employed for over a few decades now, as detailed in the following sections.

#### 3.4.1 Description of Dataset

The quantitative analysis of this research was conducted on a consumer panel dataset provided by Kantar-TNS, being the first and only research company in Egypt to establish a consumer panel. Consumer panel datasets are not always available in emerging markets (Bennett, 2008; Bennett & Graham, 2010), nor are they as established (in terms of size and duration) as found in developed markets. However, when available, consumer panels can provide a rich source of reliable behavioural data (Walker, 1994). Consumer panel data includes a record of actual purchase behaviour, and thus are advantageous to survey questionnaires which rely on respondents' memories and abilities to accurately recall and describe events, to which there is evidence that responses vary in sequential questionnaires, even if separated by a very short period of time (Sharp et. al, 2012).

The batch analysed for this study is the first attempt at collecting panel data in Egypt reporting the weekly purchases made by 3265 Egyptian households in 35 FMCG categories over 64 weeks in 2015-2016. Panel consumption data was collected weekly by field researchers from Kantar-TNS Egypt via tablet computers, where panellists were shown images of brands and brand packages and asked to identify what they have bought this week. Records were made of all purchases from the 35 categories included in the panel, even if purchases were from loose, unidentified brands. Loose goods are particularly relevant in the BOP market where goods are

sold by unit or weight, with no identification of the manufacturer, and are usually priced lower than branded products. Such purchases were recorded under 'loose' and can be found in categories such as pasta, cheese, tea and detergents. As a developing country, Egypt suffers from a high degree of illiteracy, reported at 29% in 2017 (UNESCO UIS, Egypt, 2020). To account for this, buyers who had difficulties identifying or recording the brands they consumed were asked to retain the packages of any consumed goods and weekly field researchers would then record the consumed brands on their behalf. It should be noted that the panel was originally collected for commercial purposes and hence was rigorously controlled. Yet it is a small panel considering the huge population of Egypt (household size in 2015 was predicted at 25 million), and considering the panel sizes in developed markets which reached as large as 35,000 households in Europe and the US. While this is a limitation, it is considered the first window to shed any light on Egyptian, and BOP in particular, buying patterns, and hence while it may not be representative, it is indicative – especially since the panel was set up for commercial purposes and hence was carefully designed to represent all Egyptian households. The panel is stratified according to the demographic structure of Egypt, geographically covering all cities to include urban and rural households with fixed abodes. This is important as rural Egypt is where BOP consumers are concentrated, yet it is an under-studied area due to accessibility and logistics difficulties. The researcher addressed the panel size limitation by restricting analysis to top 10 brands only to reduce sample error (Kent, 1989), in addition to reflecting panel data findings with experienced practitioners recruited in the qualitative research for their reflections.

Studies about low-income families have expressed that poverty should not be defined based on income alone and should consider other dimensions that reflect well-being and inclusivity (Nakata & Weidner, 2012; Piacentini & Hamilton, 2013). Socio-economic classes (SECs) were defined in this study based on a large-scale exercise by TNS-Kantar covering urban and rural Egypt. In addition to household income, it considers consumer occupation, education, club membership, owned durables, transportation and residence to arrive at a calculated SEC score. In terms of income alone, it adheres to the widespread \$2/day BOP definition most dominantly adopted in the BOP literature (Jaiswal & Gupta, 2015; Jagtap et al, 2014; Alur & Schoormans, 2013; Polak & Warwick, 2013; Munir et al, 2010; Rangaan et al, 2007), allowing comparability with other BOP studies conducted in different parts of the world.

Below is the SEC classification and composition used in this study, which also reflects the socio-economic structure of Egypt. Table 2 shows that the BOP constitutes the largest market segment of 31% living on less than the equivalent of \$71/month. The BOP is followed by SEC D in terms of size, together constituting almost 60% of the population showing that, as with many other emerging markets, the majority of the population is poor. The wealthier SECs are a tiny fraction of the population where SECs A and B together constitute less than 6% of the population, yet remain the focus of most international marketing endeavours.

Table 2- Socio-economic classes (SECs) description of research sample, Egypt, 2016

SOCIO-ECONOMIC CLASS (SEC)	TITLE	PERCENT (%)	HOUSEHOLD MONTHLY INCOME BRACKET (EGYPTIAN POUNDS, EGP)
A	Higher upper class	0.4	20,000 +
B	Upper class	5	12,000-19,999
C1	Upper middle class	11	6,000-11,999
C2	Lower middle class	26	1,500-5,999
D	Lower class	27	500-1,499
BOP	Bottom-of-the-Pyramid	31	Up to 499

While the panel can be analysed per geographic location, household size, product SKU, etc, the only sub-division relevant to this study was socio-economic class (SEC) to distinguish between BOP and non-BOP segments. The dataset includes all category and brand purchases by panellists in 35 FMCG categories. Table 3 shows the categories covered by the panel demonstrating that findings based on the dataset will be robust since they are based on many differentiated sets of data. Category penetration (i.e., percentage of households that bought from the category at least once over 64 weeks) and purchase frequency rates (total number of purchase occasions when the category was bought over 64 weeks) are included showing that most categories have been bought at least once by most consumers.

Table 3- Description of categories in panel dataset, Egypt, 2016

Categories	Category Penetration <i>B</i> (%)	Category Purchase Freq <i>W</i> (purchase occasion)
Tea	99	33
Pasta	99	34
Detergents	99	33
Cooking Oil	98	25
Skin Cleansers	98	5
CSD	97	29
Dishwashing Liquid	97	23
Salty snacks	97	8
White cheese	97	25
Biscuits	95	22
Ghee	94	12
Juice (RTD)	93	17
Yoghurt	91	20
Bleach	88	14
Canned Tuna	88	9
Bouillon	88	12
Hair care: Gels cream oil	83	8
Instant Coffee	82	9
Shampoo	78	27
Cheese	76	8
Chocolate confectionery	74	8
Feminine Protection	72	6
Jams	70	5
Toothpaste	69	5
UHT Milk	69	13
Juice powdee	63	4
Deodorants	53	4
Insecticides	48	3
RTD Malt	47	41
Hands & Body Lotions and Creams	47	3
Household cleaners	39	4
Yogurt drinks	33	3
Powdered Milk	29	4
Flavored Milk	21	4
Canned Beans	13	3
<b>AVERAGE</b>	<b>74</b>	<b>14</b>

### 3.4.2 Analysing Quantitative Consumer Panel Data

Analysis of the panel was carried out using *PowerView* software, a specialised software provided by Kantar-TNS to analyse consumer panel data. The researcher faced some initial difficulties using the software, especially since it is not publicly available and hence there are no online resources to help. Kantar-TNS was kind to provide additional help sheets, and

running analysis tests and understanding the output became possible. Analysis was carried out on standard category/brand performance metrics used in the marketing science literature to reveal market structures and based on the empirical generalisations of marketing (Pickford & Goodhardt, 2000; Wright et al, 2002; Uncles et al, 1995; Stern & Hammond, 2004). Analysis was carried out over a 52-week period to control for external variables by neutralising any effects from peculiarities, such as seasonal buying, promotional activities, etc. and to reduce sample error which increases with smaller time periods (e.g., quarters) in small samples.

In this study, four types of panel data analysis have been carried out to address RQ 1 aimed at identifying characteristics, market structures and consumer buying patterns of BOP markets in Egypt. Before describing how the analysis was carried, the following should be noted:

- Market metric measurement is in brand/category purchase occasion, not value. Panel data cannot reveal profit which is an internal company metric.
- The unit of analysis is the brand and the category, not the individual household (panellist), covering aggregate level analysis of brand choice outcomes. In other words, the analysis tries to find out how frequently is this brand/category purchased? Rather than how many brands/categories do consumers usually buy? Aggregate analysis of brand choice has been the established approach in the marketing science discipline and is necessary to allow fitting of the models.
- Data is aggregately analysed. Market patterns will not be revealed if analysis is at the individual level, and hence all analysis is at the collective level of many households.
- The data reports purchases made by each household, without distinguishing between the different members *within* the household. This can distort the psychographic differences of individuals within households, but the effect of this is not considered an issue for this research due to the preceding two points and since this type of analysis has been the established approach in the relevant literature (Ehrenberg, 1988).
- The quantitative analysis describes the BOP consumer market but will not provide explanations as to *why* certain patterns will emerge. Explanations will be provided by interviewing relevant practitioners (Phase 2 of the study).

With a consideration of the above points, the analysis carried out is described next.

### 3.4.2.1 Analysis of Category Buying

Category buying analysis provides the context necessary to understand competitive outcomes from brand level analysis. Analysis of category buying shows consumer behaviour of BOP and non-BOP segments selected by differentiating primary buying characteristics (i.e., varying category penetrations and purchase frequencies). Primary metrics reveal the bigger picture where findings show category size, which categories the BOP buy, and by how much volume followed by the average brand metrics for brands at the BOP in comparison with the total market across each category.

Metrics used to draw a broad picture of category buying were:

- I. *Volume purchases by SEC*: Percentage of volume purchased by each SEC (Table 2) in 35 categories, e.g., how much of the total category purchases of canned tuna made over 52 weeks were by BOP markets? This identifies the categories that the BOP buys, by how much, and how this compares with buyers of other SECs.
- II. *BOP variance of average brand metrics*: The average brand size (market share), penetration ( $b$ ) and purchase frequency ( $w$ ) of brands of each category and the variance between overall market metrics and BOP market metrics to find the difference between BOP and non-BOP markets at the average category level.

### 3.4.2.2 Analysis of Aggregate Market Structure: Observations of DJ patterns at the overall market level

Before providing an examination of buying of the different categories and the brands within them, a model fitting is provided to inform whether the FMCG market, as a whole, follows the DJ regularity. A model was set up that averages market metrics (i.e., average market share, average penetration rate, average purchase frequency) of all top market leading brands across the 35 categories (Brand A), followed by the averaged market metrics of all second top market leading brand across the 35 categories (Brand B), and so on for the top 10 brands (...Brand J). A DJ model was fitted based on the average values and a test of fit was provided.

Analysing aggregate market structure offers a major advantage and disadvantage. The advantage is providing an overall analysis that is comprehensive of all categories and therefore can provide a short, indicative answer to whether normality is found in the data or not. Analysing averaged values also has an evening-out effect of any peculiarities of specific

categories, helping to see the bigger picture of what the data is saying. However, in that latter point there is a disadvantage where the evening out effect of average values makes it difficult to identify market deviations, which tell important stories. For this reason, this test cannot replace the need for individual category testing, and so both are carried out in this study.

#### *3.4.2.3 Analysis of each Category: Observations of DJ patterns at the brand level*

A more detailed examination on a category by category basis is provided to identify competitive structure and rivalry, and exceptions to the generalised patterns by individual brands. For each category, a discussion is presented about who is leading the market across each of the SECs to examine whether market leaders at the BOP involve a different set of brands compared with middle-class and upper-class buyers. This is followed by an analysis of brand buying at the total market level (including all SECs), to give context to forthcoming BOP analysis. It may not be useful identifying how the BOP behaves if no information is available about the total market, since this is the first study to examine actual consumer purchases on data available for the first time in Egypt, and so no previous relevant knowledge is available to replace having to carry out the analysis here. Otherwise deviations identified at the BOP may be attributed to BOP buyer peculiarities, whereas, if deviations are present at the total market level as well, then this would be considered an indicator that the BOP is following from overall market patterns.

Analysis was carried out in terms of the following brand performance measures (BPMs), commonly studied by marketers and academics (Uncles et al, 2010). For the purpose of this study, they are defined as follows (Table 4).

Table 4- Definitions of BPMs adopted in this study

Brand Performance Measures (BPMs)	Definition
Market share	Percentage brand share of total category volume in the 52-week period.
Penetration ( <i>b</i> )	Percentage of households who bought the relative brand at least once in the 52-week period.
Average purchase frequency ( <i>w</i> )	Average number of purchase occasions for the brand per household.
Relative proportions of heavy and light buyers	Percentage of households who bought the relative brand once, two times, four times and six times during the 52-week period.
Share of category requirements ( <i>SCR</i> )	Percentage of total (category) requirements satisfied by the relative brand for household buyers of the brand in question during the 52-week period.
100% loyalty	Percentage of households who made all category purchases from the relative brand, i.e., exclusive loyalty, during the 52-week period.

Each of the above BPMs were carried out across all SECs, i.e., BOP and non-BOP buyers, and fitted to the DJ model. Smaller brands and less frequently bought categories are likely to suffer from sample error. To minimize this effect, analysis was restricted to top 10 brands only, which constitute over 95% of the market. Accordingly, the above analysis was carried out for 350 brands (10 brands across 35 categories).

#### 3.4.2.4 Analysis within each Category: Observations of DJ patterns within Demographic segments

To test the robustness of patterns, analysis was carried out *within* categories between socio economic groups to distinguish between buying patterns of BOP vs non-BOP segments. This analysis identifies patterns and deviations of the BOP segment, which can be further explored in Phase 2 of the research. BOP analysis of the DJ model will be compared against theoretical values, but also against total market patterns.

#### 3.4.3 Testing Model Fittings

Model fittings to all observations above were estimated to determine predictability and robustness of the DJ theory and its implications. Findings are dependent on identifying sameness across MSoD, rather than the goodness-of-fit of any single dataset. If the model is



consistently observed across many datasets and levels of analysis, it can be established that the studied markets show normal buying patterns and hence our knowledge on marketing science is extendable to the BOP. Whenever there are deviations between theoretical and observed patterns, this shall be investigated further to inform about one unique nature of BOP markets.

Following the same footsteps in previous DJ literature, brands were tabulated in descending order based on market share and the DJ model was fitted for each brand, based on the equation (Ehrenberg, 1988; Ehrenberg et al, 1990)

$$w_x(1 - b_x) \approx w_o$$

Where  $w_o$  is a constant for that set of brands and chosen time period,  $w_x$  is Brand X's average purchase frequency, and  $b_x$  is its penetration rate. The DJ model provides the predicted or theoretical purchase frequency values for each brand. If theoretical purchase frequency values are similar to observed purchase frequency values, then it is established that the DJ model holds, and the market is behaving in consistency with normal behavioural patterns established in the marketing science literature (Ehrenberg et al., 1990; Uncles and Wright, 2004; Sharp et al, 2012; Uncles et al, 1995). The following steps were carried out to determine the goodness of fit:

- I. Visually “eyeballing” the table (Ehrenberg, 1988) from top to bottom to identify values that are out of line of the DJ pattern.
- II. Measuring the correlation coefficient ( $r$ ), Mean Absolute Deviation ( $MAD$ ), and Mean Absolute Percentage Error ( $MAPE$ ) between observed and theoretical values, commonly employed in similar researches (Pickford & Goodhardt, 2000; Wright et al, 2002; Uncles et al, 1995; Stern & Hammond, 2004). Generally, an  $r$  of 0.6 or more (Scriven & Bound, 2004; Wright, 1999),  $MAD$  of less than 0.9 (Scriven & Bound, 2004) and  $MAPE$  of less than 30% (Wright, 1999) would be considered as a good fit.
- III. Wilcoxon signed-rank tests carried out between observed and theoretical values  
The Wilcoxon signed-rank test is a non-parametric test for paired comparisons of data (Wilcoxon, 1945; Taheri & Hesamian, 2013) to reveal whether there is a significant difference between the two sets of data (Siegel, 1956). It has not been

employed in previous DJ literature, and hence using the Wilcoxon signed-rank test can be considered as a methodological contribution in the discipline.

Since it is unlikely that the model meets the statistical benchmarks of all the measures above, the study follows Driesener et al's (2017) suggestion that the model can be considered to hold if it meets half or more of the measures tested. By the end of Phase 1, the researcher was able to answer the first research question of the study, progressing to Phase 2.

### 3.5 Phase 2: Qualitatively Understanding BOP Marketing Strategy Design

Quantitative panel analysis provided answers to 'what' questions; such as what are the buying behavioural patterns of the BOP? What is the competitive structure across the different categories? etc. and some 'why' questions, such as why some brands are bigger than others, by revealing the metrics that correspond with brand size. While answers are necessary to provide foundational knowledge about BOP markets and their behaviour, it does not offer insight on 'how' practitioners carried out the brand strategies that resulted in the outcomes observed in the quantitative analysis, or explanatory insight on why some patterns deviate from model predictions. Hence, qualitative research was employed to answer 'how' questions (Hennink, et al, 2011; Saunders et al, 2009; Kumar, 2014) arising from quantitative panel analysis, explored through brand management perspectives in order to develop causal understanding of the drivers of success at the BOP.

Qualitative research involves a process of inquiry about meanings individuals assign to a social or human phenomenon (Creswell, 2013). It is used for deepening our understanding of phenomena (DeLuca et al, 2012), and therefore is adopted in this study to add depth to understanding derived from quantitative analysis. It allows an examination of the research participants perspectives on the research issue (Bryman, 2012; Ritchie et al, 2014), and the meanings they associate with it, as opposed to the meanings the researcher holds from the literature (Creswell, 2013). Qualitative research offers insight on how processes and mechanisms operate in dynamic settings (Maxwell, 2004; Ritchie et al, 2014), which is necessary for this research to achieve a comprehensive understanding of how practitioners design and implement effective BOP market growth strategies. Qualitative research is commonly used in exploring new topics (Silverman, 2011) to understand why certain phenomena take place and the drivers behind it (Ritchie et al, 2014). Constantinou et al (2017)

identify qualitative research to be useful in generating new ideas that contribute to the development of emerging theory in social studies. Emerging market researchers also recommend an exploratory approach to contexts where there is not much available literature (London & Hart, 2004). It is, therefore, well-suited to this study since the BOP literature is in its theory development stage (Jaiswal & Gupta, 2015).

### 3.5.1 Data Collection Method: Semi-structured, in-depth interviews

To qualitatively examine meanings and experiences, a number of data collection methods can be employed such as observation, in-depth interviews, focus groups, etc. (Hennink et al, 2011). In this study, qualitative research will be used to derive and collect the marketing knowledge of multiple BOP market-leaders in relation to how they successfully achieved market leadership at the BOP. Based on the pragmatic paradigm underlying this research, the objective is to gain practical knowledge that can be processed and analysed to produce research outcomes that have a practical impact. Therefore in-depth, semi-structured interviews will be relevant to allow an elaborate discussion that reveals the specific experiences of each participant in their respective category. In-depth interviews allow digging for thoughts and perspectives of research participants on the research problem (Daymon & Holloway, 2011) offering access to participants' "*accounts and articulations*" (Mason, 2002).

To capture in-depth insights, the researcher should be curious, flexible and open-minded to the different paths that the discussion may take (Hennink, et al, 2011). Semi-structured interview technique is advantageous in the flexibility it offers in tackling complex issues (Berg, 2009; Bryman, 2012) in a less rigid environment (Bryman & Bell, 2011). It allowed the researcher to engage and provide their reflections in a free-flow discussion, adjust the order of questions to create a smooth discussion flow and use probing questions to draw out and focus on certain interesting responses (Bryman, 2012; Saunders et al, 2009; Rubin & Rubin, 2012). The researcher played an active role as an expert (Kvale, 1995; Ritchie & Lewis, 2003) in market behavioural patterns, resulting in a joint effort between the interviewer and interviewee to construct knowledge (Gubrium & Holstein as cited in Ritchie et al, 2014).

### 3.5.2 Data Analysis Method: Thematic analysis

Qualitative data analysis has been defined as organising data by breaking it into units, coding and synthesising in search for themes (Bogdan & Biklen, 2003). Creswell (2013) adds that this

happens through a process of condensing the codes, to eventually present data visually or textually. Both perspectives were incorporated in this study as the study moved to an inductive approach towards constructing knowledge using thematic analysis to prepare for developing theory.

Thematic analysis is a method to identify, analyse and report emerging patterns within data (Braun & Clarke, 2006). It involves a process of systematically encoding qualitative data (Hackley, 2003), followed by a process of interpretation to identify themes, eventually resulting in a better understanding of what the data entails (Boyatzis, 1998). However, although widely adopted, typical thematic analysis has been criticised to lack rigour and clarity (Braun & Clarke, 2006). Berg (2009) emphasises that codes emerging from thematic analysis should not just be high frequency occurring words but must follow a structured approach in data analysis that links back to the study's research questions (Berg, 2009) – a view that aligns with the pragmatic paradigm of this study where all methodological procedures are centred around effectively and comprehensively answering research questions. Therefore, for a more rigorous approach, thematic analysis was underpinned with Corbin & Strauss' (2010) methods of analysis (Thornberg, 2010; Ferrieira, et al, 2010; Teti et al, 2010). Such an approach was well-suited to the research design of this study as the research aims to make theoretical contributions to the under-explored area of market growth at the BOP, mostly tackled by previous researchers using case study research. In contrast, this research attempts to contribute to theory development by revealing the practical, inherent knowledge in the minds of multiple decision makers who have successfully established market growth of their brands at the BOP. It was important that the data is rigorously analysed to enable theory construction grounded in the data collected from the bright minds of those interviewed.

To develop theoretically robust knowledge, the following strategies were adopted. One, the researcher remained flexible in the direction that the qualitative data points to. For example, the research was initially designed with a narrower focus on individual brands, but an analysis of interview data revealed a more holistic approach towards the topic, including portfolio and category management. Rather than fixating on the original (limiting) research idea, the researcher allowed to be led by the new directions emerging from the data to align with the pragmatic quest of developing knowledge that has practical utility. Two, the data analysis method followed coding techniques of Corbin & Strauss (2010) research to accurately capture

concepts and the inter-relationships between them (details are provided later in Section 3.5.8). Three, the research model presented (Chapter 6) was a result of the rigorous analysis of qualitative and quantitatively grounded data, validated and refined in second round interviews to build a theoretically robust, and practically-relevant theory.

### 3.5.3 Sampling

Most previous BOP empirical work was conducted on a research sample of multinational corporations (MNCs) (Hillemann & Verbeke, 2014; Fawcett & Waller, 2015; Schuster & Holtbrugge, 2012; Faulconbridge, 2013; Chikweche, 2013). This may be a reflection of the rising interest of MNCs in BOP markets as new territories of growth, or it could be due to accessibility reasons where MNCs are more responsive and appreciative of academic research quests. Other BOP research streams focus on local BOP businesses, but mostly relate to the entrepreneurship body of literature (Mezias & Fakhreddin, 2015; Jebarajakirthy & Lobo, A, 2015; Schittway, 2011; Kistruck et al, 2015). To develop our knowledge on BOP marketing strategy while providing results that have an impact to a wider scope of business academics and practitioners, this research was designed to include a sample of successful and experienced local, regional and global market players. Next is a discussion of the qualitative research sampling criteria and technique.

#### 3.5.3.1 Sampling Criteria

The sampling criteria and the sampling matrix were developed to systematically identify qualitative research participants. The sampling criteria was designed in light of the research questions that need to be answered by the data. Since RQs 2-4 aim to explore the marketing perceptions and strategies of market-leading brands at the BOP, then an appropriate sample frame of qualitative data would be the experienced executives of BOP market-leading brands in each FMCG category available in the quantitative data. Therefore, the research follows a nested design where qualitative research participants are selected as a subset of quantitative research participants (Small, 2011).

Market leading brands were identified across each FMCG category analysed from the quantitative panel data analysis. Market leading brands were defined as the largest or second largest brand in the respective category based on volume market share across 52 weeks. The choice of a sample design that recruits participants from across all available FMCG categories,

rather than one single category, is informed by the pragmatic research paradigm of the study. Pragmatic researchers argue that research findings are hardly so unique that there can be absolutely no application to them elsewhere, and at the other extreme, they cannot be so generalisable to extend to every other social and cultural settings. Morgan (2007) and Guba & Lincoln (2005) explain that in pragmatic research, *transferability* of research results is important, which refers to the extent to which what was learned in one setting can be applied in another (Morgan, 2007). Accordingly, the research sample covers multiple categories to mitigate the effect of peculiarities of certain categories (e.g., one peculiarity in the cooking oil category is that 80% of the market are government-owned brands), to achieve a degree of transferability of the research findings.

Brands were then classified based on the company that currently owns them, as either local (i.e., the company country of origin is Egypt, even if their operations currently extend across international markets), regional (African or Middle Eastern), or global (Eastern or Western). The second criterion was that brands owned by regional and global companies must have an operating office in Cairo. Some brands are present in the Egyptian market as a result of direct or indirect exporting, and hence the only available contact in Egypt would be their distributors, who will likely not inform the research or contribute to answering the research questions. It was important that recruited participants were the brains behind the marketing decisions and strategies. Hence, brands identified that do not have an operating office in Cairo were removed from the sample.

The third criterion was that companies identified must be present in BOP markets for an extended period, reflecting that they built relevant experience. The unorganized and unfamiliar nature of the BOP makes many marketing quests based on a “trial-and-error” approach. The objective of the third condition was to recruit participants that have moved up the learning curve and have been present in the market for long enough to provide the in-depth insight necessary to inform this study. It was also one way to eliminate companies that expanded to the BOP only as a result of buying existing strong BOP brands and hence may not have acquired the necessary practical experience to contribute to the study. It was difficult to identify when each brand was introduced to the BOP market, and so alternatively, the condition was that the company must be present in the Egyptian market for at least 15 years – with the assumption that a company present in a country for over 15 years is likely highly

familiar with its different markets and especially its largest market segment where it has achieved market leadership. Brands owned by companies present in the Egyptian market for less than 15 years were dropped from the sample.

Applying the criteria resulted in identifying 30 experienced companies of BOP market-leading brands across 35 FMCG categories with current operations in Cairo.

### 3.5.3.2 Sampling Technique

To recruit participants meeting the above criteria, purposive sampling technique was employed. Purposive sampling is suitable in researches where more can be learned from certain subjects than others (Daymon & Holloway, 2011). In this study, more can be learned from research subjects meeting the criteria above than from other randomly recruited BOP market players.

All 30 companies were contacted and invited to participate in the study. The researcher invited executives of the companies of selected brands, i.e., category manager level and higher. Inviting high-level managers was important as those have the strategic market overview to provide comprehensive insight. Additionally, it was another way to fulfil the “experienced” criterion, since employees having reached high executive levels are likely more experienced in their respective industries.

### 3.5.4 Data Collection Process

Executives from a total of 30 companies across all FMCG categories were identified and all were contacted with an invitation email to participate in the research study (Appendix 2). The invitation email introduced the researcher and the research study, and a *Participant Information Sheet* (Appendix 3) was attached to it, offering information on:

1. The research purpose and process
2. Why the participant was selected to participate
3. Who else got invited to participate
4. A description of how the interview will take form (expected duration, structure, etc.)
5. Possible advantages and disadvantages to participation
6. Participants right to take part and their right to withdraw at any given point
7. How the data collected will be kept and used

8. Confidentiality and anonymity of information provided
9. What will happen with research findings
10. How to obtain a copy of any published research involving the data provided
11. Contact details of research team and the organising bodies

An excel log was kept to record the status of contacting prospects. If no response was received after the initial email invitation, a reminder email was sent out one week later. If no response persists, the respective brand was dropped out of the research sample. If a response is received, arrangements about the interview were then proceeded to.

The process of contacting and establishing meeting appointments took place over 4 weeks in February 2018, followed by 13 weeks of conducting, and simultaneously transcribing, interviews between March-June 2018. Transcription took place at the earliest time after the interview was carried out. Once all interviews have been carried out and fully transcribed, data analysis took place starting end of June 2018 and was finalised by September 2018.

#### 3.5.4.1 Research Response Rate

An initial response rate of 53% was achieved, but some participants dropped out of the research sample in further pre-interview correspondence, by either no longer responding to emails or expressing that they no longer wish to participate in the study. The resulting response rate was 40% where executives of a total of 79 brands across 12 companies in 35 FMCG categories participated in the qualitative research of this study. They were divided as follows (Table 5).

Table 5- Composition of Qualitative Dataset

Type of company owning brand	Composition of sample identified and invited (%)	Composition of sample participated (%)
Local	50	25
Regional	18	17
Global	32	58
TOTAL	100	100



The unevenness of the research sample across the three groups is recognised as a limitation of this study. The low percentage of participating regional companies is due to the low percentage of regional market leading brands (18% of identified brands), so this is reasonable. The big discrepancy is the high number of participating global companies and low number of participating local companies. This was due to resistance faced from local companies to agree to participate, which could be because the research environment in Egypt is not as strong as other developed countries (Abou-Youssef et al, 2011; Adib & El-Bassiouny, 2012). Global companies in contrast are more appreciative of academic research efforts and the exchange of knowledge between practitioners and academics, and accordingly were much more eager to participate. Another explanation could be that the researcher's affiliation to a British university was perceived as threatening to local companies.

To account for uneven representation in the research sample, all interview extracts used as evidence to support forthcoming claims identify whether the extract is by a participant from a local (*L*), regional (*R*), or global (*G*) company. Additionally, similarities and differences between the three groups are extensively discussed in Chapter 6 to avoid inferring biased generalisations based on research findings.

#### *3.5.4.2 Profile of Qualitative Research Participants*

Providing a profile of all participants in the qualitative research of this study is important as it gives perspective to readers on who and what the research findings were built on. The profile of research participants for this study was experienced, high-level executives from 12 BOP market-leading companies managing a total of 79 FMCG brands (Table 6). For anonymity reasons, and to abide by the research code of ethics approved for this study, all participants were anonymised in terms of names and companies. Each participant was given a reference code to be used in the subsequent chapters of this study. The code starts with a letter that corresponds whether the company is local (*L*), regional (*R*), or global (*G*). The purpose of that is to trace down the commonalities and differences between narratives of the three types of companies, preparing to answer RQs 3 and 4.

Each letter is followed by the number of the interview that matches with the transcriptions (01, 02...etc.), followed by a dash and *I* or *II* referring to whether that narrative was taken from the first-round (*I*) or the second-round (*II*) interviews.

A profile of all research participants and their respective reference codes is provided below.

Table 6- Profile of qualitative research participants

Reference Code	Company type	Participant Job Title	Categories covered by company portfolio
L01	Local	Deputy Chairman and Vice-CEO	White cheese Processed cheese RTD Juice
L02	Local	Deputy General Manager	Shampoo Hair treatment Dishwashing Detergent
R03	Regional	Executive Director of Strategic Marketing Services & Innovation	Pasta Ghee Cooking oil Sugar
G04	Global	a- Dairy Business Executive Officer	Instant coffee Powdered milk
		b- Coffee Business Executive Officer	
		c- Consumer Insights Manager	
G05	Global	Director of Marketing	Deodorant Skin care creams Hand & Body creams Toothpaste Bouillon Shampoo Soap Tea
G06	Global	Vice-President	Carbonated soda drinks Salty snacks RTD Juice UHT milk Bottled water
G07	Global	Middle East & Africa Marketing Director	Jam Powder juice Baby food
L08	Local	a- General Manager for Trading & Distribution	Canned tuna Bottled water Chocolate spread
		b- Group Business Development Executive	
G09	Global	Director of Marketing	Haircare Toothpaste

<i>G10</i>	Global	Senior Category Manager, Chocolate, North & West Africa	Chocolate Confectionaries
<i>G11</i>	Global	Vice-President/General Manager, Egypt	Detergent Dishwashing liquid Feminine protection Diapers Fabric softener Shampoo Soap Grooming
<i>R12</i>	Regional	Business Division Category Manager	Cooking oil Ghee Detergents Dishwashing Liquid Bleaching products

#### *3.5.4.3 Interview Administration*

All interviews were conducted at office premises of the respective participant within regular working hours. While this incurred time and travel costs to the researcher, it offered a private and comfortable space for participants which had a positive influence on their willingness to provide detailed responses (Zikmund et al, 2013). Additionally, it has been recommended by Denzin & Lincoln (2008) and Creswell (2013) that qualitative data is collected in their natural settings where participants live their social experiences investigated in the study (in this research being where they make decisions). The duration of interviews ranged between one to three hours.

All interviews were conducted face-to-face, which helped establish rapport between the interviewer and interviewee (Creswell, 2013), and enabled the researcher to take note of any non-verbal communication (Rubin & Rubin, 2012). Although the native language in Egypt is Arabic, English is the formal communication language in most business contexts and hence interviews were conducted in English. All research participants had excellent command of English, evident from pre-meeting email correspondence. The high managerial profile of the research sample offered the advantage that many have higher degrees from English-based educational institutes, and so were not only comfortable speaking in English, but were also very familiar with management and marketing technical terms. Wherever Arabic was used during interviews, it was translated to English during transcription. When Arabic was used to

express cultural idioms, the researcher wanted to maintain the cultural meaning that could be lost in translation (Ekstrom, 2006; Temple & Young, 2004) by adding the Arabic original phrase along with the English translation in transcriptions to be considered in the forthcoming analysis.

To formulate interview questions, the researcher referred to the literature and theories relevant to the research topic (McCracken, 1988; Gerson & Horowitz, 2002). An interview guide was developed after consulting the BOP literature and the study's research questions to develop a guide of open-ended questions that capture how participants perceive, describe and approach the BOP. The interview guide was structured around the following areas

1. Introduction about interviewer, research project, time expected for interview, how results will be handled, issues related to anonymity and confidentiality, participant signed consent, right reserved to withdraw from interview at any point, etc.
  2. An opening discussion in which participants were asked to describe their product/brand portfolios, including the brands targeting the BOP. Such questions are called 'grand-tour' questions (McCracken, 1988) and are intended to act as non-threatening, easy questions that create momentum and develop an overview from which the questions can smoothly proceed to focus on the relevant BOP brands.
  3. BOP market definition and characteristics including questions relating to the motivations behind targeting the BOP, the importance of the BOP in relevance to the overall marketing strategy, their descriptions of BOP buying behaviour, market structure and competition.
  4. Design and delivery of marketing mix strategies to tackle the BOP.
  5. The role of innovation, if any, to deliver marketing strategies at the BOP.
  6. Ending with a general question on the future of consumer markets in Egypt and the areas of predicted future growth. Since most participants anticipated macro-economic stability and high growth potential, this was a way to end the interview on a positive, forward-looking note.
- A discussion on quantitative panel data findings (its timing during the interview was left to the interviewee's preference – usually took place towards the end). The purpose of this discussion is to 1) establish interviewer expertise in analysing market structures and behaviours. This encouraged participants to speak in a further level of detail about

their consumer markets and how it behaves 2) capture practitioner insight in how they read and explain market metrics and patterns. This was particularly insightful in categories where market analysis revealed market deviations.

The interview guide in full is provided in Appendix 4. Interviews followed a semi-structured pattern and so the points listed in the interview guide were not used as direct questions but rather as guidelines to manage the direction of the discussion. The version provided in Appendix 4 is the fourth version to be developed due to a number of modifications as a result of the pilot study, described next.

### 3.5.5 Pilot Study

To test the interview guide and ensure that questions are phrased to transfer the same meaning delivered by interviewer and understood by the interviewee, it is recommended that a pilot study is carried out (Daymon & Holloway, 2011; Robson & McCartan, 2016). The pilot study included 3 participants outside from the research sample but with similar characteristics as the research participants, i.e., practitioners with decision-making authority related to marketing in their respective business fields. The pilot interviews were carried out based on the first version interview guide, followed by an in-depth discussion on the following:

- Impressions on whether the introduction provided by the interviewer was sufficient to prepare for the questions following
- What was understood of each question to establish the clarity of questions
- Impressions on the order of questions and total length of the interview
- Impressions on the phrasing of questions, and whether any questions come off as threatening or intrusive

As a result of this exercise a number of subsequent versions of the interview guide were developed. As one example of modification, interview guide v1 began with a question on how the business plans to ride on the growth wave of the Egyptian economy. The question was intended to be a broad question that encouraged interviewees to start speaking about their businesses and how they see opportunities in the economic environment. However, the pilot study revealed that interviewees were taken off by starting an interview with questions about their future growth plans – which are likely to be confidential. The question was perceived as threatening and triggered a negative, protective vibe. In the revised version, this question was

shifted to the end of the interview and was re-phrased to ask about their perceptions on the future of growth in Egypt's economic environment, without specifically asking about future business plans. The question was welcomed and usually ended the interview on a positive note where most participants expressed a positive future outlook, and some expanded to discuss their expansion plans. This illustrates the importance of conducting pilot studies in research involving human participants where differences in meaning and implicit impressions can severely impact research outcomes.

### 3.5.6 Managing Interview Dynamics

The researcher anticipated facing participant resistance to agree to participate in the study when invited to the interview, and/or resistance to elaborate and cooperate to build knowledge during the interview (Saunders et al, 2009). To overcome participant resistance, Welch et al (2002) and Easterby-Smith et al's (2008) recommend that the researcher should manage power dynamics and establish themselves as experts, providing incentives for managers to engage. This was done by indicating in the *Participant Information Sheet* (Appendix 3) attached to the invitation email that the researcher has conducted panel data analysis on the first available consumer panel in Egypt, and that general insights about the interviewee's concerned category can be discussed. Discussing novel findings from the quantitative data analysis enabled the researcher to establish oneself as a knowledgeable researcher on Egyptian and BOP market dynamics. This had a significant positive effect on interview dynamics as it changed dynamics from one where only the interviewee has value to offer in a one-way flow of knowledge, to a two-way constructive form of sharing knowledge. Participants were excited and curious to discuss data about their respective market structure, providing explanations to why the data produced the insights it did. The researcher also sensed that interviewees were providing fuller answers, and more elaborative stories after the quantitative data insights were discussed, confirming Welch et al.'s (2002) that establishing oneself as an expert offers incentives for fuller participation. Furthermore, this exercise of knowledge sharing emphasised the value and accuracy of the research process, resulting in a number of participant requests for subsequent follow-ups on research progress and findings.

### 3.5.7 NVivo Software for Qualitative Analysis

Recordings of interview data were fully transcribed and imported to NVivo 12 for analysis. Notes by the researcher were also imported to the software, which included the researcher's impressions and reflections during and after each interview. Transcriptions and notes amounted to a total of 63,861 words. To help with handling such huge amounts of data, Computer Assisted Qualitative Data Analysis Software (CAQDAS), such as NVivo, can be useful by categorising and organising qualitative data which can be easily overwhelming otherwise (Johnston, 2006). NVivo does not provide results such as quantitative software (Berg, 2009), but rather helps in organising data to extract meaning that can then lead to drawing conclusions. It can be used at different stages of research (e.g., during early literature search and review) and for different purposes. In this research NVivo was used only during the analysis phase to code interview transcripts and interviewer notes in relevant codes. While Gibbs (2004) warns that such software "*will never do the reading and thinking for you*", it facilitates handling the data to enable the researcher to read and think about the data in a clear and organised manner, as opposed to its chaotic nature as raw interview transcripts (Smyth, 2006).

### 3.5.8 Coding

For research validity purposes, it is important to describe how conclusions were drawn from the data collected. Before beginning the analysis, the researcher read through the transcriptions a number of times to familiarise with the data (Blaikie, 2010) and listed the themes that initially stand out. This was followed by the coding process. Coding is a central to research aiming at producing theory from data (Kenealy, 2012; Strauss & Corbin, 1990) and is defined by grounded theorists as "*the operations by which data are broken down, conceptualized, and put back together in new ways*" (Strauss & Corbin, 1990, p.57). The research adopts Corbin & Strauss' (2008) three-stage coding process which consists of open, axial and selective coding. While this coding process was criticised by Glaser (1992) arguing that the process of axial coding will result in easily missing the relevance of data by forcing it into a preconceived framework, it is still a preferred approach that brings structure to the analysis process. A description of how the three stages were carried out (next) demonstrates to readers how conclusions were reached from the data collected.

**Open coding** is the first stage where identification, naming and categorisation of phenomena in the data is carried out. Initial transcription reading and the literature review provided a

preliminary list of 'nodes' to which the data can be categorised to. More were added to that list during the open coding phase. Data was categorised to nodes such as 'on-ground brand activations', 'triggering WOM at the BOP', 'marketing research', 'unusual competitive factors', etc. At the end of this phase a total of 34 nodes were produced. This was followed by a process of clustering of related nodes to produce "*a few general constructs to subsume a mountain of particulars*" (Miles & Huberman, 1994, p.18). As one example, two nodes such as 'on-ground activations' and 'triggering WOM at the BOP' would be clustered under 'Promotional activities at the BOP' and that would be clustered under 'Marketing Strategy'.

**Axial coding** took place once related nodes were clustered and no new groupings were identified. Axial coding involves identifying the relationships and interrelationships between the groupings. This required returning back to the literature to understand what the data is saying, how and why. To visualise the relationships, concept maps were drawn that illustrate the relationships between and within groupings (Creswell, 2013). A total of 18 concept maps were developed, and an indicative sample is provided in Appendix 5. Concept maps allowed the researcher to identify the bigger themes in the data and how they all relate. It was at this point that the researcher started identifying short stories told by the data that were not prevalent at earlier stages; such as identifying that strategies described can be hierarchised, that participants can be grouped based on the different implicit perceptions they hold towards the BOP, etc. Themes identified allowed describing short stories about what the data is saying but the big story was still absent. As described by Miles et al (2014), research conclusions may only appear when the data analysis is fully completed. Hence, the researcher proceeded to the final stage in the coding process.

**Selective coding** requires the researcher to identify one core grouping and relate all others to it to develop a storyline that links all observed phenomena (Kenealy, 2012). This was difficult at first with an overwhelmingly large number of short stories that made it seem impossible to be brought together in a single core story. The researcher referred back to the research questions of the study and consulted the BOP literature again and embarked on an exercise of free writing about the different story lines. This exercise of reflective writing offered clarity and shaped ideas in the researcher's mind by showing where there might be a central storyline. This is accurately described by Badley (2009),



*Our writing then becomes a form of learning by doing, learning by trying, learning by experimenting, in order to set down, what we think we know and understand by the questions posed [...] Such writing helps us to construct or make or fabricate 'the connectedness of things'. Each piece of writing becomes a reflective and reconstructive essay, an attempt, a try, to set down a plausible answer to a specific problem.*

After a number of trials of free writing, the researcher was able to structure the research findings around two core ideas which were later developed into preliminary versions of the proposed research model (discussed in Chapter 6).

### 3.5.9 Verifying the Research Model: Second Round Interviews

The data analysis exercise resulted in an initial proposed research model. The researcher followed Corbin & Strauss' (1994) recommendation on verifying data findings by running them again with participants to ensure that the knowledge communicated is correctly received and expressed in data findings. Therefore, the researcher returned back to the field to conduct a second round of interviews for 25% of the participated sample of first-round interviews. It included one market-leading local, regional and global company. The purpose of second round interviews was not to gather new data, but to validate and reflect on the proposed model, in terms of comprehensiveness, applicability and meaning (whether the terms deliver the same meaning to industry practitioners). As a result of this validation exercise, a number of refinements and modifications were carried out.

## 3.6 Methodological Limitations, Reliability and Validity

### 3.6.1 Quantitative Research

The panel dataset was provided by TNS-Kantar who have experience spanning over several decades on collecting and managing reliable panel data from different regions around the world. The data was originally collected for commercial purposes and hence is rigorously quality controlled. Nevertheless, the data suffers from issues relating to reliability and validity, as discussed next.

**Small sample.** Since it is a new, small panel, it is probable that it will suffer from issues of reliability. Smaller brands and less frequently bought categories are likely to suffer from sample error (Kent, 1989). To minimize this effect, analysis was restricted to top 10 brands only, which constitute over 95% of the market. Even with issues of reliability, it still remains a more

accurate technique to capture observed consumer purchase patterns, compared with self-report questionnaires, which suffer from errors such as inability and unwillingness to answer (Malhotra et al, 2010). Once the panel becomes larger and more established, it will become possible to carry tests again to verify results.

***Those living in extreme poverty are excluded.*** The dataset probably under-represents those living in poverty. Over or under representation of certain groups is considered as one type of sample bias in consumer panel data (Kent, 1979). The dataset includes the poor who have fixed abodes, and therefore those living in extreme poverty (homeless, living in shelters, etc) are not represented in the data. Extremely rich and extremely poor consumers are often under-represented in consumer panels (Parfitt, 1986), due to limited accessibility. This should not have a significant impact on findings, as this study is concerned with the BOP market of current and potential buyers and the marketing strategies that engage them. Those living in extreme conditions should be the concern of studies on human development, social justice, equality and inclusion.

***Changed behaviour as a result of panel participation.*** Recording consumer purchases may result in recruited respondents developing increased consciousness of what they buy, reflecting atypical buying behaviour. Fortunately, there have been studies evidencing that there are no significantly different changes in buying behaviour based on the length of time recruited on the panel (Buck et al, 1977; Parfitt, 1986), which indicates that participants are behaving as they normally do, otherwise their heightened awareness will neutralise with time, showing different buying behaviour when comparing earlier with later time slots.

***Does not cover all consumption types.*** Market metrics identified in the analysis may be understated as the dataset excludes out-of-home consumption (e.g., a soda consumed while dining out at a restaurant will not be counted), or non-end-user consumption (e.g., when the restaurant manager bulk buys soda boxes for commercial purposes). This reduces the external validity of the data, as it makes it difficult to compare to other types of data, such as the total sales figures that marketing managers use. The latter will not be problematic for this research as quantitative panel data is used in the scope of understanding BOP *consumer* behaviour, and hence any non-end-user, commercial purchases are irrelevant. To increase external validity, market metric insights were shared with the relevant practitioners in the qualitative phase of the study. In general, even when practitioners mentioned that the numbers do not exactly

match their numbers, in the least they assured it was directionally indicative of the market structure.

**Respondent inability to report purchases.** The dataset may suffer from non-sample error in terms of consumer inability or inaccuracy to report their purchases (Kent, 1989). This could be particularly problematic for BOP markets since there is a high degree of illiteracy (Berger & Nakata, 2013; Ramani et al, 2012), which leaves many consumers incapable of reporting brand names of purchased products. To address this, field researchers asked panellists not to throw away products packaging after consumption, to which they would then go through and record on behalf of the respondent.

It should be noted that this dataset is the first attempt at establishing a consumer panel in Egypt. Hence, while it may suffer from issues relating to validity and reliability, it still offers new insight on a market that was previously almost completely research dark.

### 3.6.2 Qualitative Research

Qualitative research methodology scholars propose establishing credibility, transferability, dependability and confirmability as the equivalence of validity and reliability in quantitative studies (Creswell, 1998; Denzin & Lincoln, 1994). Establishing credibility and transferability is particularly important considering the research paradigm underlying this research which is highly concerned with the practical utility of research findings (Dewey, 1931).

**Credibility** is equivalent to internal validity and refers to confirming that research results are credible from the perspective of the research participant (Kumar, 2014). Creswell (2013) explains that credibility can be achieved by confirming with research participants the research conclusions drawn. This was achieved when findings were shared with participants after data analysis was carried out. Second-round interviews asked for participants insights and feedback, which was used to refine and adjust the model. Some modifications were proposed, but the majority of feedback expressed that the proposed model based on research findings is comprehensive and applicable.

**Transferability** of data is analogous to external validity and refers to the degree to which findings could be generalised (Yin, 2014). Transferability can be reinforced by replication logic and by providing a detailed explanation and justification of the methodological process, as

detailed throughout this chapter and its corresponding appendices. Offering a detailed account of the context and examined phenomena allows judging whether it can be applied in other contexts (Constantinou et al, 2017). Transferability is a core component of pragmatic research and was the driving reason behind the spreading of the qualitative research sample across multiple categories to find what was common, beyond the differences stemming from the special characteristics of each category. This contributed to research findings being transferable to different participants operating across different categories. However, one limitation is that the qualitative research sample includes an uneven representation of local, regional and global participants, which might limit the transferability of the findings to the locals and regionals, as more data was collected from global companies.

**Dependability** is similar to reliability in quantitative studies and refers to the extent to which similar results will be achieved if the study is replicated in a similar context (Kumar, 2014). Achieving dependability is difficult in qualitative research as it involves dynamic human behaviour reflected in the unique time and space that they were collected, and hence identical results will probably not be achieved if the study is replicated (Seale, 1999; Ritchie et al, 2014). To enhance the dependability of the research, a detailed description of the data collected is provided to allow auditing. Additionally, a brief test of inter-code reliability was carried out which is achieved when two or more researchers code a piece of script to the same code (Campbell et al, 2013). One fellow researcher kindly agreed to volunteer to code a sample of interview scripts. The result of this exercise revealed that the majority of data was coded similarly, except with two codes (management perceptions and the role of innovation), and upon further discussion it was found that this was attributable to differences in how each researcher defined the code terms. Hence, the two categories were revised and clarified in terms of which definition is to be followed, until coding consensus was achieved.

**Confirmability** refers to the degree to which the study is neutral and objective (Lincoln & Guba, 2000). This was achieved by following a detailed research strategy to ensure that methodological decisions are sound by referring back to the relevant methods literature. Creswell (2013) suggests referring to an external auditor for an examination of the research process. Critical examination of the research process was offered by an independent examiner from outside the research team in periodical Doctorate panels.

### 3.7 Ethics

This research was designed and implemented in a manner that adheres to ethical standards in doing research. Ethics in research is defined as appropriate behaviour in reference to the rights of research subjects (Saunders et al, 2009). Available are a number of ethical guidelines by professional bodies (e.g., Market Research Society Standards, Association of Business Schools Ethical Guidelines, Social Research Association's Ethical Guidelines, Economic & Social Research Ethics Framework). This study follows the Association of Business Schools Ethical Guidelines. A complete ethics application was submitted and evaluated by the LSBU Business School Ethics Review Panel in early 2018. It included a full account of data collection and handling in terms of theoretical rationale, ethical guidelines to be followed, details about the research participants, recruitment of participants, data collection methods, informed consent, anonymity, data management, risks incurred, debriefing and plan for analysis. The submitted and approved ethics application form is provided in Appendix 6.

#### 3.7.1 Quantitative Research Ethical Considerations

The panel dataset analysed as part of Phase 1 of this research was provided by Kantar-TNS, exchanged with members from The Ehrenberg Centre for Research in Marketing at London South Bank University as part of over a 20-year partnership. While the researcher was not involved in the data collection process, Kantar-TNS operates in strict compliance with the UK Market Research Society (MRS) standards, and relevant national research standards regarding such data in all countries where Kantar operate. The data was anonymised, and no individual level respondents were identifiable. Kantar's statement to respondents is published here: <https://www.kantarworldpanel.com/en/legal> Kantar-TNS's corporate ethics and compliance statements are available here: <https://www.kantarlive.com/ethics.asp>

#### 3.7.2 Qualitative Research Ethical Considerations

The qualitative research phase of this study was fully carried out by the researcher, and therefore all ethical issues were personally considered and addressed. As suggested by Miles et al (2014), the researcher took the following measures to ensure that the research abides by ethical standards:

**Informed Consent** involved providing full information to participants about the research they are invited to (Crow et al, 2014), before getting participant consent to participate. All prospects were provided full details about the research project in advance of the interview date via the *Participant Information Sheet* (Appendix 3), which included details on the research purpose and process, who was invited to participate, a description of how the interview will take form and possible advantages and disadvantages to participation. All participants were required to provide their consent in writing by completing and signing the *Participant Consent Form*.

**Voluntary Participation** was offered to all interview prospects in the initial email invitation. Interview prospects can respond to the invitation email by agreeing to participate, declining to participate or ignoring the email altogether. The *Participant Information Sheet* mentions that participants have the right to participate, and the right to withdraw at any point with no need to provide justifications.

**Privacy, confidentiality and anonymity** of data provided by interview participants builds trust between the interviewer and interviewee (Sojka & Spagenberg, 1994). The *Participant Information Sheet* describes the confidentiality and anonymity of information provided and what will happen with the research findings. Additionally, participants were asked to indicate on the *Participant Consent Form* (Appendix 7) how they want the data they provide to be handled. The researcher also signs the form to assure abiding with participant preferences about the data they provide. Interview recordings and transcriptions are stored in an external, password-protected drive. To anonymise the data, participants names/companies were assigned a code that offers no indication of their name or affiliation. Apart from the researcher, only the research supervisors (indicated on the *Participant Information Sheet* and *Participant Consent Form*) had access to transcriptions. During interviews, when participants mentioned information that they do not want published, the researcher made sure to conceal it while transcribing. If monetary figures are mentioned, they were multiplied by a factor.

**Harm and risk** to both the researcher and participant was mitigated. While the research does not pertain to commercially-sensitive issues, participants were informed they have the right not to answer questions imposing any possible harm to the participant or their current, or future, business affairs. Logistically, conducting all interviews on office premises during official working hours ensured the safety of the researcher and participant.

*Honesty and trust* between the researcher and participant were crucial to allow the construction of knowledge in a two-way dialogue. When participants trust the researcher, it encourages them to offer deeper, more elaborative responses (Sojka & Spagenberg, 1994). To build trust, the researcher avoided any type of deception and truthfully presented the research topic (Christians, 2003) in as much detail as required, before, during and after the interview. The researcher followed up with periodical emails about the research progress (a sample email is provided in Appendix 8). Some participants asked if they can access the panel data analysis discussed during interviews to which the researcher explained that the data is owned by Kantar-TNS and hence the researcher has no legal right to share it. While this meant that participants could not access the dataset, it indicated that the researcher adheres to legal and ethical code of conduct in carrying out research. Participants respected the protocol, and it is likely it had a positive influence on the trust dynamics between the researcher and participant.

### 3.8 Summary

This chapter provided a detailed account of the methodology followed in this research. It discussed the use of mixed methods, underpinned by a pragmatic research paradigm to appropriately address the study's the research questions. The rationale of the chosen methodology was provided, followed by a detailed account of the research design, data collection and analysis of quantitative and qualitative data. The chapter ends with discussions on the methodological limitations, reliability and validity, and ethical considerations of the study. The following two chapters will proceed to present quantitative and qualitative findings.

## 4. Findings of Quantitative Data Analysis

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### 4.1 Introduction

Previous chapters presented how this study is positioned within the existing body of knowledge, the research questions to be answered, and the methods to effectively answer them. This chapter is one of two chapters presenting research findings and presents the analysis and findings of the quantitative panel dataset described in the preceding chapter (Chapter 3).

Panel data analysis is concerned with answering the first research question of this study:

**RQ1-** What are the characteristics, market structures and consumer buying patterns of BOP markets in Egypt?

To answer RQ1, 350 brands across 35 FMCG categories were analysed. The analysis took place in four levels, moving from a broad to specific examination of the data, as described in the preceding chapter. Each analysis was conducted by comparing the buying observed in the new dataset with known patterns and regularities of consumer behaviour observed in similar datasets in developed markets (DJ model). These behavioural norms are associated with robust empirical generalisations that are supported by explanatory theory therefore knowledge of the Egyptian market can be derived if the patterns are spotted (or if they are not). They exceptionally describe aggregate behaviour towards *all brands* simultaneously to learn how brands compete, rather than how consumers feel about one single brand. The same theory assumes that buying across the market is unpartitioned therefore benchmarks allow comparison between SECs within each category to understand BOP buying on the same basis. Therefore the analysis is conducted on MSoD to establish whether the model consistently produces similar predictions in the new dataset.

The purpose of testing whether the DJ model holds is to understand and describe how the BOP market behaves, which requires a widely-accepted, empirical theory where good fitting informs that the theory's assumptions are not broken, and poor fitting sheds light on where the observed differences in BOP markets are -- in both cases, knowledge progresses. If the known behavioural norms replicate over MSoD then the observed data can be reduced by presenting averages to summarise the common patterns, as a first analysis before model fitting



to evaluate the predictive validity of the theories to identify whether they extend to the Egyptian FMCG market, and to the BOP in specific.

In addition to displaying results, the researcher will provide brief comments throughout the chapter on how results were interpreted, to start building up to the arguments presented in *Chapter 6 – Discussion*. Finally, a summary of the main findings drawn from the quantitative analysis is provided to conclude.

## 4.2 Overview Analysis of Category Buying

This section provides the findings of category analysis for an overview of what the BOP buy, and how different that is from the total market.

### 4.2.1 Which categories do the BOP buy?

For the 35 categories available in the panel, an analysis of category size and buying by each SEC offered an overview on which categories do the BOP buy, by how much, and how this compares with buyers of other SECs (Table 7). Category purchases by each SEC are provided as a percentage of total category purchases, compared against average category purchase per SEC (last row). Purchases higher than SEC average by 10% or more are highlighted in red, whereas those below than SEC average by 10% or less are highlighted in yellow. Categories are arranged in order of descending size.

Table 7- Category purchases of each SEC, Egypt, 2016

Category	Total category purchases by all buyers (units)	A	B	C1	C2	D	BOP
		%	%	%	%	%	%
Salty snacks	131948	1	8	14	21	29	27
Pasta	108601	1	10	15	25	25	24
Detergents	106816	1	7	14	24	27	27
Tea	106392	2	9	14	24	25	26
Carbonated Soda Drinks	92650	2	13	15	25	24	21
Skin Cleansers	86545	1	9	14	24	25	26
Cooking Oil	81221	2	9	14	24	26	26
White cheese	79866	2	10	15	24	25	23
Dishwashing Liquid	74135	1	8	14	25	26	26
Biscuits	68032	1	10	15	24	26	24
Yoghurt	58195	2	14	15	24	24	20
Juice (RTD)	50670	3	13	16	24	24	21
Bleach	39265	2	9	14	24	27	25
Ghee	36374	1	9	13	23	27	26
Bouillion	35655	2	10	13	25	26	24
UHT Milk	30056	7	23	19	22	16	12
Canned Tuna	25356	3	13	16	24	24	21
Instant Coffee	24420	3	16	14	27	23	17
Hair care: Gels/cream/oil	20524	2	10	13	24	27	24
Shampoo	20258	3	13	15	25	24	19
Processed Cheese	19520	5	19	16	25	20	16
Chocolate	18648	5	19	16	24	21	15
Feminine Protection	13713	4	15	15	24	23	19
Jams	12639	6	17	15	24	21	16
Toothpaste	11311	6	19	17	25	19	13
Juice powder	9262	2	8	14	26	27	23
RTD Malt	7197	6	20	16	21	23	14
Deodorants	7091	6	23	17	23	18	13
Insecticides	5357	2	12	16	23	25	22
Hands & Body Creams	5338	6	15	14	20	23	22
Household cleaners	5085	8	18	15	22	22	15
Powdered Milk	3732	4	17	21	25	18	15
Yogurt drinks	3622	6	20	15	27	20	12
Flavored Milk	2531	17	26	14	24	14	6
Canned Beans	1322	13	27	13	17	20	10
<b>Average</b>	<b>40737</b>	<b>4</b>	<b>14</b>	<b>15</b>	<b>24</b>	<b>23</b>	<b>20</b>

Table 7 averages shows that two-third of total sales are made by the lowest SECs (C2, D and BOP), where the poorest segment (BOP) contribute to a fifth of total sales, showing that the size of their buying is significant making it worthy of closer examination.

The BOP buy from across all categories, with varying degrees indicating that the intuitive argument that the poor only have money to buy the “essentials” is not true. Instead, the poorest segment is making purchases in haircare, skincare, confectionaries, and across every other type of category. An emerging pattern is that poorer (D and BOP) buyers buy above their SEC average in bigger categories and below their average in smaller categories. This contrasts with wealthier (A and B) consumers, who buy below their SEC average in bigger categories and above average in smaller categories. This is attributable to the size of the SECs, where bigger categories are those bought by the bigger SECs (who are also poorer). The table is arranged in order of category purchases to show that the biggest categories are those most heavily bought by the lower SECs (C2, D and BOP), which together constitute around 70% of the market. Smaller categories are those most heavily bought by the smaller SECs A & B, who constitute less than 6% of the market. The flavoured milk category, as one example, is bought by SEC A 17 times the size of the SEC, yet it remains one of the smallest categories. This is a DJ pattern where size follows from number of buyers. It also indicates that the BOP buy the same categories as buyers from other SECs, but in different quantities. However, there are some exceptions: very few poor by canned beans where purchases by the huge BOP is almost equal to that by the tiny SEC A, UHT milk is bought proportionally much lower than BOP average even though it is considered a necessity, while hand and body creams and hair care (i.e., discretionary categories) are bought above BOP average. The BOP are buying some niche categories (e.g., powered juice) and not others (e.g., flavoured milk), although usually niche categories are targeted to higher SECs. While market conditions may explain some of those exceptions (e.g., powdered juice is easily stored and preserved for poor households who may not have refrigerators), a closer examination of differences between the BOP and overall market will reveal where BOP buying is different.

#### 4.2.2 How different are average brand metrics at the BOP?

The analysis proceeded to an examination of average brand metrics of each of the categories above. Analysis of averages helps identify the bigger trends before proceeding to a more

focused analysis of individual brands. The analysis presented next measures the average brand size (market share), penetration ( $b$ ) and purchase frequency ( $w$ ) of all brands of each category and the variance between overall market metrics and BOP market metrics (Table 8). Variance of more than 10% are highlighted in red when the BOP metric is higher than the overall market, and yellow when the overall market metric is higher than the BOP.

Table 8- Variance of average brand metrics in the overall versus BOP market, Egypt, 2016

Category	Average Brand Share			Average Brand <i>b</i>			Average Brand <i>w</i>		
	Market	BOP	Var.	Market	BOP	Var.	Market	BOP	Var.
Detergents	3	3	0%	4	13	-225%	3.2	3.4	-6%
Pasta	3	3	0%	12	14	-17%	3.2	3.3	-3%
Ghee	3	3	0%	9	10	-11%	2	1.8	10%
Salty snacks	1	1	0%	9	10	-11%	2.1	2.1	0%
Skin Cleansers	3	3	0%	15	16	-7%	2.7	2.7	0%
Insecticides	9	9	0%	7	7	0%	1.4	1.2	14%
Bleach	9	9	0%	16	16	0%	3.7	3.8	-3%
Dishwashing Liquid	4	4	0%	11	11	0%	2.6	2.5	4%
Juice (RTD)	2	2	0%	7	7	0%	2.3	2.1	9%
Biscuits	2	2	0%	7	7	0%	2.1	1.9	10%
CSD	4	4	0%	21	21	0%	3.2	3.1	3%
Canned Tuna	3	3	0%	8	8	0%	1.9	1.7	11%
Tea	3	3	0%	8	8	0%	3.2	3.2	0%
Bouillon	14	14	0%	20	20	0%	3.5	3.7	-6%
Juice powder	7	7	0%	8	8	0%	1.6	1.4	13%
Cooking Oil	2	2	0%	11	11	0%	2.1	2	5%
White cheese	4	4	0%	16	15	6%	2.9	2.6	10%
Feminine Protection	11	11	0%	13	12	8%	2.2	2.1	5%
Yoghurt	8	8	0%	23	21	9%	4.2	3.8	10%
Jams	7	6	8%	8	7	13%	1.8	1.6	11%
Hands & Body Creams	10	10	0%	8	7	13%	1.6	1.4	13%
Hair care: Gels cream oil	3	3	0%	7	6	14%	1.7	1.7	0%
Chocolate	4	4	0%	6	5	17%	1.6	1.2	25%
Shampoo	6	6	0%	12	10	17%	1.8	1.6	11%
Instant Coffee	8	8	0%	18	14	22%	2.7	2.3	15%
Powdered Milk	10	10	0%	4	3	25%	1.6	1.1	31%
Household cleaners	6	6	0%	4	3	25%	1.7	1.1	35%
Cheese	5	5	0%	8	6	25%	2	1.7	15%
Toothpaste	9	9	0%	10	7	30%	1.8	1.4	22%
Deodorants	7	7	0%	6	4	33%	1.5	1.1	27%
UHT Milk	5	5	0%	9	6	33%	2.9	2.5	14%
RTD Malt	10	10	0%	8	5	38%	1.9	1.3	32%
Yoghurt drinks	10	10	0%	6	3	50%	1.7	1.8	-6%
Canned Beans	8	8	0%	2	1	50%	1.6	0.9	44%
Flavoured Milk	8	8	0%	3	1	67%	1.9	1.2	37%
<b>AVERAGE</b>	<b>6</b>	<b>6</b>	<b>0%</b>	<b>10</b>	<b>9</b>	<b>22%</b>	<b>2.3</b>	<b>2.1</b>	<b>13%</b>

Averages of Table 8 show that there is no difference between brand size in overall and BOP markets, a 22% variance in penetration and a 13% variance in purchase frequency. For 34 out of 35 categories, the average brand has exactly the same share among the BOP segment as among all buyers. Categories with bigger brands on average, are also bigger at the BOP, and vice versa, indicating almost no significant brand level segmentation.

In almost half the categories brand penetration at the BOP is equal to or higher than the overall market indicating that buyers from different segments share similar needs resulting in engaging in similar categories at similar rates. For the other half, BOP penetration was lower than the overall market, suggesting that not as many poor buy brands from categories such as yoghurt drinks and flavoured milk and when they do they usually buy it slightly less frequently. Differences in BOP average brand penetration is almost double that of purchase frequency indicating that for some categories brands reach proportionately fewer BOP buyers and they are bought slightly fewer times. BOP buyers buy brands from across all categories, but some more or less than others, and mostly slightly less frequently.

Looking at the table from top to bottom, a lower penetration is also associated with lower purchase frequency and vice versa indicating that generally categories with lesser buyers are being bought less frequently. To test this further and to move on a more specific brand-level analysis, BPMs of 1<sup>st</sup>, 2<sup>nd</sup>, ... 10<sup>th</sup> top brand across each category were observed and fitted to the DJ model.

### 4.3 Analysis of Aggregate Market Behaviour

Table 9 displays averaged BPMs of the top brand in each category (Brand A), followed by the second top brand (Brand B), and so on until the tenth top brand (Brand J), along with predicted values for purchase frequencies based on the DJ equation. Comparing theoretical against observed values, the analysis shows that the DJ equation strongly predicts buying frequencies ( $r = .99$ ;  $p = .000$ ), with a very small AVE of 3%, a Wilcoxon signed rank test showing no significant differences between observed and theoretical values ( $Z = -.059$ ,  $p = .992$ ) and acceptable percentage error ( $MAPE = 15\%$ ). Therefore, the DJ model holds (Driesener et al, 2017; Wright, 1999). Smaller brands have fewer buyers who buy them less often, but the differences in brand size are attributable to number of buyers (penetration) rather than buying frequency, where the largest brand has eight times the number of buyers of the smallest brand but is only bought four times as often. The deviation from theoretical values mostly stems from the purchase

frequencies of the biggest brands (higher than predicted) and smallest brands (lower than predicted). The tendency for purchase frequencies for leading brands to be under-predicted, and those for smaller brands to be over-predicted is a well-known deviation of the DJ prediction (Ehrenberg et al, 2004; Scriven et al, 2017), and has been similarly observed in established markets as well.

Table 9- Across all categories, brand size determines purchase frequency

	<b>Avg. Market Share</b> %	<b>Avg. Penetration</b> %	<b>Avg. Observed Purchase Frequency</b>	<b>Theoretical Purchase Frequency</b> $w_o/(1-b)$
<b>Category</b>		<b>70</b>	<b>12.6</b>	
Brand A	40	53	7.1	5.3
Brand B	19	37	4.6	4.0
Brand C	11	27	3.7	3.4
Brand D	6	18	3.4	3.0
Brand E	4	14	2.7	2.9
Brand F	3	10	2.8	2.8
Brand G	2	9	2.4	2.7
Brand H	2	6	2.2	2.7
Brand I	1	5	2.2	2.6
Brand J	2	6	2.0	2.7
<b>Average</b>	<b>9</b>	<b>19</b>	<b>3.3</b>	<b>3.2</b>
<b>Correlation</b>			.99	
<b>MAD</b>			0.5	
<b>MAPE %</b>			15	

The average market share of market leaders was 40%, indicating that market leaders dominate close to half the market. In established markets, market leaders usually enjoy lower market shares, where an analogous panel dataset from the UK showed that market leaders have an average share of only 27%. With the differences in population size (Egypt 101 million, UK 67 million) considered, the growth potential of brands seeking and attaining market leadership in Egypt is huge.

Despite a significant difference between market leading brands in the dataset compared with a typical market leader in an established market, the average market share of all top 10 brands, calculated from comparable TNS-Kantar datasets, are in fact similar (e.g., Egypt 9%, UK 8%). This indicates that the Egyptian consumer goods market has a degree of market concentration among the bigger brands, which contrasts with established markets where market share tends

to be more evenly distributed between competing brands. This finding may indicate that Egyptian consumer markets have not yet reached levels of maturity in most categories, with room for more competition which should “tone down” the shares of the biggest brands, slightly evening out the big differences between market players.

While the above indicates that brands within the dataset are following the Law of DJ, it should be noted that averaged numbers can disguise patterns and deviations within them. Hence, it was necessary to investigate categories separately to verify that finding, discussed next.

#### 4.4 Analysis of Brand Buying within Categories

The third level of analysis offers a focused examination of brand buying within categories, and was carried out for all categories available in the dataset. This section provides results of analysis of BPMs across three categories: detergents, chocolates and cheese. Three categories offer typical patterns and deviations found across the remaining dataset, where including further categories in this section does not generate new findings.

##### 4.4.1 Example Category 1: Detergents

The detergent category was chosen as an illustrative example of a category that reaches almost every household ( $B= 94\%$ ) and is very frequently bought ( $W= 29.2$ ), and hence can provide rich insight as high category penetration means it will reflect the buying patterns of many households, and high category purchase frequency means that there are many purchase occasions made by the same household which will offer insight on loyalty and switching behaviour. Additionally, category level analysis (Section 4.2.2) showed detergents as the category with the highest degree of average brand penetration variance (225%) between BOP and the overall market, suggesting that important differences exist between BOP and other buyers, begging for further analysis.

###### 4.4.1.1 *Who is leading?*

Before providing an analysis of BPMs, an analysis of who is leading the detergent category in each of the SECs is presented to get a preliminary impression on whether the BOP market should be approached as a “different” market, closed upon itself with its own set of market rivals. The dataset on the detergent category includes brands in hard soap (HS) and liquid soap (LS) format. The marketplace outcomes of targeting strategies can be seen in Table 10 showing the top brands for each SEC.



Table 10- Top 5 detergent brands (in order of market share) in each SEC

Market Leadership	Socio-economic classes (SECs)					
	A	B	C1	C2	D	BOP
1 <sup>st</sup>	Persil LS	Ariel HS	Ariel HS	Ariel HS	Ariel HS	Ariel HS
2 <sup>nd</sup>	Ariel HS	Persil HS	Persil HS	Persil HS	Persil HS	Persil HS
3 <sup>rd</sup>	Ariel LS	Ariel LS	Oxi HS	Oxi HS	Oxi HS	Oxi HS
4 <sup>th</sup>	Persil HS	Persil LS	Leader HS	Leader HS	Leader HS	Leader HS
5 <sup>th</sup>	Tide LS	Oxi HS	Ariel LS	Extra HS	Extra HS	Extra HS

Table 10 shows that the market players leading the BOP market are not a different set of brands compared with the remaining SECs. In fact, the top four brands leading the BOP are identical, in terms of brand and order of leadership, to SECs C1, C2 and D, i.e., 84% of the market. The two SECs where the leading brands are only slightly different are A and B; wealthy, but small segments – an example of market segmentation skewed towards wealthier buyers. However, while SEC A and B top brands achieved leadership within the wealthiest SECs, they remain very small brands at the overall market level, e.g., *Persil LS* and *Ariel LS* both have overall market shares of 2%, whereas *Ariel HS* leading in the poorer, but larger segments enjoys a 36% overall market share. This suggests that growth comes from targeting the broader market, rather than the smaller, even if it is a wealthier, market. To elaborate on this finding further, full BPM analysis is provided next.

#### 4.4.1.2 BPM Analysis of Detergent Category

Since BOP market leaders were found to be almost the same market leaders as non-BOP markets, this would be the first indicator that BOP buyers do not buy from an entirely different world of brands, as may have been expected. The discussion next proceeds to the BPM analysis and a DJ fitting of the detergent category, first at the overall market level, then at the BOP level.

BPM analysis of the top 10 brands in the detergent category is provided in Table 11 showing familiar patterns of split-loyal buying. The top four brands capture over 85% of the total market indicating a degree of market concentration amongst top players. Eyeballing the first four columns, arranged in order of market size, shows that metrics go together in a decreasing pattern, where smaller brands have lower purchase frequencies and much lower penetration

rates – a DJ pattern. To verify the pattern, the DJ fitting of theoretical purchase frequencies is significantly correlated to observed values ( $r = .83$ ;  $p = .003$ ), supported by a Wilcoxon signed-rank test that showed no significant difference between observed and theoretical values ( $Z = -1.224$ ,  $p = .240$ ).

Market share, penetration, SCR and purchase frequency are all strongly correlated with purchase frequency and with each other (average  $r = 0.9$ ). The portion of buyers buying any brand just once increases as brands get smaller, showing that bigger brands have higher repeat buying rates, i.e., are enjoying higher loyalty. Additionally, the number of buyers buying a brand six or more times is lower for smaller brands indicating that not only do smaller brands have fewer buyers, but those buyers also buy less often (a DJ pattern). This is reinforced by the decreased purchase frequency for 100% loyal buyers of brands with lower market shares.

However, the model suffers from high MAD (1.9) and percentage error ( $MAPE = 32\%$ ), which means there are deviations, discussed next.

Table 11- BPM Analysis of Detergent category for overall market, Egypt, 2016

Detergent Top 10 = 96% of sales	Market Share %	Penetration % <i>b</i>	Purchase frequency		% Buying				Category		100% Loyal	
			Observed <i>w</i>	Theoretical $w_o/(1-b)$	Once	2+	4+	6+	Purchase	SCR (%)	Pen. %	Avg Purch
Category	100	94	29.2									
Ariel HS	36	80	12.5	16.8	9	14	12	64	30	41	2	10.3
Persil HS	26	75	9.4	13.3	18	20	14	49	31	30	2	16.4
Oxi HS	15	59	7.1	8.1	25	26	13	37	33	22	1	15.2
Leader HS	8	22	9.7	4.2	22	21	13	44	35	28	3	23.0
Extra HS	3	17	4.7	4.0	38	26	13	23	32	15	0	35.5
Ariel LS	2	20	3.2	4.1	39	31	11	18	25	13	1	6.4
Tide HS	2	19	2.9	4.1	52	27	8	12	33	9	0	1.0
Persil LS	2	14	3.4	3.8	44	24	10	21	24	14	1	3.4
Tide LS	1	12	3.0	3.7	48	25	12	14	24	13	1	3.6
Loose HS	1	9	4.2	3.6	55	19	6	20	35	12	1	1.0
<b>Average</b>	<b>10</b>	<b>33</b>	<b>6.0</b>	<b>6.6</b>	<b>35</b>	<b>23</b>	<b>11</b>	<b>30</b>	<b>30</b>	<b>20</b>	<b>1</b>	<b>11.6</b>
<b>Correlation</b>				0.83								
<b>MAD</b>				1.9								
<b>MAPE %</b>				32								

Deviations from the theory is where differences can be deduced, and a fuller picture of market structure can be developed. One deviation found is that the model slightly over-predicts purchase frequencies. This may be because there is a greater range of values in loyalty metrics than typically seen in established markets where most brands compete closely. One brand, *Leader HS*, is largely deviating from its prediction ( $\% \text{ error} = 130$ ) with purchase frequency double the theoretical prediction ( $T = 4.2$ ;  $O = 9.7$ ). Looking at metrics per SEC, it was found that no consumers from SEC A bought this brand, and only 1% from SEC B, but many BOP consumers bought it often. *Leader HS* is strongly promoted and distributed in Egypt's poorer areas only which is why *Leader HS* has only a third of the market share of brands with similar purchase frequency, lending evidence that market share follows from the number of buyers than their buying frequency – a DJ pattern. *Leader HS* cornered itself as a niche brand for the poor, and as with other niche brands, this only limited its total market growth (Kahn et al, 1988; Sharp, 2010).

Another deviation is seen in the loyalty patterns of the top brands. Typically, the customer base of a brand includes proportionally many one-time buyers, and few loyal buyers (Uncles & Wright, 2004). Looking at the top 4 brands, more buyers buy 6+ times, yet, only 1% on average are 100% loyal (i.e., 99% of category buyers are switchers). Therefore, while bigger brands enjoy higher loyalty than usual, their loyalty is not exclusive, as usual.

A third deviation relates to the market metrics of liquid soap (LS) detergents. At first it was not clear why liquid soap brands deviated from the general trend of the numbers, and it was suspected there was a market partition there, especially since further analysis showed that liquid soap is purchased by wealthier buyers (6 of the top 10 brands for SECs A and B were liquid, 3 in the middle classes, and none at the BOP). Patterns as such showed the importance of qualitative interviews to the research design of this study where interviews with industry practitioners of the relevant category explained that liquid detergents is an innovation to the Egyptian market. As with other innovations, they are more eagerly adopted by higher SECs while BOP consumers were described as risk-averse, late adopters (qualitative narrative, G11-1). New product innovations often follow a price skimming strategy where premium prices initially leave out the BOP. It is expected that this deviation will not be present in a few years when the innovation diffusion process is more complete.

Analysis of the detergent category showed that indicators of normal buying behaviour are present, with category innovations and niche segmentation strategies resulting in deviations from theoretical predictions. Such behaviour is not unique to emerging nor BOP markets and has been similarly observed in established markets (Sharp, 2010; Graham, 2009). Perhaps the only difference would be that diffusion of innovation will take place over a longer period than typically found in established markets (Ratcliff & Doshi, 2013), i.e. the same pattern happens in developed and emerging markets, but at different rates.

Since normality is established at the total market level, the discussion proceeds to an analysis of the BOP segment alone.

#### *4.4.1.3 BOP BPM Analysis of the Detergent Category*

The BOP brand metric analysis of the detergent category offers a closer examination of how this vast and complex consumer market buys. Eyeballing Table 12 shows that the BOP segment patterns are not very different to the normal behavioural patterns of the total market. Looking down the columns purchase frequency varies directly with size of the brands, the percentage of buyers buying each brand once, 2+, 4+, etc. is similar to that for the total market (Table 11), and high purchase frequencies from exclusively loyal buyers of the top brands suggests that bigger brands enjoy more repeat buying from heavy buyers. This is classic DJ behaviour supported by a Wilcoxon signed-rank test showing no significant difference ( $Z = -1.020, p = .336$ ) and significant correlation ( $r = .78, p = .008$ ) between observed and theoretical values. This refutes the proposition that the BOP is a vast market of occasional buyers only; instead, heavy buying is observed at similar rates compared with buyers from other SECs, and in line with brand size – as typically observed in other markets.

Table 12- BPM Analysis of Detergent category for BOP market, Egypt, 2016

Detergents Top 10 = 99% of sales	Market Share	Penetration %	Purchase freq		% buying				Category		100% loyal		
			Observed <i>w</i>	Theoretical $w_o/(1-b)$	Once	2+	4+	6+	Purchases	SCR	Pen	Av purchase	
Category		98	35.1										
Ariel HS	32	79	13.8	17.1	10	13	12	65	36	39	1	11.4	
Persil HS	26	79	11.5	17.1	14	14	12	60	37	31	2	25.8	
Oxi HS	17	68	8.6	11.3	17	23	14	46	37	23	2	23.3	
Leader HS	13	36	12.9	5.6	13	18	12	57	37	35	5	25.7	
Extra HS	4	26	5.4	4.9	37	21	14	28	35	16	1	3.0	
Tide HS	2	22	3.6	4.6	51	25	7	16	38	9	0	0.0	
Bonux HS	2	14	3.7	4.2	45	24	13	18	42	9	0	0.0	
Loose HS	1	9	4.2	4.0	53	18	3	26	35	12	2	1.0	
Bahy HS	1	7	4.5	3.9	43	36	4	17	43	11	0	0.0	
Other	1	13	2.2	4.1	62	23	9	6	40	5	0	0.0	
<b>Average</b>		<b>35</b>	<b>7.0</b>	<b>7.7</b>	<b>35</b>	<b>22</b>	<b>10</b>	<b>34</b>	<b>38</b>		<b>19</b>	<b>1</b>	<b>9.0</b>
<i>Correlation</i>				0.78									
<i>MAD</i>				2.4									
<i>MAPE %</i>				32									

Table 12 also shows that all BPMs vary together, but again, *Leader HS* (variance= 130%) is out of line. This was already described as an exception in the overall market patterns, and it shows up again as a deviation in the BOP segment – further evidence that the BOP is not different to the total market. *Leader HS* follows a common BOP marketing tactic of reducing pack size to increase affordability (Prahalad, 2014; Simanis & Hart, 2008). Buying smaller packages means consumers buy more often, (BOP consumers buy 35 times per year compared to the overall average of 29). If *Leader HS* is removed from the analysis, *MAPE* drops to an acceptable 21%. Thus, closer analysis showed that observed deviations are explained by marketing strategies of certain brands, and not by peculiar buying patterns of BOP consumers.

#### 4.4.2 Example Category 2: Chocolates

Chocolates was selected as the second example to contrast with the detergent category. It is a discretionary food category (versus detergents being a non-discretionary, non-food category) with lower penetration ( $B= 68\%$ ) and purchase frequency ( $W= 6.8$ ) rates compared with the detergent category. Additionally, unlike detergents, chocolates average brand penetration is

lower at the BOP compared with the overall market, with a 17% variance. Since it has been established earlier that the BOP buy across the category spectrum, it would be interesting to investigate how and what they buy in a perhaps “luxury” category.

#### 4.4.2.1 Who is leading?

Similar to the above, a look at market leadership across SECs is provided before digging into further analysis (Table 13) showing that, apart for one brand (*Gersy*), the set of BOP market leaders are not much different than those in non-BOP segments. *Cadbury* leads in 69% of the market, and is the second market leader in the remaining 31% where *Mandolin* leads. Interestingly, both brands are owned by the same company, and so perhaps what is happening is that a more customised offering was offered to the BOP as *Mandolin*. Some brands, such as *Kitkat*, are strongly present across middle to higher SECs, and absent in the down market (SECs D and BOP), leaving out 50% of the market – accounting for its very low share of 4%.

Table 13- Top 5 chocolate brands (in order of market share) in each SEC

Market Leadership	Socio-economic classes (SECs)					
	A	B	C1	C2	D	BOP
1 <sup>st</sup>	Cadbury	Cadbury	Cadbury	Cadbury	Cadbury	Mandolin
2 <sup>nd</sup>	Galaxy	Galaxy	Mandolin	Mandolin	Mandolin	Cadbury
3 <sup>rd</sup>	Kitkat	Mandolin	Galaxy	Galaxy	Galaxy	Galaxy
4 <sup>th</sup>	Snickers	Kitkat	Moro	Kitkat	Moro	Bubbly
5 <sup>th</sup>	Twix	Snickers	Kitkat	Moro	Bubbly	Gersy

Across 99.6% of the market (all except SEC A), top 3 market leadership spots are a shuffle between the same brands: *Cadbury*, *Mandolin* and *Galaxy*. Hence, even in categories that might be considered as “luxury” by the poorest, it is still found that the BOP is not made up of a different a world of brands. For a further scientific examination, BPM analysis is provided next.

#### 4.4.2.2 BPM Analysis of Chocolate Category

What is interesting about the chocolate category is that the market includes two “sets” of market competitors: famous global brands (*Twix*, *Kitkat*, etc.) and their cheaper local copy-cats e.g., the local copy of *Twix* is *Mandolin*, for *Bounty*, *Gersy* and for *Mars*, *Moro*. Local copycats

have similar brand packaging to corresponding global brands to be positioned as direct, cheaper alternatives. It would have been expected that this reflects in a market partition between the two sets of competitors. In fact, even practitioners from the relevant categories expressed during interviews that there is a market partition between global brands and their local me-toos (qualitative narrative: G10-I). An analysis of BPMs would reveal if this is the case (Table 14), ideally supported by a Duplication-of-Purchase (DOP) analysis.

Table 14- BPM analysis of Chocolate category for the overall market, Egypt, 2016

Chocolate Top 10 = 99% of sales	Market Share %	Penetration % <i>b</i>	Purchase frequency %		% Buying				Category		100% Loyal	
			Observed <i>w</i>	Theoretical $w_o/(1-b)$	Once	2+	4+	6+	Purchase	SCR (%)	Pen. %	Avg Purch
Category	100	68	6.8									
Cadbury	33	36	4.2	3.1	38	29	14	19	9	44	17	3.1
Mandolin	18	30	2.7	2.8	51	31	9	9	8	33	20	2.0
Galaxy	13	24	2.6	2.6	49	30	12	9	10	25	12	2.5
Kit kat	4	9	2.3	2.2	53	25	12	9	14	17	8	1.4
Snickers	3	5	2.5	2.1	48	30	17	6	16	16	6	1.5
Moro	3	6	2.1	2.1	63	28	5	4	12	17	9	1.3
Bubbly	2	6	1.7	2.1	66	27	3	3	13	13	7	1.5
Gersy	2	6	1.6	2.1	71	24	2	2	13	12	3	1.0
Twix	1	3	2.0	2.1	50	36	11	2	18	11	0	1.0
Other	20	27	3.3	2.7	54	26	9	11	8	42	30	3.0
<b>Average</b>	<b>10</b>	<b>15</b>	<b>2.5</b>	<b>2.4</b>	<b>54</b>	<b>29</b>	<b>9</b>	<b>8</b>	<b>12</b>	<b>23</b>	<b>11</b>	<b>1.8</b>
<i>Correlation</i>				0.89								
<i>MAD</i>				0.3								
<i>MAPE %</i>				13								

BPM analysis in Table 14 shows a consistent relationship between BPMs as brands get smaller. The DJ patterns are clear, and the model predicts well with fitting statistics within acceptable limits. A further pattern can be highlighted here. The number of category purchases made by buyers of smaller brands is higher than for bigger brands, indicating that buyers of smaller brands are heavier category buyers. In other words, when buyers buy the category more often, the chances of getting around to buying the smaller brands increases (the Law of Natural Monopoly).

Global brands have slightly higher purchase rates for their size, but the DJ equation accurately predicts the metrics of competing brands ( $r = .89$ ,  $p = .001$ ; Wilcoxon  $Z = -0.493$ ,  $p = .680$ ), with an acceptable degree of error ( $MAPE\% = 13$ ;  $MAD = 0.3$ ). Thus, buyers treat all brands much the same and purchase frequency remains closely predicted from the number of buyers, regardless whether the brand is a global or a local copycat of the global. Cheaper copies of foreign brands might be attractive to poor consumers, but all brands compete closely, and no market partition exists between originals and substitutes. Much as in developed markets, similar brands sell to similar buyers (Sharp, 2010). A DOP analysis was carried out that supports the finding that brands are sharing their buyers in line with brand size, regardless whether the brand is global or local (Appendix 9).

#### *4.4.2.3 BOP BPM Analysis of the Chocolate Category*

Analysis of the BOP market segment shows a strong, significant correlation ( $r = .90$ ,  $p = .000$ ), with no significant difference between observed and theoretical purchase frequency values (Wilcoxon  $Z = -0.476$ ,  $p = .634$ ), acceptable MAD (0.4) and degree of error ( $MAPE = 22\%$ ). Therefore, the DJ model holds, and BOP buyers align with normal behavioural regularities even in a small, discretionary category (Table 15).



Table 15- BPM Analysis of Chocolate Category for BOP market, Egypt, 2016

Chocolate Top 10 = 99% of sales	Market Share	Penetration % <i>b</i>	Purchase freq		Category Purchases	SCR
			Observed <i>w</i>	Theoretical $w_o/(1-b)$		
Category		64	4.9			
Mandolin	25	29	2.7	2.4	6	59
Cadbury	23	24	3.0	2.2	6	44
Galaxy	9	12	2.4	1.9	7	43
Bubbly	3	4	2.0	1.8	7	34
Gersy	2	5	1.5	1.8	11	19
Moro	1	4	1.3	1.8	8	19
Kit kat	1	2	1.4	1.7	8	16
Corona	1	1	1.7	1.7	9	15
Snickers	0	1	1.0	1.7	5	33
Other	34	32	3.3	2.5	6	17
<b>Average</b>	<b>10</b>	<b>11</b>	<b>2.0</b>	<b>2.0</b>	<b>7</b>	<b>30</b>
<b>Correlation</b>				0.90		
<b>MAD</b>				0.4		
<b>MAPE %</b>				22		

A number of interesting points emerge out of the analysis. First, category penetration at the BOP is higher than expected ( $B=64\%$ ), considering that total market category penetration is at 68% and that it is a discretionary category to the poor. This is further evidence that purchases by the poor are not restricted to the necessities. Second, many purchases (34%) are made to 'other brands' which is the group of many, small, not-very-known brands, mostly coming from underground local productions. The chocolate category is heavily occupied by village-local brands, consumed at higher than predicted rates which may indicate that the category is in its early growth stages where many purchases are still made to informal, underground productions. Still, 66% of category purchases were towards formal and global brands. In fact, out of the top 10 BOP brands, 5 were global brands indicating that BOP consumers like global brands and buy them, sometimes at higher than predicted rates (*Cadbury*  $T=2.2$   $O=3.0$ ). If BOP consumers are buying chocolate, and they are making purchases towards higher-priced global brands, then two arguments can be made.

First, this offers empirical evidence that BOP buyers buy across the brand spectrum and are not constrained to local, lower-priced or generic brands. Although this may be a counter-

intuitive, it aligns with typical behaviour of buyers in established markets (Uncles et al, 2010; Bayne et al, 2014) – buyers normally buy across a spectrum of brands, adopting different behavioural and psychographic attributes from one purchase to the other (e.g., one time they are value-seeking, another looking for a treat, another health-conscious, etc.). The evidence presented here suggests that the BOP are showing similar behaviour in the category.

Second, it is suggested that there is a growing preference towards formal and global brands, evidenced by how closely they are competing (until 15 years ago, the chocolate market was dominated by local brands). This may illustrate the fertility of the market and the opportunity available for formal brands. Perhaps the shift from informal to formal brands needs to be accelerated by market players, and it is expected that the BOP will be responsive, considering that they have already ridden that wave.

#### 4.4.3 Example Category 3: Cheese

The third example provided is the cheese category, being of a more essential nature compared to the chocolate category, but not as highly penetrated as the detergent category ( $B= 70\%$ ).

##### 4.4.3.1 Who is leading?

Table 16 provides the top 5 brands across each of the SECs to begin with an overview. Like the above two categories, one brand, *President*, leads across the majority (68%) of the market, and also like the above, four of the top five brands leading the BOP are also leading non-BOP brands showing that strong brands are strong across all SECs.

Table 16- Top 5 cheese brands (in order of market share) in each SEC

Market Leadership	Socio-economic classes (SECs)					
	A	B	C1	C2	D	BOP
1 <sup>st</sup>	Milkana	President	President	President	President	Elseedy
2 <sup>nd</sup>	La vache qui rit	La vache qui rit	Teama	Teama	Teama	Teama
3 <sup>rd</sup>	President	Teama	Milkana	Milkana	Elseedy	President
4 <sup>th</sup>	Kiri	Milkana	La vache qui rit	La vache qui rit	Milkana	Milkana
5 <sup>th</sup>	Teama	Kiri	Kiri	Kiri	La vache qui rit	La vache qui rit

Unlike the above two categories, the market leading brand at the BOP, *Elseedy*, is not even in the top 5 brands in any of the other SECs. *Elseedy* has probably realised the potential hiding at the BOP and accordingly selected the BOP as the sole focus of its market segmentation strategies, and it seems to have succeeded by attaining leadership there. A BPM analysis of the overall market will show how this BOP-focused strategy has worked by evaluating observed marketing outcomes.

#### 4.4.3.2 *BPM Analysis of Cheese Category*

Eyeballing Table 17 shows a DJ pattern where BPMs for cheese brands align closely to brand penetration. Purchase frequency varies less than penetration where the biggest brand has 14 times the penetration but only 3 times the purchase frequency of the smallest brand. This offers evidence that differences in brand size are explained by number of buyers, not the rate of buying (loyalty). Statistical analysis shows a DJ pattern, with significant correlation ( $r= 0.72$ ;  $p= .018$ ; Wilcoxon  $Z= -0.178$ ,  $p= .883$ ), identical observed and theoretical means (AVE= 0%), an acceptable MAPE (21%) and MAD (0.6 points). Smaller brands are bought by the heavier category buyers, which indicates that the Law of Natural Monopoly may be present too, where light category buyers opt for the biggest brands.

Table 17- BPM analysis of Cheese category for the overall market, Egypt, 2016

Cheese Top 10 = 98% of sales	Market Share %	Penetration % <i>b</i>	Purchase frequency		% Buying				Category		100% Loyal	
			Observed <i>w</i>	Theoretical $w_o/(1-b)$	Once	2+	4+	6+	Purchase	SCR(%)	Pen. %	Avg Purch
Category	100	70	7.2									
President	35	41	4.4	3.9	34	29	14	22	9	51	24	3.8
Teama	17	29	2.9	3.3	48	29	10	13	9	33	16	2.8
La Vache Qui Rit	10	14	3.5	2.7	46	25	10	18	12	30	7	1.9
Milkana	9	14	3.2	2.7	44	31	11	14	10	33	17	3.5
Elseedy	9	12	3.7	2.6	39	30	14	18	8	46	21	5.1
Kiri	4	10	2.3	2.5	60	29	4	8	12	19	6	1.3
Firo	1	3	2.1	2.4	60	24	9	7	7	32	18	2.7
Labanita	1	3	1.5	2.4	72	25	1	2	14	11	6	1.0
Domty	1	3	1.4	2.4	71	27	2	0	14	10	7	1.0
Other Brands	10	18	2.8	2.8	53	28	8	11	9	32	20	1.9
<b>Average</b>	<b>10</b>	<b>15</b>	<b>2.8</b>	<b>2.8</b>	<b>53</b>	<b>28</b>	<b>8</b>	<b>11</b>	<b>10</b>	<b>30</b>	<b>14</b>	<b>2.5</b>
<i>Correlation</i>				0.72								
<i>MAD</i>				0.6								
<i>MAPE %</i>				21								

*Elseedy's* BOP-focused strategy shows here as a deviation from theoretical predictions (% error= 42). It has higher than predicted purchase frequency rates ( $T= 2.6$ ,  $O= 3.7$ ), fewer one-time buyers, high SCR (46%) and high purchase frequency of 100% loyal buyers compared to brands of its size. However, while all the above are healthy brand metrics, they result in a 9% market share, leaving *Elseedy* still as a small brand. So while a BOP-centred strategy can attain leadership at the BOP, with a big group of loyal buyers buying frequently, it still caps total market growth. *Elseedy* has chosen to follow a narrow targeting strategy and invest heavily to push it through, however the marketing outcome of their efforts was little overall market share, even though their targeted market constitutes 31% of the total market.

This finding offers evidence that growth follows from targeting markets broadly, rather than a narrower, one-segment focus, even if the targeted segment is the biggest in terms of size. It suggests that it is unreasonable to expect that loyalty strategies will result in targeted buyers showing excess loyalty that makes up for buying of other neglected segments. The market responded to such a strategy, similar to how a typical market would – it rewarded narrow targeting with narrower market size. Next is a focused analysis of the BOP.

#### 4.4.3.3 BOP BPM Analysis of the Cheese Category

The BOP cheese market structure shows some typical attributes such as a higher proportion of light buyers, smaller brands are bought by heavier category buyers, penetration and purchase frequency generally follow in a decreasing trend as brands get smaller, and bigger brands enjoy slightly higher exclusive loyalty (Table 18). A DJ fitting of predicted and observed values shows *MAD* (0.6) and *MAPE* (18%) are acceptable and no significant differences are identified between the two sets of data (Wilcoxon  $Z = -0.416$ ,  $p = .677$ ), however there is no significant correlation ( $r = .28$ ,  $p = .429$ ), indicating that there are deviations identified.

Table 18- BPM Analysis of cheese category for BOP market, Egypt, 2016

Category	Market Share	Penetration % <i>b</i>	Purchase freq		% buying				Category Purchases	SCR	100% loyal	
			Observed <i>w</i>	Theoretical $w_o/(1-b)$	Once	2+	4+	6+			Pen	Av purchase
<b>Category</b>		<b>63</b>	<b>5.8</b>									
Elseedy	26	21	4.5	3.3	31	29	15	25	8	57	29	6.0
Teama	20	28	2.6	3.6	48	31	8	13	7	40	23	2.3
President	19	26	2.7	3.5	51	28	10	10	6	42	27	2.3
Milkana	7	8	3.3	2.8	64	17	6	13	8	40	17	5.6
La vache qui rit	3	4	2.6	2.7	70	15	7	7	7	35	22	4.0
Firo	2	3	2.7	2.7	61	17	9	13	7	36	13	4.7
Loose	2	2	2.9	2.7	60	13	7	20	13	22	0	0.0
Haloub	1	2	2.3	2.7	63	25	6	6	9	25	25	1.0
Kiri	1	2	2.6	2.7	64	21	7	7	14	19	21	1.3
Other Brands	16	19	3.1	3.2	45	31	10	13	7	42	32	2.1
<b>Average</b>	<b>10</b>	<b>12</b>	<b>2.9</b>	<b>3.0</b>	<b>56</b>	<b>23</b>	<b>9</b>	<b>13</b>	<b>9</b>	<b>36</b>	<b>21</b>	<b>3.0</b>
<b>Correlation</b>				0.28								
<b>MAD</b>				0.6								
<b>MAPE %</b>				18								

*Elseedy's* focused strategy could have had limiting effects even within the BOP. *Elseedy* BOP buyers buy the brand at almost the same purchase frequency ( $b = 4.5$ ) as the market leading brand at the overall market (*President*,  $b = 4.4$ ), however it has much lower market share in the

BOP (26%) compared with *President* in the total market (35%). It is also reaching lesser buyers ( $b= 21\%$ ) than the second ( $b= 28\%$ ) and third ( $b= 26\%$ ) top BOP market player. This is not in line with a typical market structure where the market leader should be enjoying higher penetration rates (compare with categories above). The low predicted purchase frequency value is a reflection of the low penetration rate of *Elseedy*, indicating that it has the same number of buyers as a brand with almost half its share (*President* in the BOP). Furthermore, second (*Teama* 20%) and third (*President* 19%) BOP market challengers are competing closely with the market leader (*Elseedy* 26%) indicating that competition is more evened out, where differences between the top player and those following are smaller than normally observed (compare with two previous categories for example), suggesting that *Elseedy* is an undersized market leader. This may invite competition from new market entrants or from existing rivals where brands can grow bigger. In both cases, the cheese category seems to be ripe for further brand growth, with evidence suggesting that focused market segmentation may be restrictive even within the targeted market segment.

#### 4.4.4 BOP Observed Patterns and Deviations

The purpose of presenting the BPM analysis of three categories above was to examine whether the BOP abides by normal market regularities provided by the marketing science literature (Ehrenberg, 1988; Habel & Lockshin, 2013; Scriven & Goodhardt, 2012; Sharp & Driesener, 2000; Riebe et al, 2014; Ehrenberg et al, 2004; Uncles et al, 2010; Wright & Sharp, 2010; Uncles & Wright, 2004). The purpose is not to find the best model fitting, but rather to identify whether normal market patterns are generally present across MSoD. Table 19 summarises the statistical measures that achieved acceptable goodness-of-fit, following the benchmarks suggested by Driesener et al (2017), Wright (1999) and Scriven & Bound (2004), for each of the analysis presented in this chapter (discussed in Chapter 3).

Table 19- Statistical tests measuring goodness-of-fit

Statistical tests	Aggregate Analysis	Detergent Category		Chocolate Category		Cheese Category	
		Total market	BOP	Total market	BOP	Total market	BOP
Correlation ( <i>r</i> )	?	?	?	?	?	?	<b>X</b>
Wilcoxon Signed-Rank test ( <i>Z</i> )	?	?	?	?	?	?	?
Mean Average Deviation ( <i>MAD</i> )	?	<b>X</b>	<b>X</b>	?	?	?	?
Mean Absolute Percentage Error ( <i>MAPE</i> )	?	<b>X</b>	<b>X</b>	?	?	?	?
<b>Number of statistical tests that meet goodness-of-fit</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>

Following Driesener et al's (2017) suggestion that at least half (i.e. 2 out of 4) of the goodness-of-fit statistical measures have to meet their benchmarks to consider the model to hold, Table 19 shows that all analysis presented in this chapter achieved goodness-of-fit. Therefore, it can be concluded that DJ Law holds across the studied categories of this dataset, providing evidence that, just as in developed markets, brand size is a consequence of number of buyers rather than buyer loyalty. Findings of this chapter show that buying in the Egyptian market fits known patterns, before using those patterns to analyse BOP consumer behaviour in more detail. The Egyptian FMCG market structure abides by the known marketing regularities of DJ, both at the total market and BOP level. Similar patterns across multiple categories inform about BOP market structure and behaviour, whereas deviations from model predictions identify unique characteristics of the BOP. The analysis so far showed that the DJ model is generally evident at the overall and the BOP market level. Deviations identified appear to be attributable to marketers' segmentation strategies and not to peculiar BOP buying behaviour. In fact, BOP buyers seem to be responding to marketing efforts similar to typical buyers from the developed world.

## 4.5 Main Findings drawn from Panel Data Analysis

Analysis presented in this chapter offer a scientific examination of BOP market behaviour, thereby answering RQ1 and drawing empirically grounded findings from which the research can proceed to develop knowledge about the BOP. Below are the main findings the researcher was able to draw from the quantitative analysis.

***BOP buyer behaviour in Egypt follows similar patterns to buyers from other SECs, and in other developed markets***, reflected in market metrics that do not significantly deviate from the DJ Law, observed across the three categories above, and across all 35 categories examined for the purpose of this study, at both the brand and category level. Smaller brands (and categories) have less buyers, and their buyers buy them less. Buyers are polygamously loyal and the least priced brands are not the biggest brands at the BOP. This provides evidence against previous literature that argues that the BOP requires a fundamental rethinking of established marketing assumptions (Sheth, 2011; Kotler & Armstrong, 2012; Luiz, 2006; Batra, 1999), but is in line with a mounting pile of evidence that buyer behaviour in emerging markets follows a set of familiar regularities (e.g., Romaniuk & Sharp, 2016; Bennett, 2008; Uncles, 2010; Graham et al, 2017; Bayne et al, 2014; Bennett & Graham, 2010).

***BOP buyers buy across many categories and brands***, evidenced by the category penetration rates at the BOP (Table 3), which correlate with category purchases (i.e., sales,  $r = .78$ , Table 7), contrasting with previous evidence that suggests that penetration rates for poorer consumers is only a third of that in developed markets (Talukdar et al, 2002). The evidence here indicates that the BOP engage in all types of categories (discretionary/non-discretionary) and that the huge size of the BOP market translates to many purchases.

***Brands are seen by the market as close substitutes to one another***. Even with “expected” market divisions between global brands and local brands, the law of DJ holds showing that the market does not differentiate between brands that are functionally similar and thus can substitute one another – even when they are at different price points to poor buyers with affordability limitations.

***Category innovations can break predicted patterns***, especially since innovations diffuse at slower rates within poorer communities (Ratcliff & Doshi, 2013). This is not a peculiar BOP behavioural pattern, in fact previous evidence suggests that discontinuous innovations



temporarily disrupt markets in established markets too (Graham, 2009) – although in established markets innovations can take as little as 1-2 quarters to show DJ buying patterns (Ehrenberg & Goodhardt, 2000; Wright & Sharp, 2001).

***Brands that do not restrict themselves to certain segments (whether rich or poor), and target all buyers are bigger brands***, and bigger brands enjoy higher loyalty metrics (a DJ pattern). This finding conflicts with previous BOP literature (Schuster & Holtbrugge, 2014; Polak & Warwick, 2013) that argue that success at the BOP requires designing tailored BOP products. Findings suggest that the biggest brands at the BOP are rarely “tailored BOP brands”, but are rather brands that broadly target the mass market. Brands that follow a BOP-focused strategy enjoy a high rate of BOP purchasing but remain small brands (DJ effect). BOP buyers like to buy brands offered to other SECs, evidenced by the finding that the biggest brands at the BOP are not different from those in other SECs (the ‘*Who is leading?*’ sections above).

***Most buyers at the BOP are light, frequent brand buyers***. While they heavily buy across all categories, they buy in smaller packs (which makes them purchase more frequently) and across a repertoire of brands (i.e., loyalty is not exclusive). Big brands enjoy proportionally more heavy buyers (*% of 6+ buyers*) showing that the poor buy heavily in line with brand size – a typical DJ pattern. Smaller brands can expect a predictably higher proportion of light buyers because most brand buyers in *any* customer base are light (Graham et al, 2017), and hence it is not a unique characteristic of the poor attributable to extrinsic reasons, such as their low disposable income as suggested by previous scholars (Kotler & Armstrong, 2012; Luiz, 2006; Kotler & Kotler, 2012).

***BOP markets are characterised by big, dominant brands***, which is where the BOP differs from wealthier, and more developed markets. Market leaders have much higher market shares than what is usually found in developed markets (up to 40% higher), indicating that the market is still in its growth phases, with room for further competitive activity. This offers empirical evidence against scholars arguing that the BOP offers no potential for profitable growth (Karnani, 2007; Simanis, 2012).

## 4.6 Summary

This chapter presents the results of the analysis of a panel dataset of 3265 Egyptian households to provide insight that is statistically tested and empirically grounded for the first time in a BOP market. Results show that much of what is known about the BOP in the current body of literature are theoretical speculations based on little evidence. Analysis of the brand performance of 350 brands shows the Egyptian market, and the BOP in particular, follow the laws of marketing, such that growth in market share is a result of consistent penetration growth across the whole market (Dawes, 2016). Following from the pragmatic nature of this study, the biggest practical opportunity of this finding is that BOP market behaviour can be predictable, and the widely-accepted theory of DJ can be used to benchmark outcomes. The main findings presented in Section 4.5 constituted the scientific platform upon which the researcher then began qualitative data collection and analysis (Phase 2 of this research) – findings of which are presented in the following chapter.

## 5. Findings of Qualitative Data Analysis

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### 5.1 Introduction

The previous chapter established that consumer buying patterns in Egypt do not deviate from marketing regularities found in more established markets. The same extends to BOP markets. This should not be inferred as BOP markets being similar to other market segments, as BOP markets provide a different and complex setting due to their many limitations. Instead, the argument is that when physical and mental reach of brands is effectively established in BOP settings, normal consumer buying patterns can be expected.

In a “normal” market, with indices that show significant growth potential, and where evidence suggests that effective efforts are rewarded with significant market shares, it is logical to proceed to exploring which marketing strategies resulted in market leadership brands in the complex BOP market, and how. This chapter presents the interview findings and analysis of the brains behind Egypt’s BOP market leading brands in 37 FMCG categories. The purpose of this chapter is to answer RQs 2-4 to eventually propose an inductive, empirically-based model on how to grow in BOP markets. The research questions answered by this chapter are

**RQ 2:** What is the role of innovation in BOP market growth?

**RQ 3:** What are the different perceptions and strategic market approaches of market leading local, regional and global players towards BOP markets?

**RQ 4:** What are the common marketing strategies designed and implemented by BOP market leaders to establish BOP market growth?

The chapter discusses the thoughts of marketing executives from 12 companies resulting from 15 in-depth, semi-structured interviews exploring the different components of marketing strategy, as per the views of local, regional and global market players. The chapter begins with an overview of BOP market characteristics as per the viewpoints of experienced practitioners, followed by an analysis of findings on strategic marketing at the BOP building on the 4 A’s framework developed by Anderson & Billou (2007). Finally, the chapter ends with a discussion on the holistic approach required towards the BOP, and some concluding remarks. Throughout

the chapter, the researcher occasionally offers their brief interpretations based on the reflections from the quantitative findings established from the previous chapter.

## 5.2 Overview of BOP markets in Egypt: Practitioners Perspective

The BOP literature extensively described the characteristics of BOP markets (Munir et al, 2010; Jun et al, 2013; Nakata & Weidner, 2012; Berger & Nakata, 2013; Donaldson, 2006; Ramani et al, 2012; Anderson & Billou, 2007; Vachani & Smith, 2008), mostly in arguments to illustrate the complexities of competing in BOP markets. Since the BOP market was empirically described following a statistically-based approach in Chapter 4, this section will only briefly provide an overview of the perspectives of experienced market practitioners of BOP markets in terms of the opportunities they perceive, and the challenges that come with those opportunities, with the purpose of offering context for the development of theory that comes later.

Participants described that BOP markets bring volume due to their size, where, unlike other BOP markets of Latin America and Africa, they are well-exposed (especially youth) with almost 100% TV penetration and rising mobile penetration. BOP markets enjoy a growing category user base due to the large segments of non-category users experimenting with formal categories and brands offering opportunity to resourceful market players to shape and create markets by setting new value standards. Existing BOP category users have shown high willingness to spend especially on food and beverage categories being their only available form of joys of life. However willingness to spend does not always translate to actual high spending, capped by limited financial abilities and depending on consumer attributes and relationship with the category. Generally, participants described BOP consumers to show preference towards many repeated, small purchases rather than bigger, infrequent purchases and hence smaller size product offerings can induce trial (low buying risk) and on-the-go impulsive buying (although this is specific to some categories, e.g., salty snacks). They usually have multiple sources of income, which may come from the informal sector, explaining why BOP purchase decisions may appear to be higher than their spending abilities when compared against their official income status.

Participants also described that while BOP markets may be attractive to marketers looking for a volume-generating mass market of millions of underserved consumers, the volume generated needs to justify the high cost of overcoming the many challenges that BOP markets

present. BOP consumers were described as traditional, unsophisticated, risk-averse, late adopters of innovations. According to the research participants of this study, the biggest two challenges of BOP markets are accessibility complexities, due to its informal and fragmented distribution system, and affordability restrictions due to BOP consumers' high price sensitivity and elasticity. Designing an offering that provides affordability and profitability has been described as the tricky equation necessary to break through BOP markets, with some participants still experimenting to find the right balance, even after many years of being present at BOP markets. BOP consumers are highly vulnerable to the slightest economic changes, which results in moving back and forth between formal and informal, 'loose goods' categories (discussed later). Their poverty entails that they are selective in the categories they spend in, and generally show preference towards multi-purpose products, or natural alternatives, leaving them absent in many categories. To shift BOP consumers towards formal categories, an in-depth understanding of BOP consumer embedded beliefs and lifestyles is necessary, yet still not much is understood about the BOP because of difficulties in conducting market research in terms of access, generalisability and accuracy of findings due to high rates of falsification in consumer responses to appear less poor. Competing in BOP markets also means that companies have to face governmental efforts that "protect the poor" from being victims of free market forces, which can take the form of consumers being on generous government subsidy programmes covering significant portions of their household consumer good needs, or undercutting market prices by becoming a fierce competitive market player in commodity categories.

Therefore, while the BOP comes with its attractive opportunities and unfamiliar challenges, experienced marketers who participated in this study had much to say about how they dealt with both. Next, details about the BOP competitive climate are discussed further followed with a discussion of how market participants describe and segment the BOP consumer after years of experimentation with the market. This is followed by the marketing strategies and tactics used by research participants that resulted in their category leadership.

### 5.3 BOP Competitive Climate

Previous BOP scholars discussed how the competitive structure of BOP markets has made it difficult for formal businesses to compete amongst the different informal sellers, one-time

traders and “prosumers” (Hillemann & Verbeke, 2014; Berger & Nakata, 2013; Viswanathan & Sridharan, 2012). Research findings of this study confirmed that BOP markets could be unfamiliar to businesses that normally compete in established markets. In addition to formal competitive brands, BOP markets involve a variety of untraditional competitive factors, explored next.

### 5.3.1 Competition Defined

Panel data analysis identifies competition as all brands bought by the same group of households within the category, in line with the typical definition of competition being direct or indirect alternatives that address the same need (Kotler & Armstrong, 2012). However, the analysis showed that the more consumers suffer with poverty, the wider the circle of alternatives they consider. In BOP markets, the circle of indirect competition is wider and will be automatically resorted to in times of financial distress, which may be most of the time. For example, typically the competition for a brand of crisps would be other crisps (direct competition), and the wider snacks category, such as crackers, biscuits, etc. (indirect competition). Contrast this with the below,

*Many households serve crisps on the dinner table with chicken for instance, or in sandwiches. So, this is what we look at: how to increase the consumption [...] Like how do they use potatoes? And then we compete with that. For example, one kilo of potatoes now costs 1.5 EGP, last year it was for 9 EGP. At 9 EGP, buying a bag of crisps and serving it on the table definitely will be cheaper. But when agriculture is better, and potatoes or tomatoes go down to 1.5 or 2 EGP, a mother who wants to manage her household income would buy it and cook it at home instead, or just chop some tomatoes [G06-I]*

In addition to competition against formal and informal competition, market players also compete against cultural norms, habits and limited spending money.

*Consumers have short money. In the months were families are getting their children into schools, sales across most FMCGs goes down sharply. They give all the money they have for tuition instalment. We are competing against everything [L08-I].*

And

*There are also certain cultural dispositions. Such as thinking that anything in powder form is not natural and includes harmful, processed ingredients and preservatives that can lead to cancer. How do you convince them that it is*

*actually a safe product? The more we go down, because of educational levels, it becomes harder in terms of how you convince and show value [G04-I]*

Such views shed light on how market practitioners define competition. Qualitative analysis showed that, competition is defined as any obstacle that prevents consumers from making purchases, of the brand or the broader category, and not just competing brands as shown in quantitative analysis. This has implications on strategic marketing decisions that will require addressing both levels of competition – discussed later.

### 5.3.2 Underground Production (No-)Brands

Research participants explained that one characteristic of the competitive environment at the BOP is the presence of many local “underground” producers sometimes referred to as ‘nobody brands’, ‘others’ or ‘me-toos’. Such market players are small local players that temporarily trade around for quick profits. Their strategies are price-driven with little or no focus on brand building. In some cases, their branding strategies depend on acting as local copy-cats of bigger, established brands.

*P: Yes, it has so many me-toos. So many. Same packaging. That is in addition to some local players that show up and disappear. They play around.*

*I: And those that show up and disappear, why does this happen?*

*P: Hmmm... they have an underground production. They just want a hit, then they leave the market. In Delta and Upper Egypt, there are so many of those nobody brands. [G10-I]*

And, in another category,

*They might stick around for 2 years and disappear, or they might stay. In winter they have a problem because [inaudible] oil that they use as a component freezes – so you find frozen cooking oil on shelves [...] That’s why those private labels brands boom in summer. By November all the way to March they disappear! Raw material prices go up and it’s going to freeze on shelves anyway, so they just don’t do it. [R12-I]*

Similarly, in some categories (e.g., detergents, pasta, cheese, tea, milk), there is ‘loose’ brands which are unpackaged products sold by weight. The manufacturer of such products is not known and so it is truly a no-brand. The presence of loose brands was found in quantitative analysis to be competing just like any other (actual) brand, which means that buyers perceive both branded and unbranded products as close substitutes. It is only through the efforts of big

market players that are educating buyers away from loose products towards formal brands, as below,

*P1: [...] you find them mainly buying loose pasta, or loose tea, unpacked in rural areas.*

*I: Is there a direction away from that, towards branded products?*

*P1: Yes for sure. By time. In the dairy industry, 65% still buy lose milk not packed. 10 years ago, loose milk was 90- something percent.*

*[L08-I]*

Although the interview discussions may give the impression that BOP markets are dominated by such those small “mushrooms” (as described by R12-I), the quantitative data analysis shows that they are in fact tiny brands. The difficulty of competing in markets with the presence of no-brands lies in the fact that their underground operations allows them to enjoy a significantly lower cost structure and thus are able to offer market prices that cannot be matched by the bigger, formal brands even with their economies of scale advantages. This has been described by a number of research participants across different categories,

*But I cannot compete much there, because I am a bigger, heavier organization. Imagine two wars, one with big fighter jets and tanks and one with random on-ground fighters. I am heavy. My costs are high. I have storage units, and trucks and employees and so on. Those other players are here on their own to sell something and go. [L08-I]*

And

*Those who bring manufacturing lines from China do not operate with the same standards as us. No food safety, no paying tax, no raw materials from big suppliers, etc. So their cost structure is much less, therefore they can afford to sell the same quantity at lower prices. But it's a much lower quality. [G06-I]*

And

*Needless to say, all those brands offer very low prices. They have little expenses and they are not a company – he is just a trader, and they normally only distribute within their local areas. In Mansoura for instance, you find a cooking oil brand everywhere called Karen, and then you find out that a wholesaler in Mansoura buys and distributes oil named after his daughter's name. [R12-I]*



If BOP consumers are as price-oriented as described by the BOP literature, then we should find that their purchases are entirely skewed towards those local, cheap BOP brands. If this is the case, then the BOP competitive market should offer no potential for market growth for brands of big, formal companies with their higher cost structures. But instead both the quantitative panel data and the qualitative research interviews reveal that BOP consumers can forgo price advantages to become consumers of formal brands. Even if this happens occasionally (i.e., most their purchases are of the cheap, local alternatives and only in special occasions do they buy formal, higher-priced brands), still the infrequent buying of millions of BOP consumers accounts for significant market shares,

*You have 50 million consumers that will not buy you every day. They will buy you once every three or six months. Fifty million is a huge number. If I was able to get this consumer to buy me once a week and that consumer to buy me once a month...at the end of the day, they make up a bulk [L08-1]*

This lends evidence to two arguments. First, even with the poorest consumers, the competitive environment in BOP markets is not about offering the lowest price, supporting the quantitative finding that almost all BOP market-leading brands across the different categories are not the lowest-priced brands within their respective categories. Second, it lends evidence to the argument that some BOP consumers, or BOP consumers sometimes, are brand-conscious in their buying choices, even with the presence of low priced copy cats, implying that brand building and communications efforts are important within the BOP.

### 5.3.3 Competing with the Government as a Market Player

For some categories, government market interventions can largely shape the competitive climate of the market. Market intervention is not in the form of market price control, but instead takes the form of the government becoming one of the market players.

*Whenever you are competing in a commodity, you will find that governments do not leave them to market factors. They always want to make sure that there is social security, and that there are no players manipulating prices unnecessarily and so on [...] The government is not a normal competitor – it's a competitor that we cannot compete with, because it does not aim to generate profit. In fact, in some cases it is subsidized to be lower than cost of production [R03-1]*

Particularly in categories that are perceived as iconic or representative of general market prices, brands can find themselves victims of political tactics, where the government offers

below-market prices to undercut competition, indirectly forcing other market players to lower prices, to indicate, for example that a macroeconomic decision has not led to market price increases,

*You know that our has very high governmental intervention. It is not a free-floating market [...] it does so many things to ensure that at the end of the day any citizen has access to affordable commodities [...] The government can pay 1 billion EGP, without making any profits, or even with making a loss [...] They cannot force me to set my selling price at a certain point, but they can undercut the market with a price that forces me to go down. So its very easy for them to make the whole market reduce its price by 1 or 2 EGP. It can do that. If they want to run a campaign, for instance to show that inflation has fallen and prices are decreasing, they would do that. [R12-I]*

This affects the categories that the government is directly involved in, but also affects substitute categories,

*When the army services released to the market low priced chicken, it killed the (tuna) market [L08-I].*

#### 5.3.4 Surviving the BOP Competitive Climate

Formal brands compete with informal brands, copy-cat brands, no-brands/loose, old consumer habits, and the government, in addition to of course other formal brands. This should raise the question of how is it that formal brands can, not only survive, but also grow profitable share in such a complex competitive climate. Proposed explanations include, one, the Egyptian market in general, and the BOP market in specific, is big enough for all those market players to enjoy non-zero-sum growth. This is a characteristic of emerging markets, especially one with the population size of Egypt. This is evidenced in the below,

*Most crisps small brands are home-made small factories, that bought lines from China and sells them to his local rural village. And its working very well for them, and that shows you how big the market is [G06-I]*

And

*P: The government will never cover 100 million Egyptians, it might cover the majority, more than 80% of the cooking oil market belongs to the government*

*I: 80%? That's close to a monopoly*

*P: Yes. All private companies play in the remaining 20%. It has been that way for a long time.*

[R12-I]

Another proposed explanation relates to market changes and development. In the past, BOP markets were dominated by low-quality loose brands, but as global market players started becoming interested in those markets, their offerings and communications changed consumer value standards. BOP consumers were presented with better choices to which they switch to once they see value, occasionally in special events, or when there is social pressure,

*P: They [low-priced local brands] are all out now.*

*I: Why?*

*P: Because they didn't think that way at all. They just release a cheap product. So packaging is poor, quality is poor. No communication. So the consumer would just buy whatever there was. Whatever she finds. But then we introduced products in a good package, good communications, good pricing, with a bit of aspiration. [G09-I]*

And

*When [company brand name] first entered the ghee market, the market was dominated by a brand called [competition brand name], with 45-47% market share. It was huge. We thought we want to enter the Egyptian consumer market [...] It was based on consumer insight that we were able to work and develop something with a product delivery that exceeded the market leader. Where is [competition brand name] today? It does not exist anymore. [R03-I]*

And

*It takes a lot of education that you need to do versus the loose. Reality is if I am so constrained on my income, then I will start as a consumer picking which categories I can compromise a bit on the standards, and then typically the categories that have external eye exposure would be the categories that I compromise less on. [G11-I]*

Therefore, it appears that even with the unfamiliar competitive climate at the BOP, there is still potential for market growth. Before proceeding to an analysis of the strategies employed by market players at the BOP to grow within this competitive climate, a discussion on how research participants identify the BOP within their segmentation strategies is provided

#### 5.4 The BOP are (not just) those who earn less than \$2/day

An analysis of segmentation strategies in place illustrates how marketers perceive markets, and where they identify profitable market opportunities. The widespread BOP definition of

consumers earning less than \$2/day implies that the preferred segmentation strategy is demographic by income. However, findings show that no research participant followed such a segmentation strategy. Instead, the sample was divided between participants following demographic segmentation by SEC, demographic (by income) with geographic segmentation, psychographic segmentation based on consumer needs and behavioural segmentation. There was no consensus on one particular segmentation strategy, but it was clear that a demographic view based on income alone is only popular in the academic definition of the BOP market, supporting the calls by previous researchers for a BOP definition that considers dimensions beyond income (Schwittay, 2011; Yurdakul et al, 2017). As argued by G04-I

*Long story short, price is definitely an element, and for sure each SEC behaves differently. Is it just about price? Not necessarily, no, because within that segment of C1, C2 and D, there are different needs. Beyond demographic segmentation, there are consumers who behave differently. They are not all the same*

And R03-I,

*Income is not the base for segmentation anymore, it is the need [...] Traditional segmentation, based on social class, income level, age, etc., is no longer relevant.*

Although most research participants follow a mix of multiple segmentation strategies, findings show that global companies rely more heavily on psychographic and behavioural segmentation, whereas locals and regional rely more on demographic segmentation. This may be because local companies do not have the resources required to lead marketing research projects that describe consumers behavioural and lifestyle patterns.

#### *5.4.1.1 Psychographic and Behavioural Segmentation: Different consumers have similar needs*

Analysis of interview data showed that most research participants followed psychographic or behavioural segmentation strategy based on the assumption that consumer needs are similar, but their buying abilities are similar.

*the difference between an A class consumer and a BOP consumer that live in close-by residential areas is not as huge as we think of them to be. If I create a product that will appeal to A-class consumers, it will probably also appeal to those from lower classes too. Maybe the opposite is not true [L02-I]*

And

*that consumer who is a perfectionist...I want the best out there, I want the best cleaning possible... is not synonym to a top of the pyramid consumer or a BOP consumer. I can take you to a C/C- consumer and she would fit perfectly in that definition. The means in life she's got are different from an A class consumer, but their view on laundry are equal (G11-I).*

Consumer needs of both BOP and non-BOP buyers include functional and emotional dimensions (e.g., G09 addresses the need for beauty and appreciation; R12 addresses the need for family appreciation of good cooking), and hence offerings were designed considering both. Findings confirm that the concept of products' psychological value exceeds functional value (Mandel et al, 2017) extends to the BOP showing that common literature arguments take a narrow perspective when they assume that value always takes a functional or financial form to BOP consumers.

*Well you can segment consumers demographically or psychographically. Typically, psychographic segmentation is better because you consider consumer needs, values, lifestyles [...] If we only consider demographic segmentation, definitely what would distinguish between the different SECs is price sensitivity, and you lose that dimension of the need. [G04-I]*

Analysis shows that segments are identified as those who share a certain need or follow certain behaviours, and are then stratified into how they fulfil this need or how the behaviour manifests based on their demographics, particularly their SEC. Even though participants seemed to favour needs-based psychographic segmentation, demographic segmentation is still used within it. This was described by a number of research participants,

*Within the psychographic segment of health-seekers for instance, there is the whole spread of SECs. Certainly, the health-seeker from SEC A would be less price-sensitive than the health-seeker of SEC C2. But what brings them together is that they are all health seekers, and they all find value that delivers on that need [G04-I]*

And,

*Instead, it is about what they need functionally and emotionally. What happens naturally, is that one segment with certain functional/emotional needs may be slightly biased towards a certain income class, but usually one segment includes a representation of all classes [R03-I]*

And,

*I want the best cleaning, but I am not that affluent, but because I want the best cleaning, I figure out other tricks in my budget and I buy [brand name]. And within [brand name] I buy that size that fits me the best, and is not expensive per load of washing. So, it's not only financial, its primarily need, what do I look for as a consumer, and then obviously our job is what you view as a consumer as your need we make it clear that you will be delighted with our offering (G11-I).*

Practitioners realising that BOP consumers share the same needs as non-BOP segments is a reflection of the quantitative finding that BOP buying behaviour is not different from non-BOP segments, hence offering qualitative and quantitative evidence against studies that overstate the unique attributes and differences of the BOP. Market leaders, instead, see the broad similarities in underlying needs that drive consumer choices, and perceive demographic differences as a sub-theme that requires tailored offerings only, rather than an entirely different market approach as advocated by some BOP researchers (Olsen & Boxenbaum, 2009; Jagtap et al, 2014; Viswanathan & Sridharan, 2012; Simanis & Duke, 2014).

#### 5.4.2 Segmentation to target broadly or narrowly?

Analysis of consumer buying choices showed that the biggest BOP brands were ones that tackled the whole market, and not those who narrowly focus on the BOP. This finding was reflected against qualitative analysis to reveal the firm's perspectives towards this segmentation and targeting approach. It was found that 67% of research participants designed strategies with the objective of reaching all buyers across the market, across every SEC, as illustrated below,

*Those are our brands available here, and they are targeted for all Egyptians, so they are not specifically tailored for a set segment. Within each brand there could be certain sizes, offerings that would best suit one or more of the segments versus the rest [G11-I]*

And,

*That diversity in our portfolio is meant to get more into the consumer households and make sure we are a big part of their shopping basket. (G06-I).*

This contrasts with a third of research participants, who built strategies with a focus on the the wealthier end of the consumer market,

*Typically, any business will look at where the business is generated from. You identify for future growth what your potential growth drivers can be. So one*

*business may be overdeveloped with mainstream consumers, and so there is higher potential in a more premium segment. While another may see bigger opportunity in lower end of the pyramid (G04-I)*

And

*Penetration is actually very high in SECs A-C2, above 85% brand penetration [...] So the A-C2 class are my target when it comes to brand concept [...] This doesn't mean that I don't want D and E and I cannot build my model on class A and B (G07-I).*

It can be seen here that this managerial approach differs in that it looks at the different market segments with an “either/or” approach resulting in narrower targeting of defined market segments identified as those with higher potential. This model is built on higher profitability, smaller markets, rather than mainstream or BOP markets. Their presence in BOP markets is only a spill-over effect. Spill-over effects was a repetitive theme in the analysis where it was found that sometimes brands are leading BOP markets as a side effect from their efforts originally targeting other higher SECs (as is the case here). Spill over effects usually happen when brand communications become occasionally relevant to BOP consumers. Non-BOP focused communications are increasingly becoming relevant to BOP consumers due to media penetration of BOP homes making them aspirational consumers open to new, foreign brands. Occasional consumption of several million buyers results in significant market share,

*So our products target specific segments, and then spill-overs may happen to other segments, but in our communications we focus on one segment at a time [...] and then there is a spill-over of 2% here and 5% there [...] perhaps in special occasions, family gatherings, or when they want to try something new – this is the spill-over effect, where my communications can be meaningful to them once every 2 or 3 months. [R03-I]*

And,

*You do not need consumers where you are part of their consumption on a regular basis. Egypt has many occasional consumers. They might desire the brand, but they cannot afford it. It is occasional. Loyalty to those mean they love the brand, they can afford it and they find it. But their consumption is not like ours [...] You have 50 million consumers that will not buy you every day. They will buy you once every three or six months. 50 million is a huge number. If I was able to get that consumer to buy me once a week and that consumer to buy me once a month... at the end of the day you make up a bulk (L08-I).*

In contrast with L08-I, not all research participants appreciate the magnitude and effect of this spill-over effect. During the discussion with G04-I, they explained that their BOP presence is probably due to infrequent individual incidents and that BOP markets “*would never generate the volume that would justify that [company name] designs distribution and designs marketing...because to me I have to see which segments generate most volume.*” This statement is interesting when reflected against their BOP BPM analysis showing that they enjoy a 95% market share with a 23% penetration in a market where they do no direct communication or distribution. More on the contrast between active and passive market leadership at the BOP is discussed in Section 6.4.1.

## 5.5 Strategic Marketing at the BOP

This section is structured around the 4A’s theory to present how market-leading players design the different components of marketing strategy for growth. Findings presented next were then analysed for commonalities and differences between local, regional and global responses to build towards the proposed research model (discussed in Chapter 6).

### 5.5.1 Acceptability: Product Adaptations

Acceptability refers to necessary adaptations to create willingness for BOP buyers to buy the brand, and is considered the heart of marketing strategy design. Research participants held different views about how their brands were designed to achieve BOP market leadership, elaborated next.

#### 5.5.1.1 To Create or to Adapt?

The BOP literature suggests that using existing models, originally developed for Western markets, will not be relevant to BOP markets due to differences in economies, infrastructure and market dynamics (Jun et al, 2013). For that reason, Polak & Warwick (2013) introduce the concept of ‘zero-based design’, where decision-makers take a position of assumed ignorance, without any preconceptions or any existing models in mind, followed by a continuous process of inquiry to design BOP-relevant offerings. This view is expressed by G04-I when they explain why they do not directly target the BOP in their offerings,

*The easiest thing is to take it and put it in a smaller sachet, sold for 2 EGP, and there we have it. That’s the easiest thing, and we do that. The basic thing to do is have an affordable SKU, at a price point where a bop consumer can*



*buy. But what if we want to go down from 2 EGP to 0.5 EGP, so that you truly reach those at the BOP. That's a different challenge. That is why innovation is definitely key, but that will require that you go beyond what you currently have in your portfolio. In this case, a BOP study. Going down to see how those people live, what they eat, what they like and dislike... and then try and design something from scratch. You will not start with reference for [company coffee brand] or [company powder milk brand] and then adapt it, no, you will come up with fankoush [Egyptian slang referring to something completely novel] (G04-I).*

Research participants expressed the importance of following a bottom-up approach to product-design, that begins and is imbedded in a thorough process of consumer understanding followed by a sequence of product concept testing.

*We have to see those people and how they live, how they think and how they earn money. So number 1 about the poor, you have to know them and think like them [...] If we cracked the consumer mind, then everything else will follow (G09-I)*

And

*We include our consumers throughout the whole thing. We include them in generating ideas, in testing products to see how our products deliver, we check how they perceive our brand in terms of brand imagery, we monitor their purchasing habits and behaviour continuously [...] We don't take major decisions in anything relating to our product mix, before conducting proper consumer research (R03-I).*

Following an inquisitive bottom-up approach may indicate that adapting existing products for the BOP is not relevant, and that products are “zero-base designed” in a way that is carefully catered to the specific needs of the BOP. However, analysis shows that most companies follow a bottom-up approach for their *mainstream* product concepts only, and then cater the offering to the different market segments based on functional and emotional needs. The core products are mostly standardised – where adaptations for the BOP usually involve different SKUs, or sub-brands with slightly lower quality. This is explained by L02-I as follows

*I: Did you have to change your product design to address this BOP market? Is it different from products offered to other classes?*

*P: It is the same.*

*I: So there was no need to customize to this market?*

*P: We customize packaging, only. But the product design and product concept is the same. Fragrance and quality is the same.*

This reflects back on the segmentation strategies discussed earlier. Product design follows a bottom-up understanding of functional and emotional needs – which are present across all the different SECs. What is then customised according to SEC is the offering, in terms of size, communications, etc. In fact, data findings show that companies that followed a bottom-up approach for the design of a unique BOP brand different from their premium brand succeeded in creating an offering that was accepted and resonated by the BOP – but suffered greatly in terms of profitability. The product eventually had to be discontinued,

*P: We took a conscious decision to create a low-tier brand and capitalize on our distribution and push it into the market to protect our shares [...] Notice that I said to protect our shares, not to protect our brand shares. And that was the issue. The thing is, it worked for the down market, and I got [percentage] market share, we drove penetration in the down market. This shows that the idea of a low-tier brand, on the surface worked, but...*

*I: it took from your high-end brand?*

*P: Exactly. Rather than working on building the brand of [mainstream brand] and sustaining its profitable growth, we got drained [...] At the end of the day, we tried to fix something, then found that another thing got broken [...] We lost focus on our core business, and this is really dangerous, and we started chasing profitability and reducing costs, either to stop the bleeding in profitability, or, the more you sell... the main objective of any marketer, is that we all aim for profitable share growth. Not share growth. Not profitability, but profitable share growth, i.e., profitable penetration. And then for 3-4 years we got drained in reducing costs, glass and fruits... and we lost focus big time. Our happiest day was when we created a low tier brand, proven, on the surface, that it will be successful...drove penetration, protected total [with emphasis] company share against the down-market trend. But our second happiest day was when we took a conscious decision to cut the tail. [G07-I]*

Cannibalization happens in defined two-tier strategies of premium and low-tier brands. Consumers migrate to the low-tier, lower-profitability brand, and while company volume market share may grow, profitability erodes. For this reason, most market players instead follow a strategy of one mainstream brand with multiple offerings for the mass market, along with a small premium brand and/or a small BOP brand. Quantitative findings from the panel data show that even when companies have one mainstream brand and a small “customised” BOP brand, BOP consumers opt for the bigger mainstream brand – the small BOP-catered brand remains small (a DJ effect). For this reason also, G04’s thinking approach of one premium

brand and a zero-design of a BOP brand will probably also not be very rewarding. This argument is supported by G06-I,

*You have to have a very defined strategy on how much of the volume you want to be in that tier. You cannot leave the majority of your volume to migrate from your higher, more profitable price points, to the lower ones. Majority of players do like you mentioned, mass brands with reasonable pricing that offer affordability due to wide price range, then they go to the higher consumer end using premium pricing. But those who go from premium pricing to value is a very dangerous game, because at the end it is all about profitability. It gives you volume, but it doesn't give you profit.*

Hence findings of this research support that a bottom-up approach is necessary, not for the BOP, but for mainstream product design based on consumer insight, followed by adaptations in market offerings and communications that fit with BOP buying behaviour. This has implications at the portfolio level, next.

#### *5.5.1.2 A Portfolio of Multiple Product Formats/Variants*

It must not be inferred from the above discussion that one mainstream brand with one unified offering will work for the different market segments. The discussion on BOP market characteristics earlier and the quantitative panel analysis shows that, while BOP buying patterns do not deviate from the general laws of marketing, there are characteristics that must be considered in the design and communication of market offerings, such as their preference for smaller and more frequent purchases. Therefore, findings suggest that to establish acceptability, a wide range of product offerings should be designed. Product offerings could range from the same product concept but in different SKUs (different sizes and price points), or different variants of the same product/brand (e.g., in liquid vs solid form). In doing so, brand building efforts are concentrated to one brand concept and hence are more effective. It is relevant here to mention that BOP consumers are aspirational towards well-known brands, and so will be more attracted to the affordable variation/format of the well-established and well-known brand, compared with a brand that is advertised to be for the poor.

*If I was only targeting BOP markets, then I wouldn't have set premium prices. In my portfolio, I have another ghee brand called [low-tier brand]. The price index of [low-tier brand] ghee is at least 7 or 8 pounds cheaper than [high-tier brand 1] and [high-tier brand 2]. Yet, it is a very small brand. It is used in lower classes, but it is a very small brand. You cannot compare its market share to [high-tier brand 1] and [high-tier brand 2], and you will see that*

*consumers in those classes will go and pay more to get the best in a category like vegetable ghee (R03-I).*

During tight financial times, BOP consumers switch down or leave the category. Designing a portfolio with multiple product formats/variants allows BOP consumers to switch up or down. To ensure that BOP consumers remain buyers of the category and the company's brands, even in tight financial times, the portfolio design must allow switching down by offering product formats/variants at lower price points

*Our portfolio allowed us to do that, because we have that range of price points. We used to sell products starting from 0.50 up to 7 EGP. And so that range of price points on the majority of our brands gave consumers at the BOP good options to switch from a higher to a lower price point, while still able to afford our brands. (G06-I)*

What was interesting was that a wide portfolio offers opportunities for poor consumers to also switch up. Extending from psychology theories, such as the theory of compensatory consumption (Gupta & Pirsch, 2014), BOP consumers sometimes switch up either on special occasions, to “pamper” themselves with luxurious purchases that brings them out of their distress (usually as simple as a chocolate bar, a cup of good coffee or a hair/beauty product), to show off in social occasions, or (although less commonly) for long-term saving opportunities. Below are examples,

*P2: Something that could explain it as well, is that some categories are considered affordable luxuries. Even those at the BOP, they wouldn't give up on certain things. One consumer, before the devaluation, used to drink one [brand name] per day. [Brand name] for him is aspirational. After the devaluation, he had to make adjustments, and take the public bus rather than a ... but he will come to that [brand name] cup and he won't give it up.*

*P3: Those simple pleasures. Confectionaries, and the like, are on the rise.*

*[G04-I]*

And

*Those women need something – where are they on Maslow's hierarchy? The bottle of hair oil could be something to her. [G09-I]*

And

*They will be willing to spend more to enjoy a nice dish using it [...] the highest they will spend on is food & drink. This is their enjoyment in life. How else will they enjoy or entertain themselves? If they go and buy fashion, it's very*

*expensive...they go and eat out.. maybe, but they won't be able to do it frequently, it's very expensive. What is their enjoyment in life? Food & drink.*

And

*P: I have once seen a woman walk in a retail outlet and all she has is 65 EGP, and she buys a [brand name] 3L bottle for 65 EGP and leaves*

*I: But how can she pay 65 EGP in one go, when its all she has?*

*P: [...] If she's going to buy anyway, and she knows she will use it anyway, then why not save. She feels smart when she does so, she feels that she's the one that tricked the trader or company, they didn't trick her. So she buys 3L, I personally don't buy 3L, I buy the 1L bottle! (R12-I)*

Another explanation to the above, from the psychology and economics disciplines, is the theory of instant gratification; poverty conditions make buyer choices more short-term and impulsive as one way to temporarily relieve suffering (Liu et al, 2012). BOP consumers' occasional, "luxury" buying can account for significant markets, and thus portfolios must allow switching up, either in terms of offerings targeting and communicated to non-BOP markets, or bigger SKUs (also usually targeting non-BOP markets).

#### *5.5.1.3 Product Design to drive Category Growth*

During interview discussions on product strategy and design in BOP markets, all research participants emphasised the importance of designing consumer-centred brands, and the majority understood that portfolio design plays a key role in reaching rural consumers. Differences were found between the research participants when some participants, the global market players, discussed that products are designed with a consideration of driving category growth, where their approach is wider than the individual brand and company portfolio and extends to the entire category. Research participants explained that many BOP households are left outside categories and still use informal products or home-made solutions, such as home-made jam, detergents manufactured in informal underground productions, natural oils for hair treatment, milk from local milkmen, etc. Below is an example from the dishwashing liquid category

*P: In dishwashing liquid, loose is typically...not restricted to... but is typically a home-made or a customer, trade owner made mix. And therefore it is truly no brand. If you want to know what is this, it is probably a little bit of this brand, and a lot of dilution, scent, or scent evoking material and then the end*

*product is a far less effective product than a branded dishwashing liquid. But also far cheaper in price.*

*I: Is that's why it is popular?*

*P: For sure. Because it takes a lot of education that you need to do versus the loose.*

*[G11-I]*

To grow within BOP markets, global players understand that their products had to be designed to act as affordable, higher-quality substitutes to home-made or informal products thereby driving category growth by recruiting non-users. Research participants explained how they have been doing so over the past few decades,

*Consumers used to buy loose in everything. Then all manufacturers in the FMCG started to understand this and started to develop alternatives to get closer to consumers. [L08-I]*

And

*My job as a market leader is to grow the category itself. I want people to start eating chocolate. To try it. If I reach just one new consumer, reflects in growth everywhere. [(G10-I)]*

Global market players explained how their product design should encourage BOP consumers to abandon their old habits and join the formal marketplace of branded products. To do this, they warned against jeopardizing on quality standards as one means of closing the price gap between branded and unbranded products. Product design for BOP markets should be at equal levels of quality to non-BOP markets for several reasons. First, their limited purchase power makes BOP consumers habitual, risk-averse buyers who form strong first impressions when they first experiment with a brand or category, as evidenced below

*If those consumers have a bad experience with one brand, they would never try it again. Never. Because their adaptation is very slow. They are late adopters. So its difficult for them to change and use something new or different. So if she does, and she has a bad experience, then she will never return to you again. Even if you are for free! [R12-I]*

Secondly, such products are used as a recruiter to both the category and to higher-tier offerings. BOP consumers cautiously experiment with smaller SKUs and only if they receive value may they upgrade to more frequent purchases or bigger SKUs (although this is may

capped by their low purchase ability). Hence BOP market offerings must be designed at quality levels that encourage repeat buying and/or purchase upgrades.

*Because I use it as a recruiter also. To recruit consumers to my brand. They start by trying my sachet, and when they get used to it, they start buying the bottle [...] Smart marketing makes it easy for consumers to buy you. Give him the reason. He shouldn't have to struggle with himself too many times. [G09-I]*

For this reason, 91% of participants clearly expressed that they do not jeopardize on quality standards in BOP offerings, as evidenced below,

*We don't differentiate the quality of the product [...] You need it to be at a performance that would aid her to improve her life [...] and again across bottles or sachets it's the same performance. [G11-I]*

And

*So we maintain good quality, even in the cheaper, flaked tuna. So there is quality, there is availability and then there is a brand that has already been built... existing in the market for over 20 years. [L08-I]*

#### *5.5.1.4 Sophisticated Product Designs Limit Brand Growth*

While common brand management literature emphasises the value of building unique and sophisticated brand associations (Keller, 2013), analysis showed that strategies that focused on building sophisticated brand values actually restricted the brand in terms of expansion to the BOP when their non-BOP markets reached saturation. Such branding strategies were initially targeting the more affluent consumers of emerging markets, which is an attractive (and much more familiar) market to the foreign market players. However such markets are very small (less than 6% of total population), and so when brands enjoy high penetration levels in the up-market it can only grow by tapping into the BOP, but finds itself constrained by its high quality standards and fancy brand values that cannot be jeopardized.

*P: I wish. But I also have a lighthouse – my brand positioning, brand equity, essence, RTB, this is my bible that I always measure myself against. If I leave myself to cater to the down market, then I will put aside this lighthouse. Practically speaking, as long as there are benefits, there will be costs. The question is – who can afford to pay it?*

*I have lower penetration level the more I go deep into the down market. I don't think they are included. I can see that my penetration is actually very high in SECs A-C2, above 85% brand penetration, coming mainly from Cairo*

*and Upper Egypt. So the A-C2 class are my target when it comes to brand concept. If your brand proposition is about sweetening family times and your RTB is about natural fruit taste, the heritage of the brand, natural fruit pieces... all these things the down market will not understand. That emotional element.*

*[G07-I]*

Good product strategies should not be limiting. Instead, they should be designed with a consideration of potential areas of brand growth and expansion in the long-term. The above illustrates that even if BOP markets are not a current core target market, in emerging markets product design must consider the possibilities of expansion to the BOP because top-of-markets are a small and highly-competitive market segment. In this case the brand values were the obstacle to growth to the BOP, even when the potential there was clear.

*I know I have a hole called D & E. I can see it. Do I know how to win with those people? From the surface, yes. But I am constrained by my brand. [G07-I]*

BOP consumers may have interest to join new categories and experiment with brands, but this demand potential will be capped by their purchase ability, and hence delivering on affordability is a key success factor to effective BOP growth strategies, explored next.

## 5.5.2 Affordability: Price Adaptations

The discussion with experienced practitioners was rich with strategies on how to offer price points that respect BOP consumers' infrequent and irregular incomes. Some ideas had been already suggested in the literature, while others were novel. At the end, what was interesting is that it was not about one or more effective pricing strategy, but rather the combination of compatible strategies across the portfolio that hit the right equation for BOP markets. This point will be returned to in the discussion of the framework proposed (Section 6.4.2.4).

### 5.5.2.1 Begin with a Price Cap

At the brand level, research participants expressed the importance of accommodating for lower cash outlay and more frequent buys. The irregular income frequencies of most BOP consumers make their purchase patterns "short-sighted", buying smaller (more expensive) quantities, rather than allocating big bulks of their income for bigger economic savings,

*They don't want to invest—or block part of their income in advance in anything specific. They go by the saying 'anything can happen tomorrow,' so they take it one day at a time. [R03-I]*



Accommodating for lower cash outlay was a recommendation called out for in the BOP literature by (Chikweche & Fletcher, 2012; Pitta et al, 2008), but there was little discussion on how marketers can accommodate to that, apart from the common suggestion of offering products in smaller, single-serve pack sizes, which was already practiced by most research participants. G07-I, L08-I and G06-I explained that marketing strategies should begin with a price cap in mind, followed by a marketing design that strictly adheres to that price cap as the high price elasticity of BOP markets makes the smallest price increases result in big shortages in volume, making that price cap a crucial success factor to BOP strategy,

*Notice that if you increase your price by 15% that does not mean your sales will drop by 15%, it may drop by 90% [L08-I]*

And

*Even on a strategic level, we are concerned more with price gap, absolute revenue rather than price index. We no longer say that my price index should be 100, 120...we now speak in absolute terms, that the difference between my brand and a competitor is 1 or 2 or 4 EGP. Because the index is okay in normal circumstances, but now psychological price points are important [G07-I]*

While considering setting a price point that accommodates for lower cash outlay and more frequent buys, practitioners consider how that fits within their larger pricing portfolio.

#### 5.5.2.2 Offering Multiple Price Points

At the portfolio level, addressing the preference for lower cash outlay requires offering multiple price points that tie well with the different income realisation frequencies and reflect the country's macroeconomic structure. BOP consumers vary in how often (monthly vs. weekly vs. daily) and how regularly they earn. Therefore, research participants (G06-I, G11-I, G05-I) recommended portfolios to be designed with either a wide price-pack architecture, or a wide range of product formats across defined price tiers,

*it is all about brand equity plus the diversity of the price points that you operate in. The more you go to city outskirts, the higher the price points play a major role [...] That's why the representation of brands in lower price points is what gives you the leverage with consumers, because this ties very well with their cash outlay [G06-I]*

A wide range of price points offers two main advantages. First, it allows consumers to switch up (upgrade) within the same portfolio when they earn some additional income. With reference to the theory of instant gratification (Liu et al, 2012), BOP consumers are likely to spend any additional cash in pursuit of feelings of luxury or reward. Additionally, the lower price points are usually used as a recruiter for consumers looking to safely (i.e., at low cost) experiment with categories and brands,

*Those who want something at the spur of a moment, like someone suddenly thinking that they feel like eating this. Even if he can afford it, he will have some guilt feeling, why would I buy a big jar when I just want to try something for now and that's it [G07-I]*

This presents opportunity when such consumers increase their consumption of the category with time by possibly migrating to the higher price points. The emerging markets literature frequently refers to growing categories as an opportunity for growth in emerging markets (Stiglitz, 2016), but emerging markets also suffer from consumers leaving categories during (sometimes even slight) economic turbulences and hence a portfolio of multiple price points allows BOP consumers to migrate to lower price points, rather than leaving the category as a whole,

*That will give consumers this value equation, and there is a sweet spot to sell in a certain quantity at a certain price. Our portfolio allowed us to do that, because we have that range of price points [which] gave consumers at the BOP good options to switch from a higher to a lower price point, while still able to afford our brands [G06-I]*

Secondly, offering a wide range of price points captures the many light, or occasional buyers in the market,

*You do not need consumers where you are part of their consumption on a regular basis. Egypt has many occasional consumers. They might desire the brand, but they cannot afford it. It is occasional (L08-I).*

Light buyers dominate most markets and can account for four times as many as heavy buyers (East et al, 2013) and hence, a pricing strategy that appeals to light buyers marketing can result in improved sales (Sharp, 2010).

Furthermore, very low price points (at 1 EGP or less) offer the opportunity for “candy change” markets, which is a huge market in Egypt and other countries dominated by informal sellers. Candy change is a long-time practice where traders offer candy, chewing gum, a box of

matches, a pack of ketchup, or any other small product, when there is a shortage of loose change during financial transactions. BOP markets are characterised by a low rate of impulsive shopping and hence this technique has become popular as “forced” impulsive purchases since, resulting in a huge market. It should be noted however that this has been argued as unethical, and in some countries illegal.

### 5.5.2.3 *Managing a “Split” Portfolio Pricing for the BOP*

Normally, any pricing strategy offers a lower price per unit with the bigger packs, to trigger consumers to move up the incentive curve towards bigger packs which offer better economic value, and usually higher profitability. One unusual pricing tactic revealed by the analysis involved “splitting” the pricing portfolio to offer BOP markets price points that deliver on affordability (G10-I and L02-I). The portfolio is designed to be divided that the lowest price per unit is offered in the smallest (not largest) pack offered to the BOP to ensure that BOP buyers remain within the category at prices they can afford. But this is not the case across the whole portfolio, only in the low end of the portfolio distributed in BOP outlets. Starting prices for packs above those targeting the BOP follow the normal curve of a higher price per unit in the smaller pack sizes. As explained,

*If you check the price per gram for the 2 and 5 EGP pack, you will find it completely different from that of 10 EGP upwards. Price per gram in the 10EGP pack and upwards, is more expensive than the cheaper ones, although it should be the other way round. It should be that the bigger the pack size the cheaper the price, because of the incentive curve. The 2 EGP pack should be the most expensive price per gram, whereas the 35 EGP should carry the cheapest price per gram. But we divided and separated the lower pack sizes in order to maintain our penetration numbers and cater to lower SECs, we made that 2 EGP the cheapest price per gram, which doesn't make sense [G10-I]*

One condition to ensure the effectiveness of this strategy is to ensure that, similar to how the portfolio is divided, the two markets must be separated. In other words, offerings reaching BOP trade markets should not be present in non-BOP trade markets (e.g., formal retail outlets and key accounts), but not necessarily vice versa,

*Those are two completely separate markets. Even pricing could be different. For example, for a consumer the cost of 1 gram in a bottle of [brand name] could be higher than 1 gram in a sachet (L02-I).*

Such pricing tactics illustrate the significance of BOP markets to market growth strategies, even when they offer very thin margins. However, during second-round interviews for model validation, some research participants highlighted the dangers of such strategy. G07-II explained that the market in Egypt is too big and well-connected and so ensuring that the two markets remain separate is very unpractical and migration will probably happen beyond the control of the company. Additionally, R03-II explained that, while this can be used as an ad-hoc strategy to improve growth figures after economic crunches, it is not a wise nor sustainable long-term strategy from a profitability standpoint, as smaller SKUs cost higher. Hence this pricing strategy was omitted in the proposed research model .

#### 5.5.2.4 *Re-defining Category Value Standards*

Some research participants go beyond the scope of their brands and portfolio and implement strategies that change the pricing structure of the category as a whole to drive its growth. Categories struggling with low BOP category penetration rates, analysis finds that it is up to businesses to set value standards by educating consumers on what they can receive for the prices they pay,

*When [company name] started here, job number 1 was to redefine the standards of cleaning. So, we needed to educate everyone that you want great cleaning, here is what you are getting and here is what you can get (G11).*

Particularly in categories dominated by home-made solutions (e.g., haircare products) and unbranded competition (e.g., detergents), price points should be set that allow consumer comparison and substitution where new price points open new markets through category recruitment. Emerging markets are characterised by big pools of non-users and offering new price points (sometimes referred by participants as “feasible pricing”) makes offerings affordable to previously non-category users. When buyers see value and affordability in joining new categories, their eager nature towards experimenting with brands can drive category growth. Analysis showed that only the global market players approached their pricing strategies with a consideration of setting price points that can attract non-category buyers. However, weak category associations can inhibit expected outcomes,

*Within each category we have a different segmentation, different relationships with the categories. If I am a heavy coffee user, and a light user*

*of pasta, my decision on how much I am willing to invest in each differs [G04-I]*

Accordingly, this strategy is accompanied with promotional strategies that create and strengthen category associations, mostly involving referrals by social members with authority to stimulate interest among non-users to join categories. This is discussed in Section 5.5.4.4.

### 5.5.3 Availability: Distribution at the BOP

Marketers can design BOP-relevant products with appropriate pricing but are left faced with distribution challenges that inhibit making their brands physically available. Rural Egypt has approximately 4,500 villages, each village has a population of 25-30K citizens shopping from 1-2 groceries and 12-20 informal outlets, typically within residences (G06-I). Companies in a growing market like Egypt cannot opt for formal distribution in traditional retail outlets only because it would be missing out on the majority of the market. As per the quarterly company publication of the research participant L01, only 7% of sales were from supermarkets and hypermarkets, with the remaining volume from smaller outlets. Accordingly, 83% of research participants extensively cover rural informal markets in their distribution strategies. If designed and executed effectively, distribution strategies can act as an entry barrier against competition,

*P: There is another important point about BOP markets, and it applies in many categories – it is an entry barrier.*

*I: What do you mean by this? In terms of competition?*

*P: Entry barrier. You have to set entry barriers to ensure that you do not encourage new brand entrants. This is marketing. I do not want someone to come along and say 'this shampoo category looks nice, lets sell some shampoo'. Normally, new market entrants set a low price – although I think this is a wrong move. If all shampoo players are in the A/B category, and this new market entrant comes along with their lower price, there would be a high chance that he will be able to penetrate the market and steal from our share. However, if you lock your markets at the bottom, how will he be able to penetrate? If he offers bottles, A/B classes won't take the risk. If he offers sachets, how will he be able to sell and distribute? What will he do? So that is an important entry barrier [L02-I]*

And

*You should wonder, how are we so big in the [category name] category, with a big gap between us and between number 2 in the market. It's because of distribution [R03-I]*

Participants that currently follow a distribution strategy that focuses more on urban rather than rural consumers (e.g., G04-I and G07-I) risk an easy entry point for competition to steal their currently high market shares. The fact that no competition has done so already leaving them to enjoy 70%+ market share with no rural distribution is another indicator of the infancy of Egypt's BOP markets and the room for competition and growth it offers. Additionally, regular and consistent product availability offers opportunities to push penetration metrics when smaller competitors are occasionally absent. Although such purchases may be infrequent, the size of the market makes them account for significant volumes,

*Sometimes your brand is available, sometimes its price is not that far off from competition, so you get a piece of the pie [...] The whole market has shrunk, in any category. There is lower consumption, instead of you having tuna every day you start having every other day. So where is the opportunity? Liquidity problems of competition. If you are a big company and you are able to manage your liquidity, you will be able to manoeuvre and still remain available on shelves. Competitors frequently had gaps and were out of stock, and so consumers buy you in a way or another. (L08-I)*

#### 5.5.3.1 BOP Distribution Types and Strategies

The nature of trade (whether traditional, formal retail outlets or small kiosks and groceries) and product demand were found to be two primary factors in the design of BOP distribution strategy,

*What are the motives for a wholesaler to push a brand? Two things. Either a brand with demand, or as a wholesaler he is getting a good margin out of it [L08-I]*

Product demand influences whether a push or pull distribution strategy is followed. Research participants with products highly demanded brands follow a pull distribution strategy where they offer lower trade mark-ups and rely that channel members will be motivated by the high turnover of their products,

*We follow the pull strategy. The consumer goes to the small merchant in a small rural village and he specifically asks for a [company brand] sachet. So that's a pull strategy. One of the market research we did was that we sent some mystery shoppers to wholesalers to act as if they are retailers. They found that wholesalers sell one box of [company brand] for 76 EGP. This box will reach retailers to be eventually sold at 240 EGP. The box has 480 sachets, each sold to the consumer for 1 EGP/sachet. So, 240 minus 76 pounds is profit margin to the different channel members. On the other hand, a box of*

*[competitor's brand] costs 70 EGP and is also eventually sold at 240 pounds. So, our mystery shopper tells the wholesaler 'in this case I should take more [competitor brand], because it offers a higher profit margin'. The wholesaler told them, 'look, [competitor brand] has a higher profit margin, but [company brand] is the one that sells.' The consumer demands your products. Why? Because you gave him value.<sup>1</sup> (L02-I)*

The idea of focusing on offering value to the end consumer, with distribution channel members following consumer demand was shared among a number of participants, such as G09-I, as follows

*It's hard setting it up at first. But then it's okay. And now since we are market leaders, then traders are the ones that chase us now. We all revolve around the consumer. If we cracked the consumer mind, then everything else will follow.*

Managing a wider portfolio of products with varying levels of demand usually involves using a blend of push and pull strategies,

*P: In [company brand], yes, my brand has demand, and I always try to make the wholesaler loyal to me by giving him good profit. Maybe in other products, I still have no demand...at all. In that case, I offer him higher profit. It depends where you stand in that scale. Are you midway? Do you have no demand at all? Do you have very high demand?*

*P: and you check how competition are doing. [L08-I]*

Wider portfolios offer the opportunities to push low-demanded products on the distributional pull effects of higher-demanded products. Companies with a defined tiered portfolio may find that the low-tier brands are the ones demanded by BOP wholesalers. To push penetration of the higher-tier brands, participants explained that sometimes they ride the high-tier, less demanded brands on the demand of the low-tier highly demanded brands, as explained

*You would go to a wholesaler in rural areas. He demands [low-tier company brand 1] and [low-tier company brand 2] because there is high demand on them, they are low tiered products. I tell him for every 5 boxes of [low-tier company brand 1] you have to buy a box of [high-tier company brand 3]. Its obligatory. So, if he buys 100 boxes of [low-tier company brand 1] he will also have to 20 boxes of [high-tier company brand 3]. He will then find a way to push it to sell. Because the low-tier products are price driven, they are always in demand, and I use that to push my higher tier products. And that's not just us. [Competitive company] and all other companies do that too. It's called*

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<sup>1</sup> All numbers have been multiplied by a factor to avoid identification of the brands.

*fast moving consumer goods, and in price driven products they really are fast. So, we take use of that. (R12-I)*

However, in second-round interviews, L02-II warn that this strategy requires carefully formulating the appropriate ratio of high to low tiered brands to find the “sweet spot” where channel members have enough high-tier brands to create market impact, but are not over-stocked.

### *5.5.3.2 Managing relationships with BOP channel members*

Managing relationships with channel members is important within any market, whether BOP or not. What is different in BOP markets is that retailers and small shop owners are strong influencers of buying choices, making managing the last chain of the system more critical for BOP markets. BOP shop owners in most rural villages are life-long neighbours and community members and hence are trustworthy sources of shopping advice. If one consumer asks for a certain brand, and the shop-owner recommends another, they would probably trust them

*In a village, it's very easy if a woman asks for [competitor brand], he would just tell her take [company brand], its better. She would take it and walk out. Because that retailer to her is someone she trusts she probably only buys from him for 20 years, and many of those consumers don't pay in cash. She takes a product, he makes a note and her husband would pass by end of month and pay what is due in total. So to them, he is family. So if he says try [company brand], she will try it [...] They are very emotional. (R12-I)*

In many cases, consumers do not ask for a particular brand and instead just request the category (e.g., I want a pack of rice), in this case, whichever brand the shop owner will bring out the consumer will accept as long as it meets price expectations,

*What happens is that the consumer would walk in and ask the seller for jam. The seller would then give her the brand with the higher mark-up, regardless the brand, given that it meets the purchase power she has. (G07-I)*

And

*We try to influence behaviour in groceries by talking to intermediaries. We send them trade letters, our 60,000 groceries that we are directly connected to for instance, about our products and how to sell them, and in turn, they influence BOP buyers. Because it is the grocery shop owner that best knows how to talk to and influence those buyers in his local area. (G05-I)*

Some research participants perceived their relationship with channel members as any traditional business relationship (G04-I, L08-I & G09-I), driven by mix of trade margins and



payment terms. In this case brands with high turnover were offered with lower trade margins, whereas brands with lower turnover were offered with higher trade margins (push distribution strategy). The relationship is sometimes even described in a negative light,

*Those local area distributors act as gatekeepers to bottom-of-the-pyramid markets, they can be problematic, and we need to work closely with them and provide them with incentives so that they are constantly willing to stock our product [L01-I]*

Management perceptions varied between those who viewed channel members as money-driven opportunists, and those who viewed them as long-term partners growing together through good and bad times. An example of the contrast of views is illustrated below

*Those are traders, they are driven by money [G04-I]*

And

*Of course they are not loyal. That is why there is a sales team to control. There has to be strong control. But at the end he is driven on his ROI. So, at the end if there is demand, he will get turnover [G09-I]*

Against

*I: [...] is that those people are not loyal, so...*

*P: [interrupts] those people are very loyal. They are more loyal than anyone else we do business with.*

*I: Not price driven or...*

*P: [interrupts] no. it's a win-win, and they appreciate the fact that you gave them the infrastructure [...] they appreciate that tie and they appreciate that relationship [G06-I]*

And

*We have distributors working with us over 20 years, so yes there needs to be a business win-win, but also we have been partners, and we passed through a lot in Egypt... difficult times, good times...the revolution. So the amount of experiences that you go through together builds this bond that gets you to think how can we make our, both of us, future better? [G11-I]*

Different views reflect different approaches to managing distribution relations and lead to different results. Participants following a more aggressive and competitive approach with their channel members seem to enjoy lower coverage in terms of market reach. Whereas the majority of research participants perceived more than a pure trade relationship with their

channel members and followed a variety of innovative channel management techniques, resulting in a more sustainable and comprehensive distributional reach.

The BOP literature has repeatedly emphasised the distributional challenges in BOP markets (Martinez & Carbonell, 2007; Pitta et al, 2008), with recommendations that one way to overcome such challenges is to develop BOP partnerships with channel members who act as gatekeepers to local markets. The academic literature however lacked insight on the nature of such partnerships and how they can be set up and maintained in the face of competitive responses. The findings of this study answer those questions by illustrating how a combination of personal and commercial factors are put in place to create and develop effective and sustainable channel member relationships.

#### 5.5.3.2.1 Financial and Non-Financial Support

Apart from traditional channel management strategies, findings showed that some research participants employed a variety of innovative financial and non-financial incentive techniques to build sustainable distribution arms at the BOP. In its simpler form, such techniques include designing loyalty programs where different channel members are rewarded the more they buy a company's brand. As explained by G10-I,

*P: We have loyalty programs, we have incentives. We consider them about our partners [...] We have incentive programs for traders, loyalty programs. Like if they achieve a certain target, we give them something. We have monthly and quarterly incentives. We ask about their needs, and their problems. We give them fridges.*

*I: So you invest in their infrastructure too?*

*P: Yes, exactly. Especially for retailers. Wholesalers don't need them that much.*

It can be seen here that the rewards provided are not of a pure financial nature but are customised according to the different needs of retailers to reflect an emotional, personal element of concern towards them and their small businesses (more on that in the section following). Another variation of such techniques involves holding competitions to achieve pre-set targets, where rewards include taking them on leisure or religious travels,

*We hold competitions between them, apart from his incentives, he can win a vacation over and above. We might take them for Omra [pilgrimage in*

*Mekkah]. We are taking a group to the World Cup in Russia. And so on. (G10-I)*

The above shows that some companies are moving outside the scope of the business relationship by adding an emotional dimension to the relationship, based on the understanding that BOP villagers are influenced by acts of emotional and psychological appeals. Another more targeted tactic adopted involves offering programmes to a subset of retailers, where benefits are provided in exchange for exclusive distribution. This is illustrated by R12-I here,

*It would be someone who does not stock [category] except from [company name]. Nobody else. And we started trying to convince people to do that in exchange of a financial return, like an extra discount or a renting fee. I pay him [money amount] for example as a monthly for a shelf, and that shelf is mine, he cannot put any other products on it. If he's okay, we sign a contract and he becomes [programme name]. And then I have special programmes for [programme name]. I would offer discounted prices, that I do not offer to wholesalers. They are only 16 or 17 across all of Egypt, so they are not that many. So it is easy to send them gifts. One time we held an event for them, we got them altogether to explain the benefits of the programme and got them on a 1-year contract to be exclusive to us. That project has been very successful, and we are planning to develop on it further.*

Programmes of a competitive or challenging nature seem to be exciting and effective means of motivation to BOP channel members. However, during second-round interviews, some research participants (L02-II) explained that it may be very difficult to negotiate for exclusive distribution in retailers. Even with their limitations in space and finance which result in their stocking of a maximum of 2-3 brands in each category, they would still opt for stocking competitive brands, explaining why such a strategy is only applicable with a tiny fraction of those in the retail environment.

Local companies, who do not have as much resources as regional and global companies to invest in relationships with channel members, take advantage of retailers' limited space and finance by offering bigger quantities at discounted prices. In this case, retailers will not have the space to store, or the finances to buy competitors' brands. Such a strategy is used when brands are already well-distributed, where growth is only through making competitor's brands less available.

*I already have 85% distribution... how can I grow beyond 85% distribution?*  
[L02-II]

#### 5.5.3.2.2 Technical and Non-Technical Business Support

Findings showed that in managing their BOP distribution, some research participants took their relationship with channel members to involve forms of business support to channel members' businesses. This support can take a technical form of providing training on how to grow and manage small business,

*There is also, which you can look at as a human factor, we try to play a leadership role with them. Meaning, through the distributor, we give advice on how to better manage your store. So then if his business grows, it means he can buy more. Great. Its win-win. This is what I am referring to that throughout any business dealing, you need to work with a win-win mindset. And you need to craft what is a win-win. [G11-I]*

Or a more non-technical nature where companies show care and concern to their business interests.

*And through covering those small stores we try to build a business relationship, and over time there is that bond that... you know what, as a store owner, you know what...this company respects me. This company is always supportive of my store. This company comes regularly to visit me. And therefore, they react by wanting to be ambassadors for our company. [G11-I]*

And

*We treat them well. We don't get them in trouble. We don't make them lose money. We don't stock them unnecessarily. Some companies do that, they play around because they are underachieving, or they have a certain problem. Even if we are underachieving or we have a problem we don't do that. So they appreciate that so much. [G10-I]*

And

*The idea that you care about traders [...] What we did is we looked at our channel members and thought 'how can we help them'? It is easy to help our wholesalers by offering them discounts, but how do we help a small kiosk selling our products in a distant village? We started printing stickers on our boxes that say 'you received a surprise'. This small kiosk bought the box knowing that it includes 240 sachets, once he opens it he might find 20 extra sachets, or a small shampoo bottle, or a small hair cream bottle [...] We must ensure that that extra gift is not known, because if it is known, then it will go down as a discount in the pockets of the big trader before him in the distribution channel. But because it is not known, then that big trader will not be able to make the small kiosk pay for it [...] This is how you showed him that*

*you care, without any personal contact. You cannot have personal contact with over one million merchants. [L02-I]*

Improving channel members' personal businesses is another way where market players invest efforts to enhance the underdeveloped distribution ecosystem, which comes from a positivist view different from Prahalad & Hammond's (2002) description of channel members as predatory. Channel members that better manage their businesses result in a more efficient distribution process where end users can receive brands at prices they can afford, since distribution costs are naturally passed on to the final consumer, "*because at the end we add that distribution cost to the whole structure of the brand cost*" [G06-I].

The reason different research participants held two extreme perceptions about channel members was due to the differences in how the former views and manages the relationship with channel members. What materialises from the analysis is that those enjoying a loyal, long-term relationship with channel members invest in the relationship, both in personal and business terms. Out of the research sample, emotional-based channel strategies are more commonly adopted by the global companies (e.g., G10-I, G06-I and G11-I), although findings show that some local companies (e.g., L02-I) have started to adopt such innovative channel management strategies too, perhaps to cope with channel members' changing preferences towards the global players.

#### 5.5.3.2.3 Going beyond traditional channel management: Investing in BOP infrastructure

Some research participants explained that market potential in BOP segments justifies making heavy investments in infrastructure to create appropriate outlets to brands. Such participants went beyond offering business and financial support and took their partnership with channel members to the extent of investing in their current businesses or delivering on their entrepreneurial drive by helping them launch a small distribution business. Examples of such developmental activities are

*We provide youth with job opportunities by providing them with tricycles where they take our products and distribute them in rural areas. It has to be tricycles because such areas lack proper roads and cars can't drive there. So we give them our products, they sell them and then we charge them after they sell. The project is called [project name] and it aims to create job opportunities by making them sales reps in rural areas. We don't want to do charity work in the form of grants, because in a tough year, the first thing that gets cut off are grants for charity. But we wouldn't cut off a programme*

*like this because it brings us profit too, it is of benefit to us too, and hence it is sustainable. [G05-I]*

And

*P: The rural program delivers on the entrepreneur opportunity in the country, the small and medium businesses. We used to go and offer a partnership with small wholesalers in the middle of nowhere. We give them a little of infrastructure, such as tricycles or small trucks, and we do contracts with them that last for 2-3 years, and we use them as our distribution arms. So, we establish a new business in the middle of the village, he benefits, and we of course benefit at lower cost. Instead of getting our trucks all the way to villages, costing X, this program costs X-2 or X-3*

*I: And how has this been working?*

*P: It has been working very nicely. Very nicely. We expand that base year on year by not less than 15-20% It established a very strong equity to the brand and loyalty as well.*

*[G06-I]*

Other activities involved paying part of lease, wages of employees or renovating retail shops in poor building conditions. Such acts result in stronger, more personalised relationships with channel members where they respect and appreciate the support received, and work to find ways to reciprocate it. When given opportunities, BOP businesses have the drive and determination that makes them a safe and worthwhile investment.

*They appreciate the fact that you gave them the infrastructure, like we help them rent a place and we pay their rent. We buy them a tricycle for 13-14 thousand pounds. We pay for the boy who will drive the tricycle. Then we give him the product with a decent discount at a decent margin and he's off to work. His 50 thousand can turn to a million – that's revenue. And if he makes 1.5-2% out of this – that would make a decent income. So they appreciate that tie and they appreciate that relationship [G06-I]*

And

*One time we built a roof in someone's house [...] That was in 2015, and this village until now is one of our strongest. Because that guy opened a window in that house to sell grocery items. And because he feels gratitude he doesn't stock [competitor's brand] at all and keeps pushing our products instead. And you know how it is like in those villages, purchases are highly affected by the guy standing there selling. And thanks to that, the whole village is now [brand name] consumers [R12-I]*

While such activities require heavy market investments, findings show that they are practiced in emerging markets characterised by underdeveloped infrastructure and the dominance of an informal distribution system. Financial and space limitations in BOP outlets allows them to as little as stock 1 or 2 brands from each category and thus, competition for shelf space requires investing in personal and commercial interests. In addition to strengthening relationships with channel members with positive influences on their willingness to stock and recommend company brands, such activities extend reach to previously unreachable rural markets – necessary to tap on to the growth opportunities there.

Investments that develop the market ecosystem, where practiced by the regional and global market players (perhaps because they only have the resources), reflecting their high degree of market commitment. This indicates their perceptions of market potential at the BOP that justifies such heavy investments (benefiting them and their competition), and their confidence of the economic environment of the Egyptian market as a whole.

#### 5.5.4 Awareness: Promotional Adaptations

Marketing communications in BOP markets are limited by the shortage of formal media outlets and low literacy levels, making any written communication of limited impact. There was no consensus among the research sample on the most effective communication technique to overcome the media limitations of the BOP. Instead, the research sample employed a wide variety of communication tools, ranging from traditional advertising such as TV commercials (L02-I, R03-I, G05-I, G06-I, G09-I, G11-I), in-store activities (G05-I, L08-I, G10-I), to innovative techniques such as employing BOP social influencers (R12-I) to no communication at all to maintain low cost (L01-I).

Respondents that followed a mass market approach with a dependency on mass media techniques such as TV commercials explained that satellite TVs have penetrated most BOP homes and that for many households, it is the only form of entertainment, and thus an effective communication technique to achieve reach.

*If you go to a villages of Aswan, satellite TV penetration there is almost 100% So those guys are connected. We have a misconception that they live in another world. But that's not true. AC and satellite penetration in the rural Upper Egypt is more than 80%*

*I: So you can easily reach them through regular media communications...*

*P: Through our normal communications yes.*

*I: So no need for particular communication techniques because they live in dark media zones... this is not the case?*

*P: No this is not the case. Its not true anymore. At least in the last 5-6 years things have evolved big time.*

*[G06-I]*

And

*Mass communication is best. And cheapest. Digital marketing gives some chance to target. You can also do some targeting on TV, using different channels and TV shows, but everyone watches drama for instance. TV to the BOP is the only form of entertainment to them. [G09-I]*

Others have added that BOP consumers are slowly, but eagerly, joining digital platforms. In fact, those that have joined the social media world are highly active online about what they buy, perhaps as ways to publicly display to their social groups their buying abilities.

*Internet penetration is increasing, there are 35 million Egyptians connected to the Internet. So even your digital media will touch on those consumers. It is mostly of course at the lower age brackets, or the millennials if you wish to say, but at the end of the day, those grow up. And they spread the word. They live in small communities and they talk, because they like to show off that they have internet. [G06-I]*

BOP consumers trying to indicate, to themselves and others, that they belong to higher SECs has inspired many communication strategies aiming to inspire the BOP. This is discussed next, along with other BOP communication objectives and strategies identified in the analysis.

#### *5.5.4.1 Communications to Aspire*

BOP consumers, like other consumers, want to express symbols of status in their purchases. Research participants explained how consumers from lower SECs look up to and try to imitate consumers from higher SECs, as one way to associate and belong to them.

*P: You would know that Class B is always inspired from Class A, C from B, and so on. So as long as the brand is being used by Class A, then Class B have their eyes on it.*

*I: Do you think this inspiration from the next higher class applies in the lowest tier of consumers?*

*P: Yes. Yes. Any segment looks up to the segment above it.*



[R12-I]

This has inspired a number of research participants to design communication strategies with an aspirational element. Such strategies were mentioned by participants from the food and beverage categories (R03-I, G04-I and R12-I), but were particularly emphasised by participants from the beauty and personal care categories (L02-I & G09-I).

*You must aspire them in any brand, but in beauty in specific. In beauty you are targeting to them a small window of light to the world. Especially that the internet, mobile phones and TV has opened her eyes to a whole new world. This makes consumers more consumeristic. So there has to be aspiration. [G09-I]*

BOP consumers becoming globalised and connected to modern online platforms, has made them ambitious consumers; developing aspirations and dreams, beyond taking care of their homes and farms and fulfilled by consumption of certain goods. This idea also feeds from the universality of human needs, in this example it would be of women feeling beautiful,

*Those women need something – where are they on Maslows hierarchy? The bottle of hair oil could be something to her. And we create aspirations in media. [G09-I]*

To reflect aspirational branding in media communications, one research participant explains how he deals with his advertising agencies as follows,

*P: One of the huge mistakes in marketing, in my opinion, happens when you come to release a new brand and want to promote it. You go to a marketing agency, and they ask you ‘which class are you targeting?’ you tell them D class, for example. This, to me, is the biggest mistake, although you are in fact targeting D.*

*I: Why?*

*P: Because the market agency will play smart and customize the appearance and language of the ad to the D class. No that is wrong. Design the ad so that it looks like it is for the A-class, so that it is like you are taking those in the lower classes higher up the social ladder. You treat them as if they are an A-class, while also orienting yourself to their needs [...] Because if you go and ask the lower classes and design a product accordingly, you will design something that is suitable to them. But if you ask the A-classes, design a product accordingly, and then sell it to lower segments, you will design something that is extraordinary to them. Something aspirational.*

[L02-I]

This touches on ideas from the social psychology discipline on socially distant reference groups describing how individuals are affected by reference groups who they may have no regular interaction with, but are inspired by (Cocanougher & Bruce, 1971). Critics of the BOP proposition would argue here that such marketing efforts result in overconsumption of the poor on discretionary goods (Karnani, 2007; Jaiswal, 2008; Davidson, 2009 and Walsh et al 2005). From one perspective, their criticisms may hold: such communication strategies are built to feed on consumers hunger towards conspicuous consumption. From another perspective, it has been argued that BOP consumers make optimal decisions regarding their product choices (Jun et al, 2013). Therefore, the debate on whether marketers' efforts are responsible for irresponsible consumption is still ongoing, but what this research has established is that BOP consumers are responsive to marketing efforts that promise affiliation to higher social classes. Wider ethical implications are discussed in the concluding chapter (Chapter 7).

#### 5.5.4.2 *Communications to Engage*

Even though TV and radio has penetrated most BOP households, research participants expressed that limitations relating to media fragmentation make television advertising costly and ineffective

*We use non-standard communication patterns, directly with the consumer. [...] It doesn't have to be an ad. Sometimes there are other priorities. Any campaign now costs millions. Those millions I will have to pass them on to the product. But today my priority is to sell that can for 17.50 instead of 18 EGP [L08-I].*

And

*We tried TV campaigns once, or more than once actually, but most of the channels that they watch are Toktok and Daraboka and Zee aflam [poor, low quality channels]. We ran ads there, but it was useless because the whole channel is just advertisements. [R12-I].*

Therefore, there has been a trend for BOP media communication strategies to incorporate activities that engage customers to overcome media limitations of rural villages. Findings show that such activities are effective when the objectives are inducing trial (of the brand or the category), or encouraging buyer switching.

*Some people don't know what chocolate is [...] They are not exposed. So we try to have outdoor campaigns in Delta and Upper Egypt. We have on-ground activations. We offer sampling [G10-I].*

And

*It has a stronger influence than TV. Much stronger. Because you ensure that you reach them all. But if I run a TV ad... when I was walking in those villages, all shops and houses were watching Indian TV movie channels [R12-I].*

Such activities can take the form of games, road shows, draws, or celebrity visits and were expressed as effective means to connect with consumers living in rural villages with very limited entertainment choices.

*If you are asking about how to get consumers to demand those, then we do trial activities. From the start we try to understand what is her life habits and how can we be part of that. Entertainment was, not now, limited to TV and probably going to the weekly market. And from that came the idea of the roadshow. We were probably the first company to start those. [G11-I]*

Engagement activities were identified as one technique to develop stronger, positive category associations necessary to drive category growth,

*Whenever they are more engaged, it becomes justifiable to them to spend more money on a category like vegetable ghee [R03-I].*

#### 5.5.4.3 In-store Communications

BOP buyer choice in many cases is made in-store in BOP retail outlets that typically carry a limited assortment of merchandise. Findings of this study, show that even if BOP buying choices are limited, they still make choices,

*Of course there is always the debate that that little boy or girl, or the middle age, the bull's eyes of our consumers is between 20-30 years old, as he walks into a shop all he has is 2 EGP. Some argue that he will look for anything that costs 2 EGP. I don't agree with this, because the consumer has a choice. Cola versus 7up, cheese flavour chips versus spicy. They make choices. [G06-I]*

In such cases their decision is made in-store, and hence in-store displays and communications are crucial – both visual communications and verbal communications by shop owners. Findings showed that this implies that brands should be distinctive to become easily recognisable, which is particularly important for illiterate BOP consumers.

*We send them trade letters, our 60,000 groceries that we are directly connected to for instance, about our products and how to sell them, and in turn, they influence BOP buyers. Because it is the grocery shop owner that best knows how to talk to and influence those buyers in his local area. [G05-1]*

In the case of multiple brand offerings (which is the case of most research participants), visibility of the different offerings within the portfolio should be enhanced with the objective of efficiently displaying the range of brands in a portfolio, to help consumers distinguish between the different offerings and their different price points.

*The objective of that racking system was to merchandise the product in an organised way so that it gives consumers the right choices. So he can tell that this is for 1 EGP, that is for 2, this is with this flavour, that is with that flavour. So he does the comparison, he sees the portfolio clearly, and then he decides which occasion, which brand, which flavour, at which price point. That alone allowed us to reach a very good milestone on consumption. The better you display your products, the better the consumer's shopping experience. [G06-1]*

It should not be inferred from the above that BOP consumers are not brand-conscious. The findings of this research suggest that BOP consumers have an appropriate degree of awareness of (at least the top) brands in most given categories. Enhancing in-store communications is important to skew buyers to certain brands by making their buying decision easier, e.g., by displaying merchandise from least to highest price. Such in-store promotional strategies have to fit with distribution strategies as discussed in Section 5.5.3.

#### *5.5.4.4 Communications through Reference Groups*

Across the different market segments, consumers are influenced by the opinions of reference groups (Cocanougher & Bruce, 1971). In the modern world of technology, this has taken form of consumers digitally sharing their brand experiences affecting brand choices of other buyers who could be located at the other side of the globe. It is based on the social psychology theory where one identifies with a group, perhaps based on shared norms and values, and one's choices are then affected by the preferences of this group (Shibutani, 1955). Such choices are used to satisfy needs such as self-verification and self-enhancement (Escalas & Bettman, 2003). The research findings of this study show that the same principles extend to the BOP. Buyer choices of BOP consumers are influenced by social groups that they affiliate with or look up to. For this reason, some research participants started partnering with BOP social influencers, who

are typically influential women identified in every village, as part of their promotional strategies. The aim of the partnerships is to induce trial and switching behaviours by triggering word-of-mouth (WOM). Below is an example,

*P: One of our tools that lasted for 6 months was when we wanted to increase the brand equity of [brand name] cooking oil, the higher priced one, in rural villages. Within one of the focus groups we held, a woman tells us that she once worked as 'The Lady of the Village'. We ask her what's that? She says that the mayor of the village chooses a woman and she becomes in charge of all issues related to the women of that village. If they have any problems, she would listen to them and then talk to the mayor. And there is a certain criteria to that woman. She needs to be familiar to the whole village, she needs to be sociable. People gather at her house in evenings. So in every village, there is one of those. And whatever she says influences the women of her village. If she makes a dessert and she tells them she used that particular brand of vanilla, the whole village would buy that brand the following day. She is very influential. So we hired her. We worked with a market research company to identify 30 women as The Lady of the Village across all of Egypt, and we hired them. And we even used to give her products to sell. We took that approach of supporting her. We gave her merchandise at a good price and she can sell it and make profits.*

*I: Are they that influential?*

*P: Yes. Very. Especially with women.*

*[R12-I]*

It is interesting to note that the objective of the above strategy was to push a higher-tier brand in BOP markets, which illustrates the effectiveness of the technique and provides further evidence that viewing BOP consumers as price-driven consumers only is a narrow view. A deeper analysis of their behaviour would reveal that they are consumers seeking feelings of belonging and external validation. Below is evidence,

*P: The key driver is that it is extremely important for those consumers to get appreciation from an external eye. So, based on that understanding, like you said, we play in advertising a lot that there is somehow someone who is...*

*I: Is judging?*

*P: Exactly. Is accrediting the cleanliness. Who is that person? It is not anyone. It could be a family member, a close by neighbour. Those are the real ones that a consumer would care about. If someone passing by, who is neither a neighbour nor a family member, the weight of their judgement is not much.*

*[G11-I]*

And

*She has the belief that [brand name] makes food smell good, and it makes people talk about my cooking, and my neighbours and the entire street can smell my good cooking. So there are insights with those low tier consumers that makes them buy the brand with high equity [R12-I].*

It should be realised that BOP communities are small, collectivist societies where most members know each other. The absence of entertainment activities and the frequency of their social gatherings makes the effect of WOM significant,

*We brought in corn oil users and asked them why do you pay more for it? And they give us answers that we would have never thought of. One of them said she uses corn oil because her neighbour uses corn oil, that's it [...] The word of mouth effect is huge. They always talk to each other [R12-I].*

The reference groups mentioned in the narratives above were local social groups (neighbours and friends), but the same principles extend to distant reference groups such as experts and celebrities (Cocanougher & Bruce, 1971). Findings show that BOP buying choice can be affected by expert opinion, such as that of chefs or medical doctors. In fact, BOP consumers may go above their budgets spending on brand choices advocated by experts,

*P: I have once seen a woman walk in a retail outlet and all she has is 65 EGP, and she buys a [brand name] 3L bottle for 65 EGP and leaves*

*I: But how can she pay 65 EGP in one go, when it's all she has?*

*P: I asked her. She told me her doctor wrote 'use corn oil' on the back of the prescription. That's where the idea came from. The doctor just wrote corn oil, without specifying the brand.*

*[R12-I]*

Based on the above insights, the effectiveness of reference groups was established. Some research participants employ this concept directly, i.e., by partnering with those reference groups (women social influencers, local chefs, etc.), while others employ it indirectly by creating mass media communications based on the concept of social validation. In both cases, the message transferred should contain an emotional element, suggesting that it is a misconception thinking that poverty and low standard of living makes consumer decisions rational. BOP consumers are emotional consumers, and the concepts of self-validation and self-enhancement relate to humans' emotional needs. Therefore, communication efforts with an emotional appeal trigger consumer response.

*We use both functional and emotional needs [...] The need gap is dry, damaged hair – that’s the functional side. The emotional side relates to beautiful hair and celebrity associations. I tell her that you will be like this girl [G09-I]*

And

*They have emotions, or an emotional bond...Ah, that’s another point, you have to target and communicate on an emotional level with BOP consumers. They are very emotional. Like when we bring them [famous TV Chef], you will not imagine their happiness. So, if you tackle their emotions, you win with them [R12-I].*

One way to create emotional bonds, findings show, is through community development work, next.

#### *5.5.4.5 Communications through Development*

Community work associated with brand or company name develop a localised, emotional tie with BOP consumers. Across the research sample, this has ranged from building roofs to roofless houses, funding marriages for young incapable couples, infrastructure development of farms and funding small entrepreneurs. For some research participants this takes the form of CSR isolated from any commercial activities of the firm (e.g., L08). For others, it is part of the business model with a commercial agenda (e.g., G05, G06, R12) – both seem to work, but one participant explains why the latter is preferable,

*We don’t want to do charity work in the form of grants, because in a tough year, the first thing that gets cuts off are grants for charity. But we wouldn’t cut off a programme like this because it brings us profit too, it is of benefit to us too, and hence it is sustainable [G05-I].*

BOP consumers’ hopes of alleviating their poor standard of living makes them appreciative and responsive to developmental efforts, although one research participant during second-round interviews (R03-II) expressed that BOP consumers are aware that such activities are to serve commercial interests and not local communities, and thus is not considered a very effective promotional approach. Other research participants do not deny their personal interests, and instead perceive it as a win-win strategy.

*Its win-win. This is what I am referring to that throughout any business dealing, you need to work with a win-win mindset. And you need to craft what is a win-win [G11-I].*

And

*The Lady of the Village we also used her in CSR. We had a project to help with the marriage expenses of 100 young women [...] So we referred to The Lady of the Village again, and asked her to identify 5 women in her village that are struggling with expenses to get married. You cannot imagine the impact of that. It had a social and commercial side to it. It really matters to them when The Lady of the Village tells them that [brand name] wants to do some good and help with young women in their marriage and wedding expenses [R12-I].*

It was found that such activities were more common across the global market players (although some regional and local players were involved too). Perhaps this could be one effort to affiliate and resonate with local markets, or due to their higher resources, or as part of their wider strategies of market development of underdeveloped emerging markets to lay the ground for future growth. One recurring pattern identified in this research is the global market players continuous and long-term efforts to develop and grow categories to make them better recipients of marketing efforts. The discussion next is yet another category development tactic.

#### *5.5.4.6 Communications to Educate*

Low brand awareness in BOP markets, and sometimes in emerging markets in general, is sometimes due to lack of category awareness (Anderson & Billou, 2007). For this reason, some market players dedicate promotional efforts to serve the category by educating non-category users about category benefits. Such efforts are another example of market development efforts practiced mostly on the part of the global players. Examples of such efforts include corporate efforts to educating non-category users on the importance of personal hygiene and the use of deodorants for odour control and toothpaste for oral hygiene (G05-I), the health benefits of corn cooking oil as opposed to mixed cooking oil (R12-I), and the importance of milk for child nutrition (G04-I). Such efforts are difficult as the fight is not against other competitive brands, but against imbedded, long-term beliefs, cultural dispositions and preferences towards old habits, as illustrated below,

*There are also certain cultural dispositions. Such as thinking that anything in powder form is not natural and includes harmful, processed ingredients and preservatives that can lead to cancer. How do you convince them that it is actually a safe product? The more we go down, because of educational levels, it becomes harder in terms of how you convince and show value [G04-I]*



Communication efforts by market players to educate consumers on the benefits of joining formal categories (or the risks of not joining) has to be a reflection of brands designed to substitute their current alternative solutions (discussed in Section 5.5.1.3) and of value standards re-defined (as discussed in Section 5.5.2.4) to serve the new expectations promised in marketing communications. For some companies this was an effort as part of their market entry strategies, for others it is a continuous effort of market development. Contrast the two examples next,

*P: That was, we are talking early 80s and 70s. There were detergents, but they were very low performing detergents.*

*I: How did you flip the market to become a market leader?*

*P: When we started here, job number 1 was to redefine the standards of cleaning. So we needed to educate everyone that you want great cleaning, here is what you are getting and here is what you can get. Re-set the standards, and with that you obviously compare directly to existing low-performing detergents [...] At the end, people can comprehend and they are not taking risks on their garments. So it was a mix of performance but also value reframing. [G11-I]*

And

*It is starting to change through education by companies. We launch massive educational programmes because those consumers don't know why they should brush their teeth, for instance. So educational programmes, plus offering small pack sizes for 1 EGP or family economic pack size because to them the cash outlay is important. We call those educational programmes market development and we have been doing that in the oral category for the past 20 years and the deodorant category for the past 8 years. [G05-I]*

Research findings show that such efforts are, in some instances, carried out in collaboration with public awareness programmes by the government or by NGOs. Previous literature has established that NGOs and other governmental entities have an in-depth understanding of the social and cultural paradigms that govern BOP beliefs and hence can offer insight to craft propositions that overcome BOP resistance (Pitta et al, 2008).

*It is not always easy working with the government as a MNC. It would definitely be a partnership that can help with BOP, that's for sure. We worked with the Ministry of Social Solidarity, the United Nations for Healthier Kids programme [...] where we do educational programmes about nutrition in general [...] We also had an initiative with 57357 (charity cancer hospital) last year. A campaign on awareness. [G04-I]*

Such collaborations offer impact, as claims become validated by higher non-commercial authorities, and scale, as such programmes are targeted to a wider reach across poor populations,

*We do things with [local Egyptian NGO], the Ministry of Investment, the Ministry of Agriculture and Land Reclamation. We reach to those guys to be the sponsor of the program to sustain... to bring that sustainability into place [...] We have a School Football League. We created the major idea, but we went to the Ministry of Education and the Ministry of Youth and Sports and asked them to sponsor it and make it a yearly event inside schools. So we find an idea and see who can take it down the road and sponsor it. [G06-I]*

And

*There has been collaborations with the government, initiated by us, with the Ministry of Health and the Ministry of Education to create educational programmes targeted at school kids on hygiene. We have also worked with NGOs such as the Egyptian Food Bank and UNICEF [...] Such programmes echo our efforts in raising awareness, which should translate to demand, but that happens in the long-term. It requires consistent efforts over years. [G05-I]*

The above sheds light on a number of issues. First, such collaborative efforts are usually to reinforce other communication campaigns, and cannot be independently relied on to drive category growth. Secondly, educational efforts are part of long-term growth strategies, where results are realised over years of work. This may explain why global market players are the ones involved in such efforts since it requires heavy, continuous investments. It also implies a high degree of market commitment which indicates the optimistic ambitions of global market players towards the potential of the BOP market. In contrast, when this idea was shared with local market players during follow-up interviews (L02-II), it was received as being strange, perhaps even unreasonable. Yet such efforts serve the market including all its players and so it seems that the local players are riding on the coat tails of the market development investments of the global market players. Even if it serves competition, the efforts seem to be worthwhile and rewarding.

## 5.6 A Holistic Approach to the BOP

The research sample of this study consisted of successful market leaders who, intentionally or coincidentally, cracked the BOP equation and established market leading shares at the BOP.

Different research participants attributed their success to different factors. Some narrowed it down to a few factors, as below,

*There are two things here: price point and availability [L08-1]*

Or,

*If you have the first entry advantage in any category, and you invested in distribution and in building a big brand with good equity and good brand reputation, it makes it very difficult for new market entrants. You can have the first entry move, and not spend so much in equity building, or in advertising or in distribution, but this will make you exposed to new entrants coming in to steal your share. But if you invested and build equity and distribution and established strong trade connections on ground... you make it very difficult for others [R03-1]*

Or

*It is a penetration game. It's all about distribution. [G10-1]*

But an analysis of the aggregate interview data gathered shows that growth in the BOP requires a holistic approach of managing acceptability, affordability, availability and awareness at different levels through a variety of strategies. Strategies were initially explored to understand how *brand* growth can be achieved, since the quantitative research was concerned with *brand* analysis, and the qualitative research sample was designed based on the leading *brands* in each category. However, findings of this study revealed that market growth at the BOP is not centred around brand growth alone. Instead, BOP market growth strategies can be categorised to three levels: brand growth strategies, portfolio management strategies and category development strategies. This was a new finding as the body of previous literature focused on brand growth strategies only.

Hence, the holistic approach here refers to managing the 4 A's and not focusing on, for example designing a BOP product only, or on distribution only, as has been suggested in previous literature (Vachani & Smith, 2008; Alur & Schoormans, 2013). But it also entails managing the portfolio as a whole, and sometimes developing the category too. Another novel finding was that analysis showed that the three levels were not followed by all market players. Instead, analysis reveals that most local players are focused on their brand growth strategies, while only global market players take market initiatives for category development. This reflects

the differences in managerial approaches between the different market players (local, regional, global), discussed further in the following chapter.

Following a holistic approach also entails managing BOP and non-BOP markets. Findings reveal that none of the BOP market leading players investigated only tackle BOP markets. Instead, their marketing strategies always include market segments from across all (or the majority of) SECs. This implies that an isolated marketing strategy for brand growth in the BOP alone is probably not effective, not achievable, or has never been considered by practitioners. This is also discussed further in the following chapter.

## 5.7 Summary

The aim of this chapter was to present findings from the qualitative data collected and analysed for this study. Qualitative analysis offered insight on the stories behind BOP market leading brands, revealing how practitioners perceive, tackle and grow BOP markets leading to the BPMs analysed in the previous chapter. Qualitative findings have verified and elaborated on the quantitative findings of the study offering in-depth insight from the minds of experienced practitioners at the BOP. The findings were structured around Anderson & Billou's (2007) theoretical framework of the 4 A's to present the wide range of strategies employed to overcome BOP market challenges and establish profitable market share. While the previous chapter established similarities in consumption behaviours of BOP consumers to typical consumers in established markets, this chapter revealed that marketing strategies employed in BOP markets can take different forms from typical strategies in established markets by identifying points of similarities and differences between local, regional and global players to answer RQs 2-4. BOP marketing strategies go beyond the scope of the BOP, and sometimes even beyond the scope of marketing. In the following chapter, findings of qualitative and quantitative analysis will be discussed and two models are presented: one descriptive model on the different managerial approaches of market players; and one prescriptive for a structured approach towards market growth at the BOP.

## 6. Discussion

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### 6.1 Introduction

The preceding two chapters presented the research findings from qualitative and quantitative data analysis. To achieve the research aim of this work, findings from the quantitative panel analysis were reflected against qualitative interview analysis to present the main arguments that answer the research questions of this study. Below is a reminder of the research questions:

1. What are the characteristics, market structures and consumer buying patterns of BOP markets in Egypt?
2. What is the role of innovation in BOP market growth?
3. What are the different perceptions and strategic market approaches of market leading local, regional and global players towards BOP markets?
4. What are the common marketing strategies designed and implemented by BOP market leaders to establish profitable BOP market growth?

The chapter presents the main findings of this study and is divided into four main questions structured around the four research questions above. Based on the research findings, two research models are developed that answer RQ3 and RQ4, presented and discussed in Sections 6.4.1.3 and 6.4.2.4.

### 6.2 Characteristics, Market Structures and Buying Patterns of BOP markets

The first research objective of this study was to establish foundational knowledge of BOP market characteristics based on empirical findings enabling the development of knowledge by following a scientific approach from established theory. To address RQ1 of this study, quantitative panel data was analysed and buying patterns were statistically found to be consistent with marketing empirical generalisation of DJ developed in mature markets. Quantitative findings presented in Chapter 4 were shared with interview research participants for their reflections to find out how they perceive BOP markets and whether their perceptions are in harmony or conflict with the marketing empirical generalisations. Next is a discussion of this reflective exercise.

### 6.2.1 Normal buying patterns are observed at the BOP

Quantitative panel analysis established that BOP consumers buying patterns follow the same regularities as consumers from higher SECs, providing evidence to the argument that distributional and infrastructure limitations may pose difficulties for market reach, but once brands become available to BOP markets, consumer social and financial suffering does not result in different patterns in purchasing. Where deviations in market metric analysis were identified, they were usually attributed to marketing niche strategies or innovations at the category level, both present with a similar effect in developed markets (Graham, 2009).

When this finding was reflected against interview data analysis a variety of stances were identified. Participants that are actively engaged in BOP markets (proactive vs reactive research participants are discussed later) explained that there are certain common misconceptions in marketing that are wrong (L02-I, G06-I), such as that differences between markets are usually overstated where each market is argued to be different and unique in nature, whereas mostly similarities exist. Below is an example,

*You will often hear people saying that markets in Egypt are different from other countries. This is not true, it is not unlike other markets. You will hear this statement in any country that is suffering economically. The Saudi Arabian market for instance – we export to Saudi Arabia, and we talk to people there – they would tell you ‘the Saudi Arabian market is different’. We go to Jordan and they tell us that it is different. Every foreign market we hear the same thing. No. All markets are the same [L02-I]*

Such misconceptions were noticed by the researcher to be strongly imbedded in the minds of other participants who, even when presented with observed data that suggests differently (e.g., BOP buyers are buying the same categories at similar purchase rates to non-BOP buyers), would still deny it and attribute the quantitative finding to coincidence. Those participants were passively present in BOP markets (enjoying market leadership in the BOP as a by-product of their mass market strategy with a core target of non-BOP consumers) because they believed that BOP markets behaves radically differently to other market segments, and that is what makes it unreachable. Below is an example,

*For sure each SEC behaves differently. Is it just about price? Not necessarily, no [...] Beyond demographic segmentation, there are consumers who behave differently. They are not all the same (G04-I)*

The differences in perspectives could be attributed to the latter's little direct involvement in the BOP resulting in a perspective that conflicts with both the more BOP actively involved participants and the empirical findings of this study. Such a perspective may be the driving reason the latter group of participants are not addressing BOP markets as a core target group. Lack of knowledge about how such a vast, fragmented market behaves and what to expect from it is intimidating, or in the least unencouraging, to practitioners stressed to achieve annual bottom-line targets. This shows the importance of developing scientific reference to understand market patterns and identify realistic benchmarks to evaluate efforts against.

Finding that a poor family with low and irregular income, typically living in a primitive rural village, buying from small, informal retail outlets from an assortment that was previously dominated by no-brand "loose" products shows buying patterns similar to a family with typically bigger and more regular income, living in a big, modern city with access to huge retail outlets is counterintuitive, and thus is an important finding of this study. The argument that socially and economically different consumers buy in similar broad patterns goes against traditional marketing theory that advocate segmentation strategies which overstate differences with little evidence on the implications of such differences in terms of buying behaviour (Kotler & Armstrong, 2012), or that generally argues that buying behaviour in emerging markets is different than elsewhere (Luiz, 2006; Batra, 1999; Eyring et al, 2011). However, this finding is in line with the school of marketing science which stands against the argument that brands with different features must sell to different buyers and shows the generalisability of marketing empirical generalisations even across very different buying groups (Sharp, 2010), under the umbrella that buyer behaviour in emerging markets has many familiar characteristics (Uncles et al, 2010; Bayne et al, 2014; Uncles & Kwok, 2008, Bennett & Graham, 2010; Bennett, 2008; Graham et al, 2017). It is based on the idea that the similarity of human needs (e.g., quality-seeking, brand-aspiring) shapes the behaviour of individuals regardless where they live or how they shop (hypermarket vs kiosk, economic-packs vs single-use sachets). This finding extends the theory in an unexplored, disparate setting, and offers

new insight on buying patterns of a big group of buyers that have not been previously empirically investigated.

### 6.2.2 Market Leading Brands are Bigger in BOP Markets

Another finding from analysing panel data was that brands that achieved category leadership in their respective markets enjoy bigger market shares than typically found in other established markets, leaving bigger gaps between them and their closest competitors. In BOP markets there seems to be a higher concentration of share amongst top market players, different from what is typically observed in established markets where share tends to be slightly more evenly distributed amongst the different brand players. This may be an indicator of the fertility of BOP markets where players are enjoying higher (than typically seen) market shares due to the weak competition they face. Perhaps as the market matures and invites more competition, shares even out. Another explanation could be due to category purchase frequency rates being lower in BOP markets compared with developed markets. Evidence suggests that the more buyers buy from a category, the more they switch between brands (Plank, 2019). Bigger brands are enjoying bigger shares as buyers switch less since they do not frequently buy from the category, and so when they do, they opt for the bigger brands (a DJ effect). While it is intuitive to think that BOP market leading brands are the cheaper, local ones, analysis showed that category leadership was attained by local, regional and global brands implying that foreign brands can not only become established, but also attain category leadership at the BOP. The discussion turns to this next.

### 6.2.3 Bigger Brands Target Broadly: BOP Market Leading Brands are not BOP Brands

It is intuitive to think that BOP market leading brands are carefully tailored brands that specifically accommodate to BOP financial, cultural and geographical limitations. This intuitive thought was supported by previous research that advocate a BOP bottom-up approach (Schuster & Holtbrugge, 2014; Polak & Warwick, 2013; Olsen & Boxenbaum, 2009). However empirical findings of this study showed results that conflict with both intuition and literature. Panel data analysis of observed consumer buying showed that BOP market leading brands are not brands designed for the BOP – but are mass market brands, designed for the BOP and most other SECs. What was carefully tailored to the BOP was the offering. The study finds that bigger BOP brands (in terms of



market share) are also the bigger total market brands, not BOP niche brands, indicating that bigger brands are those that broadly target the majority of buyer segments across the market. This finding can be explained following the understanding that EGs hold in BOP markets. If patterns are present, then brand growth will follow familiar rules where brands grow by recruiting more buyers, therefore, bigger brands are those that tackle more, and bigger, SECs to acquire more buyers (Ehnreberg et al, 2004; Scriven & Goodhardt,). BOP market growth follows the same logic: Bigger brands at the BOP are not those that dedicate all efforts to the BOP to become BOP niche brands but are rather those that have more buyers across the big BOP market, but also across other SECs. Their broad reach of many buyers is what drives their brand growth.

Qualitative research findings then elaborated on this finding by demonstrating how brands are designed for the mass market, and then tailored offerings are developed for the different market segments. While this finding conflicts with previous BOP studies that advocate for BOP tailored brands (Olsen & Boxenbaum, 2009; Schuster & Holtbrugge, 2014; Polak & Warwick, 2013), it goes in line with the laws of brand growth in the marketing science discipline that argues for mass marketing, as explained by Sharp (2010) below,

*Sophisticated mass marketers should cleverly react to this heterogeneity (e.g., by marketing multiple brands and variants, by using multiple media and distribution channels), and rather than trying to hem their brands into niches, they are always looking for avenues for broad reach (Sharp, 2010: 88).*

This study shows that bigger local, regional and global market players have an understanding of this. L01, L02, R03, R12, G06, G10, G09 and G11 follow a mass-market approach and then use multiple product and distribution variants for broad reach, establishing (quantitatively and qualitatively) that mass marketing is key to brand growth. Yet, this raises further questions, such as the one next.

#### 6.2.4 Why don't poor consumers buy the lower-priced brands?

Panel data analysis established that BOP brands opt for mass market, not lowest-priced, brands, and was verified by qualitative interview findings as evidenced below,

*Seventy percent of the market is controlled by the three most expensive brands: [company brand 1] and [company brand 2] and a third brand from competition.*

*They are the most expensive, but despite this fact they are used by anybody in the market, starting from Class B downwards (R03-I)*

A number of explanations from different disciplines can be provided for this behavioural pattern. From the BOP literature, this can be attributed to the poor gradually shifting to become more brand and quality conscious (Pitta & Marshall, 2008; Prahalad, 2014; Polak & Warwick, 2013), due to their increased exposure, higher connectivity and other forces of globalisation. From the psychology discipline, engaging in high consumption is one mechanism the BOP can make up for lack of sense of self-worth (Dalton, 2009), self-esteem (Yurchisin et al., 2006), sense of power (Rucker and Galinsky, 2008) and self-view confidence (Gao et al., 2009). From the marketing science discipline, this can be attributed to the empirical generalisation that most consumers buy across a range of prices (from the same brand and from similar brands) (Sharp, 2010; Ehrenberg et al, 2004; Uncles et al, 2012). Evidence from this research shows that this finding applies even with the (expectedly price-sensitive) poor as consumers are usually not confined to one attribute/segment (e.g., price-oriented), in all their buying choices or across all categories. Sometimes (or with some categories) their choices can be price-oriented, sometimes they can be looking for convenience, other times health-conscious, etc. (Sharp, 2010), and so brands that approached BOP markets with the price-oriented mindset alone, are small brands. Whereas the bigger brands designed segmentation strategies that account for the different needs, providing a variety of offerings for all buyers.

Qualitative findings provided support to the different arguments. The preceding chapter discussed how some research participants (L02, L03 and G06) explained that more poor consumers are becoming value, quality, or brand oriented – in many cases as the result of long-term efforts by global market players to develop the category. There was also qualitative evidence explaining that consumers make purchases at all the different price tiers (L02, R03, G04 and R12), and was sometimes used as a criticism to psychographic segmentation that assumes that consumers will always be e.g., price-oriented, whereas that changes from one purchase situation to another (G11, G04, R03). Both explanations from the two disciplines are not in conflict. It could be due to the exposure of BOP consumers and the efforts of global market players to set new value standards

that made BOP buyers adopt buying preferences that consider factors other than what is on the price tag.

### 6.2.5 BOP consumers buy across a wide brand spectrum

BOP consumers are not constrained to low price or generic products (as might have been expected), rather, they buy across the brand spectrum (Subrahmanyam & Gomez-Ariaz, 2008). This was an unexpected finding as previous literature on BOP markets and their many differences gives the impression that their buying choices must be different, where their poverty must constrain them to lower priced offerings. Analysis of brands in the BOP compared with those in the total market showed that the BOP buyers are buying from a similar set of brands to non-BOP segments, i.e., the brands competing in BOP markets are not an entirely different world from those in higher SECs showing that BOP consumers have a tendency to buy mainstream brands rather than BOP brands. One explanation borrowed from the psychology discipline would be that such purchases allow BOP consumers to affiliate with higher SECs (Cocanougher & Bruce, 1971) as it closes the gap between their ideal and actual self-concept (Belk, 1992; Yurchisin et al, 2006). Or it could be explained by BOP consumers being risk-averse buyers, and bigger, mass market brands to them are a signal of quality (Subrahmanyam & Gomez-Arias, 2008; Park, 2013). Or the fact that mainstream brands are just more mentally and physically available making them bigger brands (a DJ effect) (Sharp, 2010). In any of the cases, such buying decisions become possible only when those mainstream brands are not priced too much higher than their local alternatives, which goes back to portfolio design that ensures that BOP costs are not passed onto BOP offerings (discussed later). This provides further evidence to the argument that BOP marketing requires a holistic approach beyond the BOP.

## 6.3 The Role of Innovation in BOP Marketing: Do innovations disrupt the BOP?

The marketing science on empirical generalisations established that, in a typical market, most attempts at product innovations follow the Law of DJ after a few months from introduction (Ehrenberg & Goodhardt, 2000; Wright & Sharp, 2001), and only discontinuous, category innovations lead to long-term changes in market structure (Graham, 2009; Sharp et al, 2012). Whereas the BOP literature argued that innovation plays a major to break through the BOP and

establish profitable share (Muchie & Gammeltoft, 2003; Lundvall et al, 2009; Pansera & Owen, 2015; Heeks, 2012; Lal Dey et al, 2013). Analysis of the marketing strategies to achieve the 4A's showed that innovation played a role in BOP strategy, for example, using local villagers as social influences in a promotional innovation, creating loyalty clubs for distributors and investing in their infrastructure is an innovation in distribution, mass educational programmes to shift behaviour from informal locally-made solutions to formal categories is innovation at the category level, etc. Reflecting against panel data analysis showed that such innovations have not resulted in deviations from predicted market patterns. Market metrics of brands that employed innovative marketing strategies follow normal patterns reflecting DJ. This is because such innovations are developed as means to overcome the unfamiliar challenges found at the BOP to allow the conduct of marketing activities. In other words, innovations to physically and mentally reach BOP consumers in fact *lead* to normal buying patterns as they are not with the objective of disrupting markets, but rather to merely just reach markets. The innovation literature labels such innovations as entrenching innovations: innovations that reinforce a solution by allowing its diffusion into different sectors (Clark, 2003). Findings show that deviations only take place with category innovations, introduced with the objective of changing (not developing/growing) the category. For example, the deviations identified in the detergent category was due to a category innovation by multiple market players of introducing soap in liquid form, not due to any of the distributional innovations or category development innovations (e.g., innovations to encourage users of home-made detergents to join the branded category). Therefore, while innovative marketing may be necessary to overcome the unfamiliar nature at the BOP, they lead to expected buyer behaviour in line with marketing empirical generalisations, which is advantageous as it offers benchmarks to evaluate efforts. Category innovations, on the other hand, do disrupt market patterns, as similarly observed in established market (Graham, 2009), where disruption may last longer than typically observed in established markets due to the slow adoption rate of innovation among emerging markets (Ratcliff & Doshi, 2013).

The pragmatic nature of this study emphasises the importance of developing managerially-relevant theories that develop practical and theoretical knowledge on BOP. Therefore research findings of this study were compiled to present two models, discussed next.

## 6.4 Research Models Developed

This study was designed to be result-oriented and retrospective. In other words, research participants were selected based on the results (marketing outcome) they achieved (regardless of company country of origin, geographical span of operations, their degree of “innovativeness”) and from there a retrospective approach was followed to identify the perceptions and strategies adopted that led to this result. The research sample of this study was designed to include market players, whether local, regional or global, that achieved leadership within their respective categories. This contrasts with most prior BOP literature that focused on multinational corporations, and how they can expand their operations to ride on the growth trends at the BOP (Hillemann & Verbeke, 2014; Fawcett & Waller, 2015; Schuster & Holtbrugge, 2012; Faulconbridge, 2013; Chikweche, 2013). The similarity of resulting achievements of the selected research participants allowed the identification of common strategies that overcome BOP challenges and find market growth. But despite the similarities identified, analysis also revealed differences between participants’ managerial approaches and perceptions towards the BOP. To address RQ3 and RQ4 of this study, similarities and differences between how local, regional and global market players addressed BOP were analysed. Similarities were compiled and reduced to develop a perspective model on how to grow market share at the BOP by market players who already successfully grew theirs (Section 6.4.2.4). Whereas differences were compiled to a matrix that maps the different approaches adopted by market players towards BOP markets and reflects on possible reasons why such differences exist (Section 6.4.1.3). Both are presented next.

### 6.4.1 Managerial Differences in BOP Market Approaches

Differences between research participants were found in two main aspects: degree of BOP market engagement and marketing strategy focus, discussed next, followed by a modelling of the research sample across the two axes.

#### *6.4.1.1 Degree of BOP Market Engagement: Why some BOP market leading brands were not trying to be?*

Qualitative data was analysed cross-sectionally per discussion point to contrast responses in terms of managerial perspectives of BOP markets. It was found that although all participants achieved

significant market growth in BOP markets, not all were intentionally trying to. Response analysis of some local and global research participants (L08, L01, G04, G10, G07) showed that BOP markets are not part of their core marketing strategies, and any market gains achieved there is not a result of a direct effort, but rather a passive result of their mass market, non-BOP focused strategies. One example that illustrates this during interview discussions was the shock of research participants knowing that a high number of BOP consumers bought their brand at least once (enjoys high BOP penetration rate). Even though it was explained that the analysis is purely based on observed data of what buyers bought, they argued that the figures must be a result of coincidence, or of some rich relative who brought home some presents from the big city to his rural village.

This contrasts with other research participants (L02, R12, R03, G05, G11, G06, G09) who are proactively engaged in BOP markets. Both, reactive and proactive participants understand the potential in BOP markets, but only the latter have designed and implemented marketing strategies that actively engage and include BOP segments. Their motives mostly revolved around BOP markets being the drivers of growth and a source of secured market share not easily threatened by competition.

BOP consumers repeatedly buying brands that are not directly communicated or distributed to them resulting in 60%+ BOP market shares has a number of implications. First, it is an indicator that the competition facing those brands is weak, a sign of the immaturity of the Egyptian BOP market. It also indicates the potential lying at the BOP: if such market shares are passively achieved, then the relevant marketing executives should wonder what gains they may achieve if they were more actively engaged at the BOP. A third implication is that BOP consumers are responsive to non-BOP focused efforts. This relates back to the arguments earlier on the effectiveness of aspirational branding and marketing to BOP consumers. Extending from this argument, it could be the fact that offerings were not BOP-targeted is what got the BOP to desire them. A fourth implication relates to segmentation perspectives that overstate small differences between buyers, providing evidence against the argument that different brands sell to different buyers (Sharp, 2010).

#### *6.4.1.2 Marketing Strategy Focus: Someone Needs to Grow the Category*

Panel data analysis showed that market leading brands can be local, regional or global brands, and therefore the qualitative research sample was designed accordingly. When strategies adopted by different market players were analysed, one finding emerged that was not identified from panel data analysis. Western global companies (G05, G11, G06, G04, G10) designed strategies that develop markets to drive growth in their respective categories, in addition to their baseline focus on brand growth. Whereas local (L01, L02, L08), regional (R03, R12), and Eastern global companies (G09) follow a brand-focused approach.

This strategic decision made by global market players follows an understanding that BOP markets offer growth potential, probably from their international experience in emerging markets, but potential is stifled by the low level of market development. Investments in market development, that benefit them, their competitors and any future market players, are justified by the potential that will be unlocked. Research findings show that only Western global companies engage in such efforts, which could be because they have the resources for such mega projects that often involve investments in infrastructure, educational programmes in partnership with governments, etc. It may also be because market development is a long-term project, where results are realised after years of efforts, e.g., research participants and previous literature (Simanis & Duke, 2014) talk about a timespan of 10+ years to reap benefits. Perhaps it could be that the global players are the ones that can both commit to such long-term projects and have built global learning experience across other BOP markets that resulted in a sense of appreciation of the long-term value of market development efforts. While there is very little research on creating and developing categories (Brexendorf, 2019), another explanation could be provided by relating back to traditional market lifecycle theory (Wilson & Gilligan, 1992) where big brands have to build their market shares in addition to total market by attracting new buyers into the category. Research findings of this study show that only global market players have this strategic outlook. Another way of interpreting this finding could be provided when reflecting against panel data findings where quantitative analysis showed BOP buyers buy across the spectrum of brands available to them, usually switching around a repertoire of brands and hence it could be that local and regional players found no need to invest in driving long-term category growth. Instead, they rode on the category expansion coat tails of

global players by matching their brands to the new category standards, counting on the fact that normal buyer switching behaviour will lead to brand growth (Anesbury, Graham & Bennett, 2018).

#### 6.4.1.3 Proposed Matrix of Strategic Managerial Differences to BOP Market Approach

Based on those two dimensions, the below model was developed.

		<b>Marketing Strategy Focus</b>	
		Focus on Brand Growth	Focus on Category Growth
<b>BOP Market Engagement</b>	Proactive in BOP	<b>LOCAL/REGIONAL/ EASTERN GLOBAL</b>  L02 R12 R03 G09	<b>GLOBAL</b>  G05 G11 G06
	Reactive in BOP	<b>LOCAL</b>  L08 L01	<b>GLOBAL</b>  G04 G10

Figure 1- Proposed matrix of strategic differences to BOP market approach

The result is a 2x2 matrix (Figure 1) that maps research participants from this study, revealing the strategic differences in managerial approaches towards finding growth, and illustrating why marketing decisions regarding the 4A's discussed in the preceding chapter were approached differently by the different market players. It is attributable to a higher-level, managerial perspective, rather than differences in marketing tools employed by different research participants. The implication of this matrix is that growth may be realised in all the different cases, because all those mentioned in the figure above achieved category leadership. Growth could be realised as a subset consequence of mass-market strategies, with little focus on BOP markets (although this is probably temporary, due to current weak competition levels), or could be realised following a focus on brand growth alone, leaving category expansion efforts to the bigger, more resourceful giants, as long as offerings act as matched substitutes to those of global brands.



## 6.4.2 Common Strategies for Market Growth

Findings from the qualitative and quantitative data analysis were reduced and mapped on the theoretical framework of this research – the 4 A's. The original 4 A's theory and the theory building onto it (Prahalad, 2012; Sheth & Sisodia, 2012; Lehtikoinen et al, 2018; Sinha & Sheth, 2018; Bates & Buckles, 2017) covers marketing strategies at the brand level. The contributing knowledge of this research is based on the finding that portfolio management and category growth strategies are critical to the success of brand growth strategies. Therefore, a model is proposed based on the 4A's with three levels (Figure 2). First level identifies the brand growth strategies identified from the empirical findings of this research. This is for the purpose of testing the validity of the 4A's model and verifying existing knowledge in a BOP context that has not been investigated before. The second layer extends the 4A's to the portfolio level. Portfolio management and the key role it plays in BOP market growth has not been explored at all in previous literature, although it stands out as a key success criterion from the data analysis. The third layer presents the strategies to deliver the 4A's on the category level, to grow the market as a whole and attract new users and usages. Category growth has not been explored in BOP or the emerging market literature (Brexendorf, 2019), at large, and while findings show that there is no need that all market players engage in category growth, findings suggest that some players (usually the bigger, global ones) must take the lead here. The growth of smaller brands relies on it following a DJ pattern.

### 6.4.2.1 Strategies for BOP Brand Growth: What is new?

This section presents the first layer of the model focused on brand growth strategies. Since there is extensive BOP literature on the brand-level, the discussion next has been reduced to discuss new findings only.

#### ***Bigger brands follow a market (not BOP) bottom-up product design approach***

Traditional marketing knowledge established the importance of designing market-centric brand offerings based on market research (Bradley, 2007; Malhotra, 2009). Subsequently, BOP researchers have extended this idea to BOP markets, arguing that merely adjusting existing offerings to BOP markets is not sufficient (Hahn, 2009; Schuster & Holtbrugge, 2014; Jun et al, 2013) and instead BOP products should be designed bottom-up to carefully cater to the specific

needs of the BOP (Polak & Warwick, 2013). Findings of this study agree with the former and disagree with the latter. Analysis has shown the importance of conducting marketing research, across BOP and non-BOP markets, for detailed insight on buyers' attitudes, beliefs, behaviours, and lifestyles, followed by a bottom-up product design, based on such insight. Category leading executives explained that this is done across the market spectrum, not for the BOP segment in particular, to identify mass market consumer needs, and product design follows accordingly. Size, packaging, pricing scheme, etc, are tailored for the different SECs while the core product components are standardised across the different market segments (based on consumer need). Brands targeted for the BOP require some adaptations, but only in terms of secondary/supplementary product components, with a standardised core product component based on mass-market consumer insight.

Such a finding has implications on creating the economies of scale necessary for maintaining a low-cost structure to find profitability in serving BOP markets. The BOP proposition essentially lies on the principle of finding profit in scale, and this is why it was originally targeting big, MNCs as they have the resources to reach and the scale advantages to realise profits (Faulconbridge, 2013; Schuster & Holtbrugge, 2012; Fawcett & Waller, 2015; Hillemann & Verbeke, 2014). BOP researchers arguing for unique, BOP bottom-up approach in each BOP market (Schuster & Holtbrugge, 2014; Polak & Warwick, 2013) violate this principle, making the profitability of serving BOP markets questionable. In fact, this study has found that brands that followed a *BOP* bottom-up approach are either very small brands (found from quantitative analysis), have cannibalised (same company) bigger, more profitable brands, or ended up failing completely (found from qualitative analysis).

This finding follows logically from the quantitative analysis that established normality and predictability of BOP buying behaviour. If BOP consumers buy in patterns similar to other market segments, then it should not be surprising that qualitative analysis finds that their product needs and preferences are also not that different from other market segments. Both findings are encouraging to businesses interested in expanding to the BOP showing that the big, vast market of the poor is not as daunting as sometimes described in BOP articles (e.g., Simanis, 2012). More on managerial implications is discussed in the following chapter.

### ***Practitioners understand BOP buying preferences and accommodate to them***

Findings showed that BOP consumers buy across the spectrum of brands available to them, where their brand choices share similarities with those of other SECs. What was found to be different from non-BOP segments was their preference for smaller SKUs. This is consistent with previous BOP studies conducted in Asia and Africa, that suggested modifications to reduce product size to enhance affordability (Viswanathan, 2007; Chikweche & Fletcher, 2012; Viswanathan et al, 2008). The finding was also verified and explained by qualitative findings elaborating that BOP buyers prefer making multiple, small purchases rather than less frequent, bigger purchases, even if the latter offers savings. Many of their purchase decisions are driven by what on the shelf can they afford. For this reason, practitioners design product offerings with a shelf price cap in mind – one that accommodates for lower buyer cash outlay and more frequent buying occasions. Yet, as more BOP buyers are becoming aspirational, globally exposed, brand-conscious consumers, they occasionally make purchases that deviate from their original price-constrained preferences. Deviations happen when they see value in higher-priced offerings – whether functional or emotional/psychological. Trends as such have started appearing in the literature on creating, delivering and communicating value (Chikweche & Fletcher, 2012; Anderson et al, 2010). This is further evidenced by the findings of this research seeing that BOP market-leading brands are not the lowest market priced brands and was confirmed by qualitative analysis when research participants explained that brand-building efforts are rewarded at the BOP. This means that findings support that it is a misconception thinking about the BOP in terms of price alone but also reinforces that price is important and high shelf price will be a deal-breaker even when value is offered and communicated.

### ***Customer Engagement as an Effective Brand Promotional Tool***

Promotional activities are employed to stimulate a behavioural shift from price-orientation to value-orientation. Findings show that BOP market players are gradually replacing traditional advertising techniques with customer involvement and engagement promotional activities. This has been explored by previous BOP studies suggesting that BOP consumers are eager to engage in the promotional process (Santos et al, 2015; Hall, 2014), or further to create and cultivate BOP customer peer groups (Simanis, 2012). Findings of this study confirm that BOP customer

engagement is effective in promotional activities but adds that the technique depends on the marketing objective.

When the objective is building brand salience, findings show that on-ground customer engagement activities are appropriate, usually in the form of games, road shows, competitions, etc. This is particularly relevant in BOP rural markets, who enjoy very little entertainment outlets, and hence activities that engage customers are well-received with anticipated excitement. When the objective is to induce trial, or shift consumer choice when faced with a strong, dominating competitor, a further degree of customer engagement is employed in rural BOP that involves customer partnership with BOP influencers, who are usually BOP consumers or shop owners. Such partnerships are employed by identifying influential members within villages to trigger positive WOM about the brand stimulating trial and switching from habitual BOP consumers. BOP villagers share strong, long-term personal ties; and so consider each other's opinions as valid sources of information. This is enhanced with a degree of peer pressure in publicly consumed goods, where social groups, especially between women, have an evaluative, expressive role with regards to product and brand choice.

Therefore, customer partnership strategies are employed when marketers are faced with a strong branded competitor, and hence the buyer shift is from brand to brand. It is not relevant when the shift is intended to be from the informal, loose alternatives to the formal brands, which requires mass projects across scale, usually carried in cooperation with bigger, formal entities (discussed later). Hence while the broad finding is consistent with previous findings, this study provides an additional classification in terms of type of objective and promotional technique.

### ***A difficult distribution system may be a good thing?***

The challenges in distribution were elaboratively described in the BOP literature (Silvestre & Neto, 2014; Weissburg, 2008; Jagtap et al, 2014; Simanis, 2012) and were confirmed by participants of this study. While the literature describes BOP distribution as a challenge that needs to be addressed and overcome (Prahalad, 2014), it was unexpected to find that research participants do not perceive BOP distribution in that light. Instead they perceive that broad and consistent BOP distribution is a driver towards market leadership, some even attribute their category leadership

almost exclusively to their distributional advantages. One reason could be because it creates a market entry barrier to new brand players since setting up a distribution system that provides broad and consistent brand availability in a market dominated by small, informal entities is difficult and expensive.

Two suggested explanations, both borrowed from the marketing science literature, can be provided to explain why research participants associate their broad and consistent distribution with their market leadership. One is that market growth comes as a result of driving more buyers, which requires establishing physical reach (Dawes, 2016) where the complexities of BOP distribution leaves out many market players unable to drive their penetration metrics. Additionally, given the competitive environment of BOP markets, one characteristic of low-priced brands from underground productions is that their market presence is irregular which offers opportunities in their down time when their buyers look for alternatives – usually the bigger, regularly distributed brands (a DJ effect).

Two, the marketing science literature also suggests that the majority of any buyer base is light buyers switching between a repertoire of brands (Uncles et al, 1995, Graham, 2015; Ehrenberg, et al, 2004), and since they are the majority they drive volume growth. Hence another explanation could be that broad and consistent distribution catches those many light buyers resulting in growth. An analysis of the composition of buyer bases from the quantitative panel data showed that, for the majority of brands, the percentage of one-time buyers exceeds that of 2, 4, 6+ buyers per year. Hence, light buying dominates BOP markets, which is not surprising since this is the case in most consumer markets (Graham et al, 2017), especially considering that the typical BOP consumer is a risk-averse buyer living in poverty, dealing with varying levels and frequencies of income, going back and forth between formal categories and unbranded home-made alternatives. What was surprising is concluding that that typical BOP consumer (and the several million others) are the driving reason behind such significant profitable market shares.

When market players face obstacles in the broad and consistent supply of products, findings show that rather than excluding difficult areas from distributional coverage, they find innovative solutions to ensure they establish foothold in underserved markets. One distributional innovation is collaborating with local villagers to become distribution arms in unreachable areas, such as by

providing vehicles to transport and distribute products. Market players formulate this strategy as part of offering job opportunities and developing local skills. The BOP literature discusses it from the perspective of BOP entrepreneurial opportunities where previous work established that partnerships between big corporations and small BOP entrepreneurs brings resources to local knowledge making it beneficial to both sides (Hall, 2014; Rosa, 2012; Schuster & Holtbrugge, 2014 Linna, 2012). The BOP literature discussed such partnerships broadly, as a strategy to ease market penetration of the BOP, whereas findings of this study suggest that collaborations with BOP entrepreneurs are used to address product availability challenges in specific.

One of the findings that materialised when qualitative findings were mapped against quantitative findings was that brands cannot find success in BOP markets if the focus is only on brand success at the BOP. The discussion next turns to the second layer of the proposed model.

#### *6.4.2.2 Portfolio Management is Critical to BOP Marketing Strategy*

Designing BOP products as per literature recommendations alone can result in BOP-relevant market solutions and may resonate with BOP consumers but will probably not result in profitable market share. To achieve profitable market share, BOP brands must be designed as part of a carefully crafted portfolio for BOP and, as importantly, non-BOP markets. Premium brands/offerings to non-BOP markets provide the cash stream necessary to finance and sustain BOP operations across big geographical regions – in terms of pushing products down long, informal distribution channels, investments in infrastructure and media channels, flexible payments for smaller distributors, etc. Profits at the BOP are thin and rely on scale. This is explained by Simanis (2012, p.123),

*“cost structures in low-income markets are daunting: Operational expenses, such as distribution, are frequently much higher than those that companies face in developed markets. In addition, customer acquisition and retention for new products often demand unusually intense—and costly—levels of high-touch engagement. To cover those high costs, much greater volumes are needed for break-even.”*

Hence having the resources to create that scale is a crucial condition to profitable BOP market growth. Findings show that these resources are provided by returns from premium offerings in the upmarket. If all BOP costs are passed onto BOP offerings, the market price will be too far from its competition who enjoy a much lower cost structure. Instead, the majority of costs of BOP operations are passed onto the premium offerings, leaving BOP offerings with a more affordable price index. While the BOP literature elaboratively discussed the importance of maintaining a low-cost structure and means to reduce costs (Kolk et al, 2014; Ireland, 2008; Simanis, 2012), there has been no previous literature on the role of portfolio design in that regard.

***If the focus is not on BOP brands, then what should the portfolio include?***

Research analysis revealed that portfolio management is critical to BOP market growth. While this is a new territory in the BOP scholarly discipline, findings of the study were able to offer some preliminary guidelines to portfolio design. Findings show that BOP category leaders usually design deep product portfolios with multiple product variants. Theories on brand architecture and portfolio design classifies portfolios in terms of breadth and depth, where product breadth is the number of product lines and product depth is the variety within each of those lines (Kotler et al, 2012; Keller, 2013). Deeper product portfolios allow appealing to different market segments where each product variant plays a different role in the portfolio, such as serving as an entry-level product to recruit new customers, or high-end variant to add prestige to the portfolio and generate revenue (Keller, 2013). Portfolios of multiple product variants, and respective price points, allow for buyer switching – both upwards to higher priced, bigger quantity, more prestigious offerings or downwards to more affordable, smaller quantity offerings. This is a new finding as past BOP literature stressed on providing smaller SKUs since BOP buyers like to opt for smaller, lower priced offerings (London & Hart, 2004; Prahalad, 2005) – which is confirmed by the findings of this study, but findings show that it works the other way round too. Future opportunities also lie with BOP buyers who will become wealthier with time, as they will probably remain choosing from the portfolios they are familiar with.

Deep portfolios require retail displays that enhance portfolio visibility of the different offerings across price points. Many BOP buyers are illiterate and may rely on product display for information on prices and points of parity and difference of displayed merchandise. BOP consumers may not

make much choices when constrained to a limited price point – but within that price point, they make choices that can be swayed with retail display management that clearly demonstrate the variety of offerings there.

Additionally, findings show that deeper portfolios offer distributional advantages. Since BOP markets are flooded with many types of retailers (supermarkets, kiosks, street merchants, etc.), the different sizes and formats can be suited to the different natures of trade (formal vs informal), which also enables having different price schemes to suit the different markets. Additionally, deeper portfolios allow pushing certain brands/offerings on the demand of other pulled down offerings within the same portfolio. We know from the distribution literature that push and pull distribution strategies vary based on product demand (Dent, 2011), where mass-market brands are pulled down by high demand. Therefore, practitioners designed their portfolios to include mainstream, affordable offerings so they can be used to push higher-tier, premium offerings in BOP markets by conditioning retailers to take a certain quantity of premium brands with every stock of mainstream brand.

This should not be inferred that companies should develop a two-tier strategy of premium and BOP brands, because findings show that this usually leads to buyer migration from premium to value brands resulting in revenue cannibalization. Instead, findings show that effective portfolio designs include a mainstream mass-market brand, with tailored offerings to the different segments. Or a mainstream brand with tailored offerings to the different segments and a premium brand. Market players that offer a mainstream brand and a BOP brand enjoy very little market share of the latter, even when quantitative analysis was restricted to BOP market only. Previous research supports the launch of new product variants under existing brand names as ways to reduce brand development costs and perceived consumer risk (Swait & Erdem, 2002), while allowing the transfer of qualities such as reliability and trust (Aaker, 2004). None of the market leading players in this research designed a BOP brand only, or a premium brand and a BOP brand – and those who did failed with the BOP brand and had it discontinued. This provides evidence to the argument that breaking through the BOP is not (only) about designing relevant BOP solutions as recommended by the BOP literature, but instead requires a portfolio that follows a wider market approach.



#### 6.4.2.3 *How do Global Market Players Drive Growth in their Categories?*

The earlier discussion on managerial differences towards the BOP established that global companies engage in category development strategies to create new markets for their brands. Strategies to drive category growth differed according to the different industries, but all pertained to efforts that develop individuals, institutions or facilities outside the scope of the company, whereby the developmental effort results in a smoother or more effective marketing process. Category development strategies were structured around the 4 A's illustrating how global market players are making their *categories* more acceptable, available, affordable and with higher awareness – usually with one being more dominant, or relevant to a certain category than others. Findings show that developing category acceptance involved product design strategies that encourage BOP consumers to abandon their old habits and join the formal marketplace of branded products. Many BOP consumers are left outside formal categories because they use cheaper, more available locally-made/natural solutions. This has been verified by panel data analysis that shows 'loose' as a market player with normal market metrics that are in line with DJ patterns. This means that, scientifically, those "no brands" compete just like any other brand in BOP markets. If no-brand market players compete just like any other market player, then this finding raises questions against literature arguments on the importance of building unique brands (e.g., Keller, 2013; Kotler & Armstrong, 2012; Aaker, 2004).

But, against the quantitative finding of this study, qualitative research participants do not perceive 'loose' products as a normal market player competing with other brands. Instead, they perceive it as a separate market where buyers of loose products are non-category buyers that require efforts to attract them to join formal, branded categories. Efforts to create affordability include resetting value standards in favour of effectiveness and long-term savings promised by the world of brands. The psychology discipline suggests that the poor make decisions with a short-term mindset (Liu et al, 2012), and so it takes years of communicating new value standards to shift BOP consumer thinking to consider ideas of long-term savings, effectiveness and lower overall risk. To help make this shift, such efforts are sometimes complemented with category awareness efforts that focus on central ideas such as personal hygiene, family well-being, nutrition, etc. To give validity and scale to category awareness campaigns, they are carried out in collaboration with NGOs or public

bodies. The concept of partnering with governments has been recommended in the BOP literature, but usually more to do with infrastructure development (Mohr et al, 2012; Schuster & Holtbrugge, 2014) or a facilitator for conducting business in a foreign environment (Rosa, 2012; Hall et al, 2012). Whereas literature suggestions on partnerships with NGOs were more to do with tapping onto their implicit knowledge of the hidden social and cultural paradigms that govern the behaviour of the poor (Pitta et al, 2008; Oetzel & Doh, 2009). Hence, while the idea of partnering with governments and NGOs has been suggested by previous researchers, this study finds that such partnerships are used to shift consumer behaviour at scale as part of category recruitment strategies, not as part of market entry or market research strategies as has been previously suggested.

Not all category growth activities pertain to recruiting non-category users. Research participants explained that one way to grow the category is to invest in the distributional system of rural markets to enhance the physical availability of products. Such activities include developing poor infrastructure, recruiting local villagers as distributors, investing in agricultural development, financing channel members' business operations to help channel members become effective business partners. Previous literature suggested partnering with channel members for the purpose of facilitating product acceptance and lowering costs only (Ray & Ray, 2011; Alur & Schoormans, 2013). Again, the focus was at the brand level, with no previous literature on how such initiatives drive overall category growth. It also does not pertain to ideas of developing capabilities by providing technical and non-technical support, where emotional ties based on years of working together seem to be an important factor for small business owners who dominate most BOP distribution systems.

Therefore, findings show that category growth strategies extend across all the 4 A's and are applied by the different participants across their respective categories depending on market maturity levels. For example, categories that enjoy higher category penetration rates than others may require less efforts on awareness, and more on availability. A central finding here is that global players understand that their brand growth will follow from category growth. They also realise that they have to play an active and on-going role in category growth, where findings show that such strategies stretch over multiple decades. This elaborates and reflects on differences between

research participants in how they perceive, approach and expect from BOP markets, discussed earlier.

In the developed world, recent studies discuss new trends in the return of “brandless” FMCG products, not due to the absence of formal brands, or due to affordability issues as in BOP markets, but rather as one form of brand defiance as consumers search for authenticity (Voyer, 2019). This shows that as markets reach maturity they sometimes reverse. If this pattern pushes on, it may imply that category development strategies may become relevant to developed markets too.

#### *6.4.2.4 Proposed Framework for Market Growth*

The discussion above presents the brand-level, portfolio-level and category-level strategies concluded from this study. To organise and present the findings, strategies were structured around the 4 A’s framework, being the theoretical underpinning framework of this study to provide an overarching model on how to find growth at the BOP based on the empirical findings of this study (Figure 2).

	<b>Acceptability</b>	<b>Affordability</b>	<b>Awareness</b>	<b>Availability</b>
<b>Category level strategies<sup>2</sup></b>	Substitute home-made solutions with acceptable quality standards to recruit non-users	Set/ re-define category value standards	Educate and raise category awareness (consider partnerships with gov't programs or NGOs)	Invest to develop infrastructure.  Provide technical and non-technical support to channel members
<b>Portfolio level strategies</b>	Offer multiple product variants/formats to allow switching up or down	Offer multiple price points for consumers tied with different income realization frequencies	Enhance portfolio visibility in retailers	Design a variety of sizes and formats to suit the different natures of trade  Vary between push and pull strategies based on product demand, using lower-tier brands to push higher-tier brands.
<b>Brand level strategies</b>	Follow a mass market bottom-up product design approach	Begin with a price cap that accommodates for lower cash outlay and more frequent buys	Develop customer involvement & engagement activities: - On ground activities - WOM through BOP influencers	Distribute broadly and consistently.  Partner with local villagers to become distribution arms to unreachable areas

Figure 2- Proposed Framework for BOP Market Growth

The framework is designed to illustrate a number of arguments resulting from this piece of academic work. First, it illustrates the relevance and applicability of DJ theory from the marketing science discipline and the 4A's from the BOP discipline and how they can jointly produce novel findings, thereby building bridges across explanatory theories. The extension of the Anderson & Billou's 4A's (2007) framework to include portfolio and category level strategies explicitly encompasses the ideas of mental and physical availability suggested from the marketing science discipline (Sharp, 2010), while also neatly accounting for the continuous consumer learning that takes place in BOP markets. The proposed framework based on the findings of this study shows that BOP consumers need to learn that a category is affordable and that it appropriately serves a need, before learning about the portfolio of brand offerings available to them. In this setup, the

<sup>2</sup> 'Category level strategies' were found to be practiced by global companies only.

proposed framework extends the DJ ideas of establishing physical and mental availability for categories in addition to individual brands. Findings suggest that marketers who do not (or cannot) engage in developing categories (e.g., those of local brands), design their strategies around the 4A's on the portfolio and brand level. Quantitative findings showed that brands following a narrower focus on establishing mental and physical availability with no consideration of portfolio design remained small brands, perhaps because they ignore the process of consumer learning and experimentation that is prevalent in BOP contexts. For example, a BOP consumer experimenting with the detergent category will look for smaller packs to reduce financial buying risk (even if they come from a big household). If they accept and choose to engage further in the category, they may consider upgrading their buying while also reducing any buying risk, and hence will buy a bigger pack or a better format but probably from the same familiar brand. Accordingly, brands which do not have this deep portfolio design will lose that buyer at one point or another, and hence remain a small brand. Therefore, findings of this study link to extant DJ theory, but also contribute and extend salience theory in BOP contexts by taking into account the effect of consumer learning in BOP buying.

Second, and based on the first argument, the model illustrates that market growth at the BOP is not synonymous with brand growth since market growth requires strategies beyond the brand level. Third, it illustrates that a holistic approach is recommended where each challenge presented at the BOP (reflected in the 4A's) can be a source of growth if the relevant strategy is adopted at the appropriate level. While a holistic approach is suggested, the framework can also work to address certain issues ("boxes") that are problematic. More on the theoretical and practical contributions of the framework are discussed in the following chapter.

It can be seen that the busiest part of the model is under *availability*, being the most complex element of BOP markets. It might also be due to data bias since it is the area participants elaborated mostly on, as they described how they experimented with a number of costly distribution models before they were able to arrive at one that is profitably sustainable.

The framework presented here has been refined a number of times as a result of second-round interviews which were conducted after data analysis was completed. Second-round interviews involved sharing the framework above with a sample of research participants for their insight on

its accurateness, practicality and comprehensiveness, as part of a data validation exercise as recommended by Corbin & Strauss (2008). This has provided the practical insight necessary to ensure that the model presented is commercially relevant serving the pragmatic nature of this study. To get theoretical insight, the model was presented at two academic conferences (EMAC, 2019 and British Academy of Marketing Conference, 2019) where feedback from the academic body was used to further clarify and refine the model.

## 6.5 Summary

This chapter builds on the two preceding chapters (Chapters 4 and 5) and follows from an exercise that maps qualitative and quantitative findings to present the main arguments from reflecting the two data sets. The chapter presents the main findings of this study and reflects on how they relate to the current academic body of knowledge across multiple disciplinary areas. It then proposes two models based on the findings of the study: one depicting the similarities between research participants in terms of the common strategies employed to develop market growth at the BOP (RQ 4), and another to illustrate the differences between research participants in terms of how they perceive and approach BOP markets (RQ 3).

Arguments presented in this chapter are drawn from the quantitative data being the first available aggregate insight onto BOP buying and qualitative data of analysed insight from a group of high-managing executives at the BOP, to collectively produce comprehensive, multifaceted and reliable findings that respond to growing managerial interest towards the BOP, and major literature gaps on market growth at the BOP. Findings test existing theory (DJ), extend it into a new context, and offer empirically-grounded new theory to develop knowledge. The following chapter will extend on the above discussion by presenting managerial and theoretical contributions of the study, research limitations, suggestions for future research, in addition to wider issues relating to the ethicality and social impact of the proposed findings.

## 7. Conclusion

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This piece of work started with a short story about *Farah* – a poor, middle-aged woman who liked to talk to her colleagues about the brands she uses. *Farah*, like millions of other BOP consumers, is eager to join the formal and sophisticated world of brand buying, evidenced by the fact that many like her have already done so, even though brands were not directly addressing them. Marketers are just starting to realise the importance of buyers like *Farah* and the millions just like her to their growth strategies. However the academic literature has been slow to respond to this shift in interest from the few, rich buyers to the many poor, aspirational buyers. This study was an attempt at filling this knowledge gap.

This research demonstrated that BOP market segments display normal brand buying behaviour, of the type that is familiar in highly developed markets, making it possible to reliably predict market potential for marketers seeking new sources of growth. The research used the well-established science on marketing empirical generalisations to test behavioural patterns in the unexplored context of the BOP, thereby offering an extension of existing theory and laying the groundwork for developing new theory. Once the normality of market structure and behaviour was established or the 'what' of BOP buying, it was then possible to enhance understanding of the BOP market and develop theory about BOP growth through the input of successful and experienced industry practitioners who shared their knowledge about 'how' and 'why' their brands attained market leadership in their respective categories. Scientific analysis of market behaviour was mapped with managerial insight to create relevant and empirically grounded knowledge.

The main, and perhaps surprising finding was that there really is no such thing as “BOP marketing,” in the sense of profitable marketing just to the BOP. Instead, any success in marketing to the BOP is the result of a wider and more holistic marketing strategy that targets the broader market, while also specifically including BOP segments. Success with the BOP is not incidental, but is a result of inclusive marketing. Another way to view this is that it is possible to *not* succeed with the BOP simply by ignoring it, as some smaller brands have done. But when including the BOP, an obvious

question is whether innovation is necessary to penetrate and grow in the BOP? And the answer is an unambiguous yes to find unorthodox ways to address the unfamiliar market challenges the BOP presents. But the evidence suggests there has been no need for discontinuous, zero-based, disruptive, grass-roots, innofusion (Polak & Warwick, 2013; Jun et al, 2013; Viswanathan & Sridharan, 2012; Linna, 2012; Heeks, 2012; Hang et al, 2010) or any other type of innovation that requires a complete revision of strategies for the BOP. Innovations are needed find ways to get brands on and off shelves in a world that is not connected to formal distribution or communication platforms. Innovation does not result in market disruption, but instead as a coping mechanism of market orientation, where sticking to traditional marketing techniques to distribute and promote through the informal sector will probably leave out most of the BOP. Innovation at the BOP is used in the context of finding effective solutions to problems that prevent the physical and mental availability of offerings, and is expected to be follow normal buyer behaviour and competitive activity. This study offered the effective solutions that practitioners identified after years of experimentation at the BOP, and presented how the marketing outcomes of such solutions can be measured and benchmarked.

## 7.1 Theoretical Contributions to Knowledge

First, contributions were made to the BOP literature by offering a scientific examination of BOP market behaviour, structure and rivalry by clearly showing that unfamiliar BOP market conditions do not result in unfamiliar buying behaviour. This contribution was a first attempt at bridging the BOP discipline, previously dominated by conceptual and case study research, with a positivist approach using marketing science that statistically examines observed phenomena. The pragmatic paradigm that underpins this study emphasises the value of practical truths. The DJ extension to the differentiated BOP context offered evidence-based, scientifically grounded analysis that resulted in many practical implications for companies seeking to expand to BOP markets. The clear behavioural patterns of BOP consumers combined with the many positive examples of corporate success in the BOP segment show that the current literature that calls for fundamental changes to every aspect of strategy and marketing execution is ripe for re-thinking.



Second, contributions were made to the marketing science literature by testing and extending the existing theory of DJ to a new context. The *EtT* approach followed in this study relies on theory development through differentiated replication studies by testing it in MSoD across many market conditions (Barwise, 1995), expanding the scope of the theory and identifying any boundary conditions (Frohlich & Dixon, 2006). The predictability of the DJ model and its underlying theory are only as good as the last replication and extension, and with this differentiated replication in an unexplored market the theoretical boundaries of DJ can be pushed for the first time to include Egyptian consumers, as the first Middle-eastern emerging market, and its BOP segments. It was not initially expected that the DJ theory will hold in the overall Egyptian market nor its BOP, since the market breaks the theory's assumptions of market stationarity and established consumer repertoire (no consumer learning). The BOP market is still growing, with many brands entering and exiting the market, and consumers are still learning about and experimenting with the different categories and brands. However, even with a small sample, the theory accurately predicted behaviour suggesting that the theory may be more versatile than thought when it was originally developed.

Third, contributions were made to the marketing science literature where bridging the marketing empirical generalisation of DJ to the BOP demonstrates the applicability and usefulness of the theory in offering benchmarks to understand unfamiliar contexts. The marketing science school of thought seeks to offer practically relevant theories based on actual behaviour. With this in mind, the types of analysis used by the marketing science discipline is designed to be understood by practitioners because it uses the market metrics they are use on a daily basis. In addition however, this research also shows that marketing empirical generalisations offer *practical* utility for *academics* by providing tools to assist researchers investigating under-investigated, highly-speculative contexts by illustrating how marketing science theories have useful practical applications in both academia and industry.

Fourth, contributions were made to the BOP literature by being the first research to offer a holistic multi-layer perspective to market growth at the BOP, presented as a proposed framework for BOP market growth (Figure 2). Previous literature either addressed brand level strategies (e.g., Ray & Ray, 2011; Berger & Nakata, 2013; Pitta et al, 2008; Chikweche & Fletcher, 2012), or overall

business model redesign (Hahn, 2009; Schuster & Holtbrugge, 2014; Hillemann & Verbeke, 2014; Kolk et al, 2014) to achieve BOP success. No literature marketing has examined the roles played by brands in carefully-crafted growth-oriented brand portfolios, making this the first research to demonstrate the role of non-BOP brands to BOP success. The result may be surprising because it contradicts much of the existing literature that only focuses on BOP brand design. Additionally, no previous literature has examined the role of marketers in introducing, developing and growing categories at the BOP to create markets for their brands. This research discusses BOP category development and how category development strategies serve the portfolio and the brands within it. Therefore, this research makes new and novel contributions in proposing portfolio management and category development strategies (second and third layer in the proposed model in this research, Figure 2), but also in the arrangement of those strategies against the 4A's and other brand level strategies.

Fifth, contributions were made to the BOP literature by methodologically examining and comparing a sample of local, regional and global companies. The dominance of BOP research on samples of global companies (Hillemann & Verbeke, 2014; Fawcett & Waller, 2015; Schuster & Holtbrugge, 2012; Faulconbridge, 2013; Chikweche, 2013) has limited the relevance and transferability of findings to non-global companies. By collecting data from three different groups of marketers who have been successful at the BOP level, this research contributes to knowledge that goes beyond the varying resources and aspirations of each group, and hence makes the knowledge transferable (an important element of pragmatic research). While there are more similarities between the three groups than differences, the research also identifies the differences in perceptions revealing that while some companies can find growth at the BOP without actively seeking it, others have gone beyond merely trying to grow their brands with the BOP to higher-level ideals of responsibility towards market development of the BOP. In other words, some companies go beyond strategic market inclusiveness to a sense of market stewardship.

Sixth, contributions were made to the marketing science literature by revealing the state of theoretical knowledge held by marketing practitioners – specifically addressing their familiarity with core marketing empirical generalisations. The new finding is that in practice, BOP market leaders generally act according to the laws of marketing growth, even though it goes against BOP

literature. For example, most practitioners follow a broad targeting strategy that aims to increase the number of BOP and non-BOP brand buyers through mass-market brands, which is contrary to BOP literature that urges the redesign of business models to narrowly target the BOP with specifically tailored brands. This indicates that marketing empirical generalisations reflect the inherent and accumulated knowledge of experienced practitioners, although many may not be aware of the academic discipline of marketing science.

Seventh, contributions were made to the BOP literature by being the first study to shed light on *actual* buying behaviour of the BOP. This is the first attempt at using panel data in BOP research and has therefore skirted the limitations of other research tools, such as case studies and focus groups. In fact, some practitioners who participated in this research complained about the ineffectiveness of BOP qualitative research in which the poor may exaggerate and manipulate their answers in order to appear less poor. Practitioners explained that it requires years of field experience to filter out the exaggerations and identify veiled truths from what the poor are really saying in focus groups. This research illustrates the potential of panel data analysis using scientific benchmarks by offering new, impartial insights on BOP buying preferences and behaviour based on analysis of actual buying.

Eighth, contributions were made to the marketing science discipline that extend salience theory in markets where consumer learning is still evolving, by adding affordability and acceptability dimensions and suggesting that brands seeking market size are required to think of their physical and mental reach at the portfolio and category levels, and not the brand level alone. This study is the first to bridge BOP theory that considers the effects of consumer learning about brands and categories to marketing science theories that hold a no-consumer-learning assumption (Ehrenberg et al, 2004).

Finally, methodological contributions were made to the literature of mixed-methods research by showing how marrying quantitative and qualitative data reveals new and important dimensions in the data not revealed by single methods research. The marketing science literature uses pure quantitative data, whereas the BOP literature (when it is not conceptual work) mostly uses qualitative data. This research demonstrates how combining the two types can reveal findings that could not have become known from either alone. For example, while panel analysis revealed that

the driver of growth at the BOP has been increasing the number of buyers, it has not revealed that to increase buyers, higher-level portfolio design and category growth strategies were necessary. Similarly, while the qualitative data about BOP market characteristics gives the impression that the BOP is flooded by informal, underground no-brands, analysis of panel data revealed that such market players are tiny, even at the BOP level. Therefore, mapping qualitative and quantitative data made findings of this research more holistic, robust and reflective of a more accurate representation of BOP market dynamics.

## 7.2 Managerial Implications

This research is an overdue response by academe to the growing interest of marketing practitioners in BOP markets and offers a number of important practical implications to those currently involved or considering being involved at the BOP.

***What can marketers expect from BOP buying?*** The research shows that growth at the BOP is possible and rewarding, and is not restricted to small, local or cheap brands. Expanding to the BOP does not require a complete business model redesign as suggested by other BOP researchers, which may discourage practitioners. Yet, the research also showed that the BOP market is an unfamiliar context and practitioners need to find innovative ways to engineer this unfamiliarity into their marketing strategies (e.g., how can you reach retail outlets that are not connected to formal distribution channels?). Once strategies are implemented that allow the physical and mental reach of appropriately designed and priced brands at the BOP, marketers can expect that BOP buying will follow normal behavioural buying patterns. Marketers can expect BOP buyers to buy from all categories (some more than others) and from across the spectrum of brands available. They are not restricted to lowest-priced brands and they buy from both foreign and local brands where brands are seen as close substitutes. The majority of BOP buyers can be expected to be light buyers who are polygamously loyal, but show higher loyalty towards bigger brands.

***What can marketers expect to find in BOP market structures?*** The study describes to marketers the typical market structure to expect at the BOP, showing that BOP markets usually have 3 or 4 big brands dominating most of the market, followed by many much smaller brands. Some brands enjoy high repeat purchase rates but remain small brands because they have a small number of

buyers due to narrow segmentation strategies, implying that marketers should not expect that the high loyalty of their niche target segments will make up for the non-buying of the rest of the market. Big brands can be local, regional or global and are usually bigger than typical market leaders in established markets, indicating weak competition of an immature market. Additionally, for most categories, the wide difference between the market leader and other brands indicates the potential for growth available at the BOP for brands, not only to establish themselves amongst the biggest consumer market, but also to grow very big.

***How can marketers grow their brands?*** This study examined whether the DJ theory holds in BOP markets to find that it does. This has two important implications for marketers. First, BOP buyer behaviour can be predictable and hence the DJ equation can be used to set realistic benchmarks to evaluate marketing outcomes. This is important because the BOP remains unfamiliar and intimidating to many marketers. This study demonstrates the predictive ability of DJ theory by using familiar market metrics to set realistic targets for expansion. Second, if the DJ holds, it means that smaller brands are punished twice at the BOP: they have fewer buyers and their buyers buy them less, and if marketers want to grow their brands, their expansion strategies should be aimed at driving penetration across *all* buyers, and not only BOP buyers. Bigger brands at the BOP are those that target all consumer segments, whereas niche brands remain small, which follows from the DJ theory that growth is a result of increasing the number of buyers. Brands with more buyers were also found to enjoy higher loyalty metrics (as DJ would suggest).

***How can marketers increase their number of buyers?*** The DJ analysis established that for brands to grow, they need to drive brand penetration, but the DJ analysis does not provide insight on how the number of buyers can be increased when faced with many market limitations (Section 2.3.2.1). To drive penetration, marketers need to have recognisable brands that are available and affordable and can replace current BOP home-made solutions. The study offers industry-based views of how market-leading brands achieved this. These in turn fit within a proposed framework for BOP growth strategies that draws on insight from market leaders across many categories, suggesting reliability and comprehensiveness in the proposed framework (Figure 2). To deliver growth, the evidence in this study recommends that marketers seek to:

*Attract buyers by making brands acceptable:*

- Follow a mass market bottom-up product design approach
- Offer multiple product variants/formats to allow switching up or down
- Substitute home-made solutions with acceptable quality standards to recruit non-users

*Attract buyers by making brands affordable:*

- Begin with a price cap that accommodates lower cash outlay and more frequent buys
- Offer multiple price points for consumers tied with different income realization frequencies
- Set/ re-define category value standards

*Attract buyers by making buyers aware:*

- Develop customer involvement & engagement activities through on-ground activities and WOM through BOP influencers
- Enhance portfolio visibility in retailers
- Educate and raise category awareness

*Attract buyers by making brands available:*

- Distribute broadly and consistently.
- Partner with local villagers to become distribution arms to unreachable areas
- Design a variety of sizes and formats to suit the different natures of trade
- Vary between push and pull strategies based on product demand, using lower-tier brands to push higher-tier brands.
- Provide technical and non-technical support to channel members
- Invest to develop infrastructure, use local BOP partnerships

The above strategies suggest that to attract buyers to a brand, simple growth strategies may not be sufficient. Marketers are recommended to craft portfolio strategies that attract and retain buyers, in addition to attracting buyers to the category where they can then become brand users. In short, BOP brand growth requires a wider consideration than the marketing mix of an individual brand.

*Is the study relevant to local, regional or global marketers?* The sample of this study was designed to include successful local, regional and global practitioners to find transferable knowledge relevant across the different groups. But the research also identified some differences between the different market players offering practical utility to current practitioners from each pool. For example, a local practitioner will find relevant knowledge on how other local players – who do not enjoy the same resources of global market players – reached market leadership at the BOP, while also revealing what to expect from regional and global competitors. That is why each narrative used as evidence indicates if the extract was drawn from a local (*L*), regional (*R*) or global (*G*) market player.

To summarise where differences were found between the three groups, a model was presented (Figure 1) to show that some marketers achieved BOP category leadership even though their strategies do not directly include the BOP, and identifies two levels of interest at the BOP: those interested in brand growth and those interested in category growth. The model has a number of implications to practitioners. One, the BOP market is promising to the extent that several participants engaged in long-term, heavy investments in market development to increase the number of category users. Commitment of global players in market development strategies that span multiple decades shows the potential that practitioners see at the BOP. Two, not all market players are required to grow their categories to become market leaders at the BOP. Brands can grow without being involved in category growth strategies, benefiting from the efforts of global companies without enduring the high cost, by matching their offerings to the standards of global brands and relying on behavioural buyer switching. Three, finding that some brands reached category leadership as a passive consequence of their non-BOP focused strategies is encouraging to marketers because it shows that BOP markets are responsive to mass-market efforts. With time, as the market attracts more competition and as marketers become familiar with the BOP and better in presenting their offerings, BOP buyers may be faced with many convenient buying choices, leaving little room for brands that do not directly address the BOP, suggesting that this strategy may be relevant only because the BOP market is still hungry for new brands. The study offers a number of learning lessons from experienced practitioners across many FMCG categories,

with varying resources and aspirations and hence can offer relevant knowledge to a wide audience of practitioners.

### 7.3 Wider Ethical Considerations

The introduction of the BOP concept raised a number of arguments that marketing to the poor is unethical in principal and will lead to negative social consequences. While this debate is not the focus of this study, it seems right to address the two sides of the debate in hopes of ensuring that the implications of this study lead to positive social implications such as inclusion and equality.

On one hand, critiques of the BOP proposition explained that BOP markets should be viewed as producers, from which the developed world should buy from, rather than consumers of mass productions of big companies (Arnould & Mohr, 2005; Kolk & Vantulder, 2006). The increasing interest of international marketers at the BOP obstructs the emergence of small local entrepreneurs, where BOP markets should be left to local small and medium enterprises instead (Karnani, 2007). Marketing to the BOP was argued to make the poor poorer (Schwittay, 2011) by offering many aspirational brands at small packages to offer affordability, where in fact small packages have a higher per unit cost (Karnani, 2007). Furthermore, critics argued that subjecting the poor to aspirational communications that promise wealth, beauty, etc., creates new unnecessary needs which may result in overconsumption of the poor on discretionary products (Jaiswal, 2008; Davidson, 2009; Walsh et al 2005). Such communication strategies are built to feed on consumers' hunger for conspicuous consumption by touching on ideas from the social psychology discipline that describe how individuals are affected and inspired by socially distant reference groups (Cocanougher & Bruce, 1971), in this case being wealthier consumers. Other arguments discuss social issues such as power differentials, bargaining inequalities and the promotion of post-colonial aspirations (Hill & Kozup, 2007; Schwittay, 2011; Chatterjee, 2014; Escobar, 2012; Majumder, 2012), where researchers argue that the state should take firm measures to monitor (Hall et al, 2012) and protect the poor from exploitive marketers (Sachs, 2005; Gupta & Pirsch, 2014).

On the other hand, the above arguments have been criticised because of their view of the poor as victimised, irrational consumers who lack self-control and passively submit to temptations



promoted by marketing. Instead, some evidence suggests that the poor are value-conscious, rational decision-makers who make optimal decisions regarding their product choices (Jun et al, 2013). This perspective assumes that the poor should be given the freedom to make their own choices, extending from the neoclassical theory of consumption which assumes that individuals seek utility maximization and hence make fully rational consumption choices (Ackerman, 1997; Hayakawa & Venieris, 1977). Munir et al (2010, p.249) raise the question on whether the *“BOP be seen as a potential market to make money (“profit from”) or as a victimized community that needs assistance (“money for”)?”*

This study has found that companies are successful at the BOP by working with the BOP. The informal nature governing most poor communities means that companies have to find ways to encourage communities to engage with them, mostly in promotional and distributional activities. Narratives by participants include many stories about investments in developing the BOP and the positive social implications it presented (building roofs in roofless houses, helping with marriage expenses of young couples, buying transportation vehicles for unemployed youth, creating entrepreneurial opportunities etc.). The fact that such efforts were driven by commercial interest does not mitigate the positive personal and social impact it offered. This study shows that the poor are actively seeking to join the formal world of brands. The reason they desire brands may be beyond the control of marketers or the state. The poor are increasingly becoming exposed, globalised and more digitally connected and such factors can no longer, and should not, be controlled. Protecting the poor and preventing them from engaging in the modern platform of brand buying leads to bigger gaps between rich and poor as the poor develop feelings of resentment towards those who buy brands that they do not have access to. Whereas, allowing the poor the freedom of choice and the freedom of self-expression, through brand buying or otherwise, generates feelings of empowerment, inclusivity and belonging to a wider community, rather than being perceived as an outcast group that needs to be shielded. Rather than trying to protect the poor, the concern should be to educate them about the benefits and harms of the choices they make and one way this can happen is through their own experimentation and experience. In this light, the study suggests not viewing the poor as helpless, and instead shows that the poor are consumers who are aware of the choices they have, where the choices that

critics are calling non-discretionary, irresponsible buying are instead conscious buying decisions considered as potential, perhaps one of few, sources of happiness.

## 7.4 Limitations

Findings of this study are based on small quantitative and qualitative samples, that limit the generalisability of findings. The small quantitative sample was the only available panel at the time this research was undertaken. Usually new panels are smaller, and they grow with time as they recruit more constant panellists. When qualitative research prospects were identified, the researcher faced participant resistance to agree to take part in the study from 60% of the identified sample. The qualitative sample was chosen following a strict sampling criteria to ensure the generation of relevant data (Section 3.5.3.1), and since all prospects in the research population were invited, it was not possible to replace those who dropped out of the study.

Another limitation is that global brands are over-represented and local brands under-represented in the qualitative sample due to the higher response rate received from participants from global companies. This is a reflection of the weak research culture in Egypt (Abou-Youssef et al, 2011; Adib & El-Bassiouny, 2012), where individuals and companies (especially local companies) are reluctant to provide information for research purposes.

While Egypt is a suitable country to this study since it has a huge BOP market (30 million), that is largely under-researched, it is considered a limitation that the study covers the BOP market from one country only. Additionally, due to logistical reasons, the qualitative phase of this study only invited companies with offices in Cairo. While this meant that some prospects were dropped out of the sample (4 identified companies), it should not have a significant effect on findings as Cairo is the capital and the business hub of most companies.

Panel data analysed BOP markets in bulk, without considering differences between BOP who reside in different geographies (e.g., does the urban BOP behave similar to rural BOP?), or family structures (e.g., do bigger families behave similar to smaller families? Do families of a male principal shopper behave similar to those of a female principal shopper?). Yet, since the study finds that BOP markets do not differ much from non-BOP markets, it is unlikely that differences will be found within the BOP – however, this needs to be verified in future studies.

The design of this study was cross-sectional, where quantitative and qualitative data were analysed at a single point in time. This is a limitation to this study since the nature of emerging markets is dynamic and a cross-sectional analysis does not consider changes in behaviour over time. For example, during the time this research was undertaken (after panel data was collected and analysed), Egypt was subject to an economic shock of a 50% currency devaluation, which certainly triggers temporary, untypical coping behaviours. A longitudinal research design could have measured the effect of the economic shock on buyer behaviour – however, this was not in the scope of this study.

This study was focused on the FMCG industry only. While this is one of the biggest industries in terms of spending and growth potential in Egypt (Euromonitor, 2016), it may limit the relevance of findings to other sectors, such as services, durables and subscription markets.

## 7.5 Suggestions for Future Research

The BOP discipline remains hungry for empirically-grounded, practically-useful research. While this study is one of few to offer a grounded, non-conceptual approach towards BOP research, there is urgent need for many more. It is suggested that future researchers introduce a more positivist approach to their studies at the BOP, which has been dominated with an interpretivist approach thus far, attributed to the discipline being in its early phases of theory development. But proposed theories can be of limited impact if they are not well-grounded in scientific data, and hence the researcher recommends the bridging of the BOP discipline to other scientifically-developed disciplines to progress from many attempts at theory generation to theory testing, and then re-generation and testing, and so on, thereby systematically expanding the scope of knowledge.

Future researchers are encouraged to verify quantitative findings in larger panels of data, with further investigation of patterns and deviations. The little knowledge available about BOP buyer behaviour required that this study compares BOP behaviour with overall market trends to identify major patterns. Since no major differences have been identified, future research can progress to identify patterns within the BOP, compared against BOP markets from other countries and in other sectors. Future studies are recommended to investigate long-term panels to see how/whether

BOP behaviour changes with time, as categories develop and the market attracts more competition. One attribute of emerging markets is that consumers may move between multiple SECs during their lifetime, unlike developed countries where the market is more stationary, hence it would be interesting to investigate consumer buying choices as they become richer or poorer. Longitudinal studies, especially before and after economic shifts, is unexplored ground to test the laws of marketing science. Studies across non-FMCG contexts should also verify findings of this study or reveal new insight.

It is suggested that future research tests the framework presented in this study (Figure 2) with larger samples of industry practitioners to refine the proposed model. The model can be broken down to multiple smaller models and quantitatively and qualitatively tested. Additionally, undertaking research with non-FMCG practitioners will indicate whether the model is extendable to different industries. This study found that local companies are reluctant to engage in research, and hence are probably under-represented in the current body of available knowledge. Hence, future research should ensure that local companies are well-represented to develop knowledge that is relevant and relatable to them.

Future studies are recommended to incorporate mixed methods research, especially in under-researched areas, to reveal different layers of knowledge in observed phenomena that may not become known following single-methods research.

## 7.6 Personal Reflections

In writing this piece, the researcher tried to maintain an impartial integrity towards developing arguments based on rigorous data analysis only. But now that this piece is coming to its closure, the researcher will use this section as space to allow self-expression of personal reflections.

In academic research, young researchers are usually encouraged to begin with existing knowledge, and pick up from where other researchers have dropped off – that is how knowledge progresses. However, this project has taught the researcher that in doing so, it is important to question that existing knowledge. Young researchers frequently lack the confidence to question the work of experienced scholars, whereas sometimes an eye at the evidence used to repeatedly develop claims across a whole discipline may reveal that much of existing knowledge is based on limited or

insufficient evidence. Questioning existing knowledge, and finding ways to develop a “different kind” of knowledge than what is dominated in the studied discipline may be useful to the academic and practical worlds.

This work emphasised to the researcher how connecting multiple disciplines and using multiple techniques in doing so usually teaches and sheds light on new aspects of phenomena not originally known. A wider perspective that appreciates the complexity and interconnectedness of the world is more realistic than a narrower focus on a single relationship or phenomena. However, to understand the bigger phenomena, it has to be broken down to its smaller components, and then reconnected together. Much of the current BOP literature breaks down aspects relating to BOP strategy without indicating how it fits in and serves the wider strategic context. For example, arguing that innovation is crucial to BOP endeavours, without any indication of its implications on growth, or how innovation can be designed while maintaining a profitable margin. The concept of connecting scattered knowledge became prevalent during field work when the researcher was working with practitioners to extract their inherent knowledge about the BOP. Even though interviewees knew about the topic before the start of the interview, but towards the end of interviews many expressed how they forgot how much work has gone into their BOP markets over the years. To understand the different components of their strategies and the decisions behind them, the researcher had to break down questions about strategy into smaller questions and work with participants to help them remember what they have done and why. Similarly, in second round interviews when presented with the proposed framework (Figure 2), even though it was based on the aggregate insights provided in first round interview, they were still surprised to see it all collected and connected on one paper. Therefore, adopting this wider approach towards knowledge and then proceeding to break it down and re-connect it allowed the researcher to understand a poorly understood context and confidently proceed to extract a deeper level of knowledge from participants that they did not know they knew. This taught the researcher yet another thing: Human insight always tells a deeper story. As the world is becoming more digitalised and automated, knowledge extraction is needing increasingly less human input. This has its advantages, such as making data less biased to any human factors which are inevitable in research involving human subjects. However, this research showed that personal interaction with

individuals that hold inherent knowledge offers access to a deeper layer of knowledge and can provide rich insight when fitted with other types of data.

Finally, adopting a pragmatic paradigm to research is not only useful as pragmatists advocate, but also motivating. A PhD is a long journey and at many instances, the researcher may question why they are doing all this work; especially during field work when the researcher must deal with the stresses and frustrations of trying to establish contacts, being turned down, struggling with large amounts of raw data, and all the other common difficulties any researcher encounters. Knowing that the work has a practical utility that can benefit practitioners who have the incentive, have the resources but lack the know-how is motivating. Extracting information, qualitatively or quantitatively, is interesting but remains of limited value and is done with little drive if not fitted into to a wider representation of reality showing the practical implications and usefulness of the newly-discovered information.

## 7.7 Summary

This chapter concludes this piece of work by summarising the project, presenting the theoretical contributions to knowledge it offers, the managerial implications of findings, wider ethical implications of marketing to the poor, limitations of the study and suggestions for future researchers. The chapter ends with some personal reflections by the researcher during the journey of getting this work completed and out to the wider community.

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Zikmund, W., Babin, B., Carr, J. & Griffin, M. (2013) *Business Research Methods*, (9<sup>th</sup> ed), Mason: Cengage Learning.

## Appendices

### Appendix 1: A Review of Literature on Market Growth

Full citation	Research sample
Pleshko, LP. & Souiden, NS. (2007) A preliminary study of Double Jeopardy in selected retailers, <i>Academy of Marketing Studies Journal</i> , 11(2), pp.87-105	US
Brewis-Levie, M. & Harris, P. (2000) An empirical analysis of buying behaviour in UK high street womenswear retailing using the Dirichlet model, <i>The International Review of Retail, Distribution and Consumer Research</i> , 10(1), 41-57,	UK
Bandyopadhyay, S., Gupta, K. (2004), Comparing double jeopardy effects at the behavioral and attitudinal levels, <i>Journal of Product &amp; Brand Management</i> , 13(3), pp.180 - 191	North America
Bennett, D. (2008) Brand Loyalty Dynamics — China's Television brands come of age, <i>Australasian Marketing Journal</i> 16 (2), pp. 39-50	China
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Romaniuk, J. & Sharp, B (2016), <i>How brands grow Part 2</i> , Oxford University Press	Indonesia, Nigeria & Kenya
Uncles, M., Wang, C. & Simon, K. (2010), A temporal analysis of behavioural brand loyalty among urban Chinese consumers, <i>Journal of Marketing</i> , 26(9-10), p.921-942	China
Uncles, MD & Kwok, S. (2008) Generalizing patterns of store-type patronage: an analysis across major Chinese cities, <i>International Review of Retail, Distribution and Consumer Research</i> , 18(5), p.473-493	China
Uncles, MD, & Kwok, S. (2009) Patterns of store patronage in urban China, <i>Journal of Business Research</i> , 62(1), pp. 68–81	China
Bayne, T., Samuels, B. & Sharp, B. (2014) Marketing banks: target new, not loyal customers, <i>Admap</i> , April, pp.40-1	South Africa
Doyle, JP., Filo, K., McDonald, H., Funk, DC. (2013), Exploring sport double brand jeopardy: The link between team market share and attitudinal loyalty, <i>Sport Management Review</i> , 16, pp.285-297	Australia
Riebe, E., Wright, M., Stern, P., Sharp, B. (2014) How to grow a brand: Retain or acquire customers?, <i>Journal of Business Research</i> , 67, pp.990-997	UK

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Keng, K. A., Uncles, M., Ehrenberg, A., & Barnard, N. (1998). Competitive brand-choice and store-choice among Japanese consumers. <i>The Journal of Product and Brand Management</i> , 7, pp. 481–494	Japan
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Pickford, C., & Goodhardt, G. (2000) An empirical study of buying behaviour in an industrial market, AM2000, Academy of Marketing Annual Conference, University of Derby, Derby CD Proceedings	UK
Brewis-Levie, M., & Harris, P. (2000) An empirical analysis of buying behaviour in UK high street womenswear retailing using the Dirichlet model. <i>The International Review of Retail, Distribution and Consumer Research</i> , 10(1), pp.41–57	UK
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Danaher, P.J., Wilson, I.W., & Davis, R.A. (2003) A comparison of online and offline consumer brand loyalty. <i>Marketing Science</i> , 22(4), pp.461–476	US
Singh, J., Ehrenberg, A., & Goodhardt, G. (2008) Measuring customer loyalty to product variants, <i>International Journal of Market Research</i> , 50(4), pp.513–532	US & UK
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Dawes, J. G. (2002) Survey responses using scale categories follow a “Double Jeopardy” pattern. Australian and New Zealand Marketing Academy Conference, Melbourne	Australia
Labeaga-Azcona, J.M., Lado-Cousté, N., Martos-Partal, M. (2010) The double jeopardy loyalty effect using discrete choice models, <i>International Journal of Market Research</i> , 52(5), pp.633-652	Spain
Pare, V. & Dawes, J. (2012) The persistence of excess brand loyalty over multiple years, <i>Marketing Letters</i> , 23, pp.163-175	UK
Greenacre, L., Tanusondjaja, A., Dunn, S., Page, B. (2015) Using choice experiments to find double jeopardy patterns, <i>International Journal of Market Research</i> , 57(5), pp.743-758	US
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Graham, C.A. (2009) What's the point of Marketing anyway? The prevalence, temporal extent and implications of long-term market share equilibrium, <i>Journal of Marketing Management</i> , 25 (9-10), pp.867-874	UK
Ehrenberg, A.S.C., Goodhart, G.J. & Barwise, T.P. (1990), Double Jeopardy revisited, <i>Journal of Marketing</i> , 54, pp.82-91	US & UK
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Wright, M., Sharp, A. & Sharp, B. (1998) Are Australasian brands different? Journal of Product Brand Management, 7(6), pp.465 – 80	Australia
Ehrenberg, AS., Uncles, M. & Goodhardt, G. (2004), Understanding brand performance measures: using Dirichlet benchmarks, Journal of Business Research, 57, p.1307-1325	US, UK, Germany & Japan
Sharp, B. (2010) How brands grow: What marketers don't know. South Melbourne: Oxford University Press	UK, US, Australia, France, South Africa
Allenby, GM. & Lenk, PJ. (1994) Modeling household purchase behavior with logistic normal regression, Journal of the American Statistical Association, 89(428), pp.1218-1231	US
Barwise, PT., Ehrenberg, ASC, (1985) Consumer beliefs and brand usage, Journal of Market Research Society,27, pp.81-93	UK



## Appendix 2: Participant Invitation Email

Dear [NAME],

Hope this finds you well.

This is May Nagy, PhD researcher at London Southbank University and Marketing Lecturer at The British University in Egypt. I am contacting you as the [JOB TITLE] of [COMPANY NAME], as one of the brands managed by [COMPANY NAME] appeared in my analysis as a top performing brand in Egypt's overall market, and in Egypt's poorer market segments in particular.

Analysis of buyer behavior in 2015-2016 showed [BRAND NAME] as performing exceptionally well in the highly competitive [INDUSTRY] market in Egypt. Therefore I am sending this email to kindly request a short interview with the Marketing Manager responsible of [BRAND NAME] to discuss insights on Egypt's poorer market segments.

Please note that the interview is for academic purposes only, as part of my Doctorate research degree. The interview will not pertain to any financial or strategic issues at all, but will only discuss how commercial products can benefit Egypt's poorer communities. A signed Information Sheet and a Consent Form will be provided to offer confidentiality and anonymity of information discussed. I can send a short abstract about my project, if interested.

Would really appreciate your help in this matter. Or, if you can re-direct me to someone who can help. Please do not hesitate back to write to me on [may.nagy@bue.edu.eg](mailto:may.nagy@bue.edu.eg)

Thank you in advance. Have a wonderful day.

Regards,

[signature]

## Appendix 3: Participant Information Sheet

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### Participant Information Sheet

*You are invited to take part in this research study. Before you decide whether or not to take part, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully.*

#### **About this study**

Exploring the role of innovation in Bottom-of-the-Pyramid (BOP) Projects: The case of Egypt.

The purpose of this study is to advance our practical and theoretical knowledge on Bottom-of-the-Pyramid markets. The study takes place in two stages, and you are invited to take place in the latter stage. First, quantitative data from a consumer panel covering 35 FMCGs was analysed to identify top-performing brands. Second, interviews are conducted to build knowledge on BOP markets. *You are invited to take part in this research study, as [BRAND NAME] managed by your company was identified as a top-performing brand in Egypt's [INDUSTRY/MARKET].*

Over 40 brands in 35 FMCG categories have been identified as relevant to this study, and their brand/marketing managers have been invited to participate in the period between February-June 2018.

#### **Participating in this study**

If you agree to take part in this study, you will be invited for an interview by the researcher. The interview will involve a list of discussion points about BOP markets and how to effectively interact with them to reduce their levels of poverty. Normally, the interview requires 30-40 minutes.

If you wish to participate, please respond to this email with your preferred date and time to conduct the interview.

*It is up to you to decide whether or not to take part. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a consent form. If you decide to take part you are still free to withdraw at any time and without giving a reason. Simply, inform the researcher that you wish to end the interview and no longer want to be involved in the study.*

#### **Possible disadvantages to participation**

- Time involved to conduct the interview.

### **Possible benefits to participation**

- Joint discussion to collaboratively build knowledge and understanding of BOP markets
- Researcher will offer her knowledge so far on BOP markets, and how consumers behave
- Researcher will offer her knowledge on the market structure of [INDUSTRY] in Egypt, across all socio-economic levels
- Contributing to build a model on how to better interact with BOP markets to ultimately reduce their levels of poverty.

### **Data collection and confidentiality**

All the information collected about you and other participants will be kept strictly confidential (subject to legal limitations).

Data generated by the study must be retained in accordance with the London Southbank University's Code of Practice. All data generated in the course of the research must be kept securely in paper or electronic form for a period of 10 years after the completion of a research project.

Data collected for this study will be used for academic purposes only. Confidentiality and anonymity of information provided is ensured by signing the Consent Sheet. Anonymity will be ensured by replacing your name and/or company name with a code, used in all documents relating to this study. Nobody outside the scope of this research will listen to the interview. Interview transcriptions will be securely kept in a password-protected drive.

### **What will happen to the results of this study?**

Results of this research will be used to build a model on how to address BOP markets to reduce levels of poverty as part of a thesis for a Doctorate degree from London Southbank University. Aggregate analysis of the data may be used for publications in academic journals. Usually the time between collecting data and having it published for an academic journal be up to a few years.

If you wish to obtain a copy of the published research, please indicate this on the *Consent Form*, or send an email to [hamdam@lsbu.ac.uk](mailto:hamdam@lsbu.ac.uk)

### **Organising bodies**

This research is conducted in my scope as a research student in the School of Business, enrolled in a Doctorate degree by London Southbank University in collaboration with The British University in Egypt. This research has been approved by the School of Business, London SouthBank University.

### **Contacts**

If you wish for further information, please find the below contacts:

- Researcher  
May Nagy Hamada  
[Hamadam@lsbu.ac.uk](mailto:Hamadam@lsbu.ac.uk) or [may.nagy@bue.edu.eg](mailto:may.nagy@bue.edu.eg)  
+201000704002
- Supervisors  
Dr Dag Bennett  
[bennettb@lsbu.ac.uk](mailto:bennettb@lsbu.ac.uk)  
020 7815 6997

Dr Charles Graham  
[grahamca@lsbu.ac.uk](mailto:grahamca@lsbu.ac.uk)  
020 7815 7755

If you have any concerns about the way in which the study has been conducted, please contact the Head of of Management, Marketing and People, Dr Rea Prouska on [prouskar@lsbu.ac.uk](mailto:prouskar@lsbu.ac.uk) or 020 7815 7836

Thank you for taking the time to read this Information Sheet. Please do not hesitate to contact me for further information.

**May Nagy**

Date .....

Signature .....

## Appendix 4: Interview Guide

Introductory questions:

- Tell me about your brands
- Perceptions towards Egypt's FMCG market?

*Theme I: BOP market definition + characteristics*

1. Motivation behind addressing BOP market
2. How the market was defined? How insights on consumer needs were collected?
3. How BOP market strategy fit within your overall marketing strategy? What is the importance of BOP markets to overall marketing strategy?
4. How would you describe BOP market behaviour in terms of:
  - a. Competition
  - b. Buying behaviour
  - c. Infrastructure, distribution and marketing channels
5. What are the challenges? How do you overcome the challenges of BOP markets? Does return from this market outweigh costs?

*Theme II: Innovation*

6. How was your marketing mix adjusted to address BOP markets (identify innovative thought in responses):
  - a. How are products designed/redesigned to fit for BOP market needs?
  - b. How pricing was determined? How were costs reduced to make offerings affordable?
  - c. How was the product distributed? How were infrastructure challenges addressed?
  - d. How were offerings communicated? How were media limitations overcome?
7. Where any changes to business model/value chain undertaken before addressing BOP market?
8. Do you think innovating is important to address BOP markets? What is the role of innovation in your BOP projects?

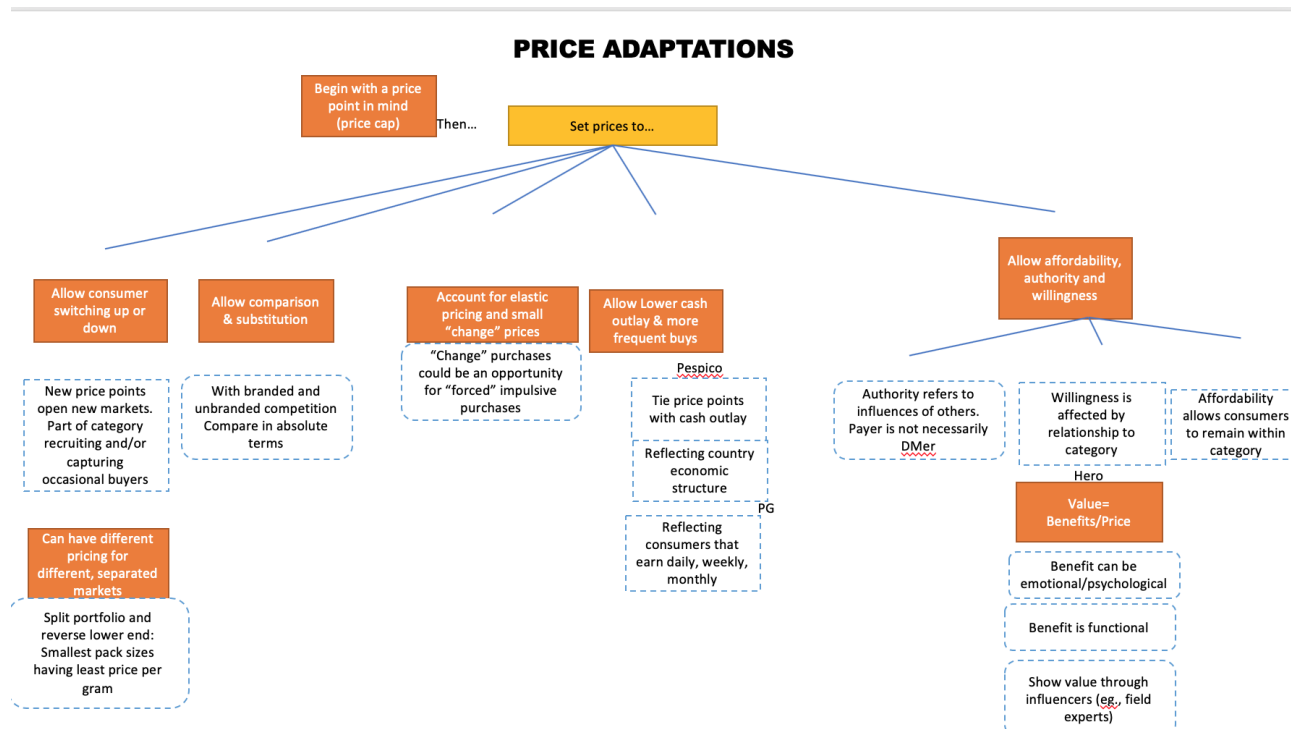
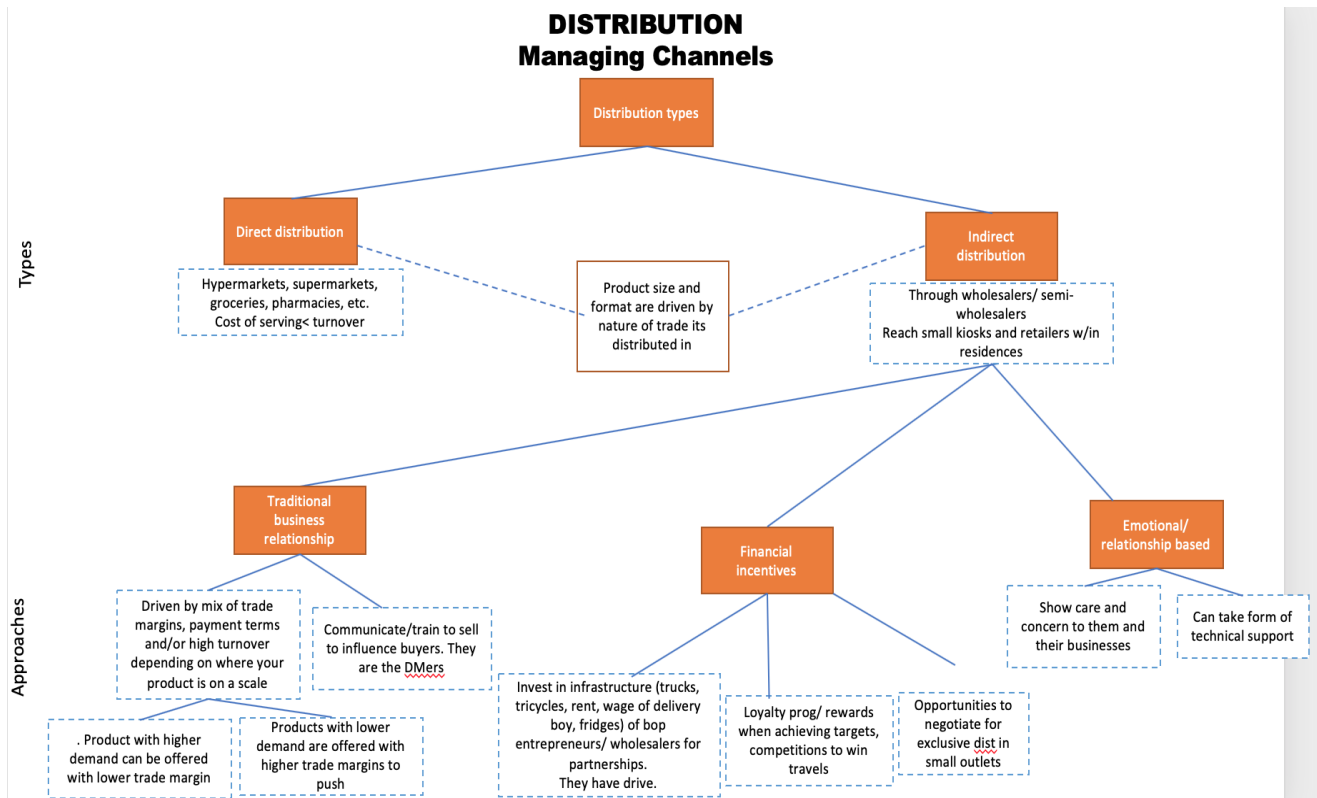
9. For locals: What does innovation mean to you? How do you develop it in your company?
10. For MNCs: Are innovative ideas developed in home markets? Or in local markets? How do ideas come to execution? Were any innovations designed for BOP markets taken back to home markets?

*Theme III: Local partnerships*

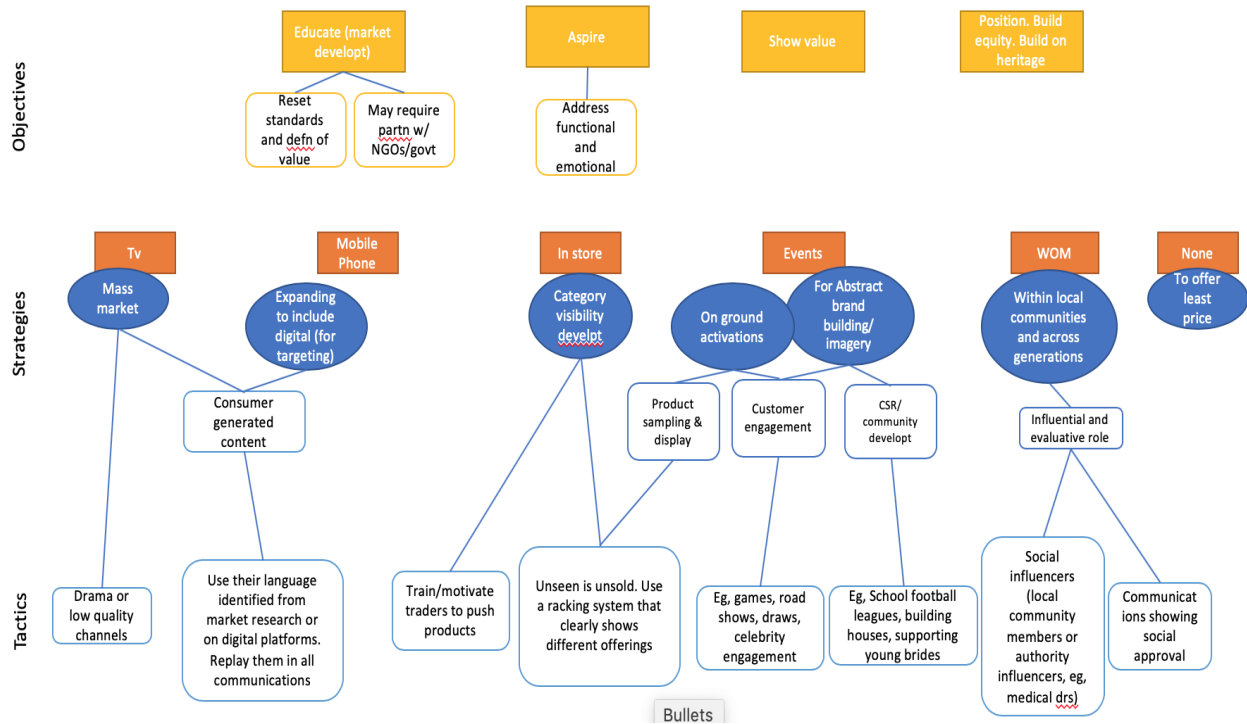
11. Where any of the following involved in designing, producing or promoting for product offerings? How? [Relate to innovation processes above]
    - a. local consumers
    - b. local channel members
    - c. local NGOs
  12. What was the role of the government in BOP projects (hostile/protective or supportive)?  
Any collaborative efforts?
  13. What are the benefits to you, and to local parties, in collaborating efforts?
  14. What are the risks/problems faced in local collaborations?
  15. What are the lessons learned to manage relationships with local parties?
- Any questions?

## Appendix 5: Sample of Concept Maps Developed

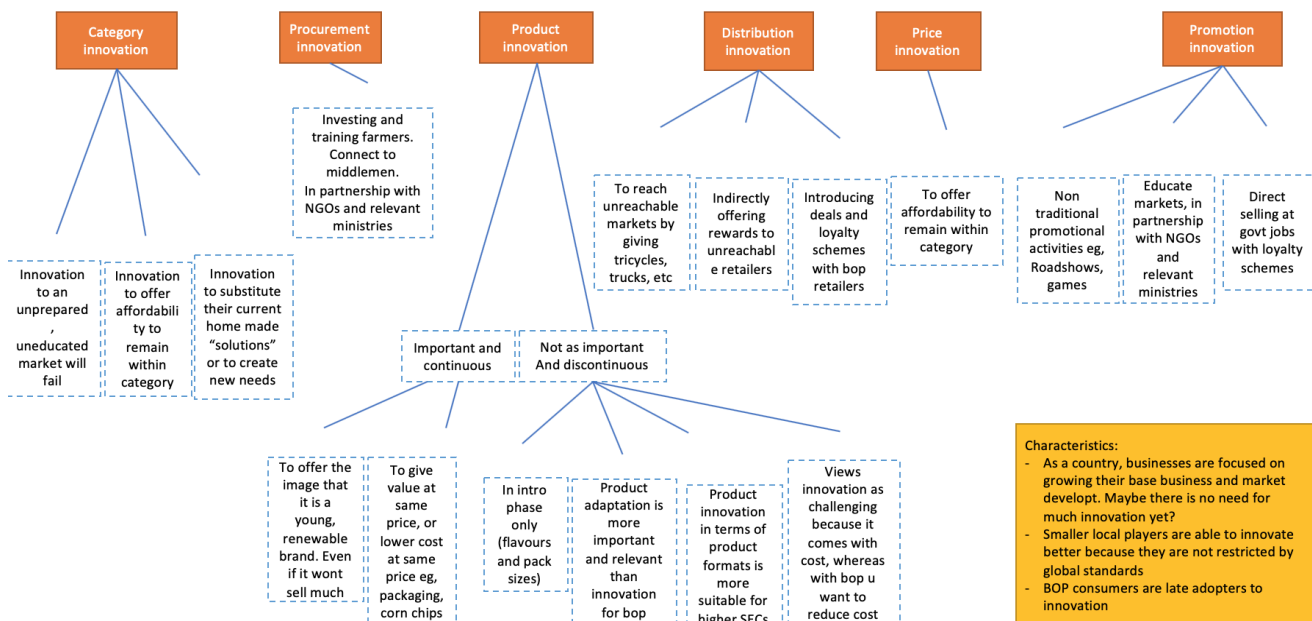
[Company/brand names have been removed from the below for anonymity purposes]



## PROMOTION



## INNOVATION





Appendix 6: Ethics approved Application to LSBU Ethics Committee



## Ethics Application Form

When completing this form, please be aware that we want to process all ethics applications as quickly as possible. Please ensure you provide full details and consider ethical implications of your research fully before applying. If insufficient detail is provided, your application will be delayed while we clarify issues with you.

Doctoral students should seek feedback on a draft of their submission from their supervisor before it is submitted. Junior researchers or those new to LSBU may also wish to consult with their School Committee or experienced colleagues, as procedures and standards can differ between institutions.

**Project Title:** Exploring the role of innovation in BOP project creation: The case of Egypt

**School:** School of Business

Lead Applicant

**Name:** May Nagy Hamada

**Address:** Cairo, Egypt

Supervisor (Doctoral students only)

**Name:** Dr Dag Bennett

**Address:** London, UK

**Email:** [bennettd@lsbu.ac.uk](mailto:bennettd@lsbu.ac.uk)

<b>Email:</b> <a href="mailto:hamadam@lsbu.ac.uk">hamadam@lsbu.ac.uk</a> <a href="mailto:may.nagy@bue.edu.eg">may.nagy@bue.edu.eg</a>  <b>Phone number:</b> +201000704002	<b>Phone number:</b> 020 7815 6997  <b>Name:</b> Dr Charles Graham <b>Address:</b> London, UK <b>Email:</b> <a href="mailto:grahamca@lsbu.ac.uk">grahamca@lsbu.ac.uk</a> <b>Phone number:</b> 020 7815 7755
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**Theoretical rationale (~500 words)**

*Please outline the rationale for your study, identifying the theoretical and / or practical need for the research and how initial hypothesis have been reached. THIS SECTION SHOULD NOT EXCEED 500 WORDS*

Bottom-of-the-pyramid (BOP) marketing captured the attention of academics and practitioners after the proposition by Prahalad (2004) which argues that there is much neglected market potential among the 4 billion consumers around the globe that earn less than \$2 per day. This is a market segment that has enormous aggregate purchasing power, predicted at \$429 billion in Africa alone (Chikweche, 2013), mostly consumed at the exploitive, fragmented, informal economy which consists of illegal, inefficient street merchants offering limited product lines at higher prices (Prahalad, 2011). It is argued that when businesses convert this purchasing power to the private, organised economy it will lead to, both, an increase in business profit and an increase in the income of BOP consumers, reducing levels of poverty. Since then, this

proposition has been tested, reviewed and criticised in the literature creating a new emerging research stream.

Egypt is an emerging market where approximately 31% of its population is within the BOP. Following the Egyptian revolution in 2011, the economy has been suffering and the government has become overwhelmed trying to address the numerous political, economic and social issues that emerged both locally and regionally. Within this complex context, the BOP proposition of reducing poverty using regular marketing activities seems to be an attractive solution. This research will help understand how this could be done using innovation. Although originally the literature has been interested in innovation in the 4Ps only, new research streams are advocating business model innovation which requires further penetration of innovative ideas and practices in businesses. The research aim of this study is

To advance the conceptual and practical knowledge in how innovation is used to create effective BOP marketing strategies that ultimately improve the quality of life of target BOP consumers.

Along with contributions to the academic and practical worlds, this study aims to have a social impact that benefits the under-privileged communities of Egypt. Effective BOP marketing strategies should alleviate poverty and thus this study aims to propose a conceptual framework that helps businesses apply effective BOP projects which should ultimately lead to reduced poverty rates. This work assumes the perspective of transformative consumer research – research that aims to enhance the quality of life of consumers (Jaiswal & Gupta, 2015).

To achieve the abovementioned aims and objectives, this research will tackle the following questions

1. What is the size, characteristics and consumer buying habits and behaviours of the Egyptian BOP consumer market?
2. What is the role of innovation in how BOP projects are identified, planned, executed and communicated in the Egyptian market?
3. How are business models designed (or redesigned) to allow innovation to take place in BOP projects?
4. How, why, and to what extent, do businesses engage local efforts (institutions and individuals) in the production and execution of BOP projects?

5. Does/How does the degree of local involvement in BOP project creation determine the effectiveness of diffusion of innovation?
6. What are the opportunities and barriers to the execution of BOP marketing strategies in the Egyptian market?

### **Ethical guidelines**

*Please list the professional or association guidelines that you have read and intend to follow. See Appendix 4 of the Code of Practice for guidelines.*

The Association of Business Schools Ethical Guidelines will be followed in this study

### **Participants**

*Who will be recruited and how? Are there any gatekeepers (e.g. people whose permission must be sought to access the participant population)? Is choice to participate likely to be a sensitive issue, and if so, what safeguards are in place? Is the population under study vulnerable (and if so, what steps will be taken to ensure population is protected?). Please attach representative copies of emails and posters which will be used during recruitment if you intend to use these.*

Marketing/Brand Managers of established local and multinational companies (MNCs) in Egypt (i.e., have an operating unit in Egypt that supplies to the Egyptian consumer market), will be recruited for semi-structured interviews.

Participants will be selected by identifying brands based on a matrix that produces the following:

- Brand that is an overall market leader – single brand – local company
- Brand that is an overall market leader – single brand – MNC
- Brand that is an overall market leader – part of a portfolio – local company
- Brand that is an overall market leader – part of a portfolio – MNC

- Brand that is a BOP market leader – single brand – local company
- Brand that is a BOP market leader – single brand – MNC
- Brand that is a BOP market leader – part of a portfolio – local company
- Brand that is a BOP market leader – part of a portfolio – MNC
- Brand that is an overall market challenger – single brand – local company
- Brand that is an overall market challenger – single brand – MNC
- Brand that is an overall market challenger – part of a portfolio – local company
- Brand that is an overall market challenger – part of a portfolio – MNC
- Brand that is a BOP market challenger – single brand – local company
- Brand that is a BOP market challenger – single brand – MNC
- Brand that is a BOP market challenger – part of a portfolio – local company
- Brand that is a BOP market challenger – part of a portfolio – MNC

Recruitment will be done by the researcher by directly approaching prospective companies. Email invitations will be sent to the Managing Director/CEO of each company to invite the company to participate in the ongoing research, establish consent from upper management, and refer the researcher to the appropriate person to interview.

A sample email to the Managing Director/CEO is provided in Appendix 1.

A total of 25 interviews will be conducted.

## **Recruitment**

*How will recruitment take place? Participants should usually receive an information sheet or similar prior to giving consent. Please use the following documents which are available from the Staff intranet Key Documents REI category and the PGR Moodle sites:*

- *Participant Information Sheet*
- *Consent Sheet*

*Please confirm whether this is the case, and append for information about information sheets, and to see a specimen information sheet.*

Participants will receive a Participant Information Sheet and a Consent Form – attached as Appendices 2 and 3. The Participant Information Sheet and Consent Form will be attached to the email invitation sent to the Managing Directors/CEOs (gatekeepers) of the target brands. No separate emails will be sent to the Marketing Managers. Normally, CEOs who are interested send an email reply with the Marketing Manager copied in the email. In such case, a follow-up reply-to-all email will be sent to thank the CEO for agreeing to participate and for connecting me with the relevant interviewee. In the same email, the researcher will ask the prospect to kindly refer to the email invitation, the Participant Information Sheet and the Consent Form attached and return by completing the Consent Form and suggesting a suitable time and date to meet. A sample email is provided in Appendix 6.

Non-responders will be sent a reminder follow-up email one week after initial contact. A sample follow-up email is provided in Appendix 7. If no response is received, the brand will be excluded from the sample.

**Data types:**

*Which of the following data collection method(s) will you be using? (Please complete all applicable)*

Secondary data / archival data

*For each source, please state how data will be collected, and from what sources. Please indicate if sources are anonymous at point of collection and whether they are currently password protected (e.g. are they in the public domain). (See Appendix 3 of Code of Practice)*

Secondary data is a consumer panel from Kantar-TNS, exchanged with members from The Ehrenberg Centre for Research in Marketing at London South Bank University, as part of over a 20 year partnership. Such data is gathered in strict compliance with the UK Market Research Society standards, and relevant national research standards regarding such data in all countries where Kantar operate. The data are totally anonymised and no individual level respondents are identifiable. Kantar's statement to respondents is published here: <https://www.kantarworldpanel.com/en/legal> Kantar TNS's corporate ethics and compliance statements are available here: <https://www.kantarlive.com/ethics.asp>

#### Surveys / scale based measures

*For each survey, please indicate the content of the instrument and, if the tool is already published, cite the source. How will survey data be collected? Please provide full copies in the appendix. Does permission for use of the instrument need to be gained, and if so, has it been?*

#### Non-intrusive physiological data (including blood pressure, kinematics, reaction time data, eye tracking, etc.)

*What data will be collected and how?*

#### Physiological materials / human tissue collection (incl. bloods and saliva)

*What materials will be collected and how? What Human Tissue Act issues do these present?*

#### Interviews / focus groups

*How will interviews be conducted? Please provide themes / indicative interview questions. Where will interviews take place?*

Interviews will be conducted in a semi-structured manner to cover certain themes. The location of the interview will be at the office of the interviewees after arranging on a suitable date and time to meet, a confirmation to meet on their company premises with the address will be sent. Participants will be asked to confirm our meeting time and that

the address is correct. Anonymity will be offered. An interview guide showing the themes covered and a list of indicative questions is provided in Appendix 4.

Other forms of data / special procedures

*Please indicate what data will be collected and how. If any special ethical considerations arise from the data types you plan to collect, please comment on them here.*

**Timespan**

*What is the likely timespan of the recruitment and data collection phases of the proposed research?*

Data collection will commence when ethics is granted and should be concluded by June 2018.

It is expected that initial contact emails to recruit participants will take 3 weeks, and the process of conducting interviews will take 12 weeks.

**Disclosure and Barring Service (formerly Criminal Records Bureau check)**

*Does the investigator or anyone else connected to the project require a DBS check? (If not, please indicate why) If a DBS check is required, UEP/School Ethics Coordinator will need to see a copy of the certificate before research commences.*

NA

**Informed consent**

*Who will obtain informed consent and how? If you feel written consent is not required or impossible, please indicate why and how verbal consent will be obtained or what will*



*be considered implied consent. If appropriate, what steps are going to be taken to ensure the decision to participate (or not) does not negatively impact participants? The University's standard participant consent and participation forms must be used.*

Participation in the research will be voluntary. Interview prospects can respond to my emails by declining to participate, or ignoring my email altogether. Prospects will be informed about the study, purpose of the interview and their right to withdraw at any point, prior to the start of the interview. A Participant Information Sheet, which describes the study and participant rights, and a Consent Form will be provided to interviewees in the initial email invitation. Interested participants will be asked to return a completed copy of the Consent Form.

The Participant Information Sheet and Consent Form that will be used are attached as Appendices 2 and 3.

### **Anonymity & data management**

*What steps will be taken to ensure that data collected is anonymous or made anonymous? How will data be stored and when will they be destroyed? If stored electronically, what steps will be taken to secure the data? For additional information and advice please consult the University's Information Compliance Officer*

Interview recordings and transcriptions will be stored in an external, password-protected drive. Participants who choose to be anonymous will be assigned a code, which will be consistently used in all documents (e.g., voice recording files, transcriptions, etc.) throughout the duration of the project. Apart from the researcher, only the research supervisors will have access to the recordings and transcriptions to provide their feedback when the researcher begins data analysis, e.g., the relevant themes identified.

All data files of interview recordings and transcriptions will be permanently deleted after final submission of the thesis.

## **Incentives**

*Will incentives beyond reasonable compensation for time and travel being used in the proposed research be offered to participants?*

No incentives will be offered.

## **Procedure**

*Please outline the procedure of your study step by step, beginning with the consent stage through to final debriefing. To expedite reviews it is important that the reviewers can understand exactly what your research involves so please be as clear as possible. If applicable, please make clear what the key independent and dependent variable(s) are and what the study design consists of.*

1. A list of brands and their respective companies is developed.
2. Invitation email sent to CEOs/Managing Directors (gatekeepers) that explains the research and why they have been invited to participate (attached as Appendix 1) including the Participant Information Sheet (Appendix 2) and the Consent Form (Appendix 3)
3. If the researcher receives no response, one follow-up email will be sent one week later (Appendix 6)  
If the researcher receives a response, connecting the researcher with the relevant interviewee, the Participant Information Sheet (Appendix 2) and the Consent Form (Appendix 3) will be sent to the interviewee and arrangements about interview date and time will be made
4. Upon meeting, and before starting the interview, the researcher will explain the purpose of study, and how the interview will go (e.g., expected length, room for questions at end, etc.) and will provide the participant with a signed copy of the Consent Form.
5. Go through interview questions covering 3 major themes (Appendix 4).
6. If additional time will be required, take permission from participant.
7. Ask interviewee if he/she has any questions to the researcher.
8. A short discussion on the reflections of the knowledge built during the interview in terms of how knowledge that emerged, in terms of practical insight, relates to what we know from the theory.

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<b>Risk</b>	
<p><i>All research carries some degree of risk to participants. Please indicate (by ticking the box) which of the following risks may be entailed by your research and explain how they have been mitigated. Please 'X' all relevant risks in the associated tick box. NOTE: Most research contains some potential risk (even if minor), and failure to complete this section is a frequent cause of applications being returned without approval.</i></p>	
<b>Please tick 'X' where applicable</b>	
	<b>Use of environmentally toxic chemicals.</b>
	<b>Use of radioactive substances, ingestion of foods, fluids or drugs.</b>
	<b>Refraining from eating, drinking or usual medication.</b>
	<b>Contravention of legislation on any of: gender, race, human rights, data protection, obscenity.</b>
X	<b>Potential psychological intrusion from questionnaires, interview schedules, observation techniques.</b>
	<b>Bodily contact.</b>
	<b>Sampling of human tissue or body fluids (including by venepuncture).</b>
	<b>Sensory deprivation.</b>

	<b>Defamation.</b>
	<b>Misunderstanding of social / cultural boundaries nudity; loss of dignity.</b>
	<b>Compromising professional boundaries with participants, students, or colleagues.</b>
	<b>Involves the study of terrorism or radicalisation or use of any information associated with such study.</b>
	<b>Other risk (please indicate what these consist of):</b>

*How will these risks be mitigated?*

Participation in the interviews will be voluntary. Participants will choose the date and time to conduct the interview to minimise interruptions to their schedule. Interviews will be conducted at participants' office/place of work, for their convenience. Participants will be told about their rights to withdraw at any point during the interview, with no need to provide an explanation.

**Debriefing**

*When and how will participants be debriefed? If not, why is debriefing not required?*

The time of interview will be according to the availability of the participant. Participants will be offered an overall description of the study before the interview. The interview will include a set of questions to collaboratively build knowledge. At the end of the interview, some reflections about the insights collected will be discussed, and the interviewee will be offered the opportunity to ask questions. Reflections will be to relate the BOP market characteristics discussed to how it relates to our theoretical knowledge on BOP markets.

**Analysis**

*Although all forms of data analysis cannot be foreseen prior to data collection, please indicate what form of analysis is currently planned.*

Thematic analysis of qualitative data.

**Collaborations**

*Does this research involve other organisations? If so, do they have their own ethical oversight requirements, or does working alongside them raise any ethical issues?*

This study is under the joint PhD programme between London South Bank and The British University in Egypt. The British University in Egypt does not have requirements.

**Training**

*Is any special training of investigators needed to complete this research, and if so, how will this be delivered?*

Training on how to conduct interviews would be useful to this study. The researcher has already equipped herself with publicly available online material on how to conduct interviews for qualitative studies.

**Beneficiaries**

*Are there any beneficiaries of the proposed research, if so, who are they and how will they benefit?*

Participating organisations will benefit from the following:

- Joint discussion to collaboratively build knowledge and understanding of BOP markets
- Researcher will offer her knowledge so far on BOP markets, and how consumers behave
- Researcher will offer her knowledge on the market structure of [INDUSTRY] in Egypt, across all socio-economic levels
- Contributing to build a model on how to better interact with BOP markets to ultimately reduce their levels of poverty.

### **Any other information**

*Is there any other information pertinent to this proposal which you feel the ethics panel should consider?*

NA

### **References**

*Please paste a list of cited references here*

Chikweche, T., (2013), 'Revisiting the business environment at the bottom of the pyramid (BOP) – From theoretical considerations to practical realities', *Journal of Global Marketing*, 26, pp.239-257

Jaiswal, AK. & Gupta, S. (2015), 'The influence of marketing on consumption behavior at the bottom of the pyramid', *Journal of Consumer Marketing*, 32(2), p.113-124

Prahalad, CK. (2014), '*The Fortune at the Bottom of the Pyramid: Eradicating poverty through profits*', Pearson: New Jersey

Prahalad, CK., (2011), 'Bottom of the pyramid as a source of breakthrough innovations', *Product Development & Management Association*, 29(1), p.6-12

<i>Appendix checklist (please X 'Yes' or 'Not applicable' for each item)</i>		
<b>Document</b>	<b>Yes</b>	<b>Not applicable</b>
Letters requesting / confirming permission to conduct the study		X
Recruitment poster or other recruitment material		X
Indicative letter / email of invitation to the participant	X	
Participant information sheet	X	
Consent form	X	
Debriefing form		X
Questionnaire(s)		X
Interview guide (questions)	X	
Observation guide		X
Light Touch Review Eligibility Assessment	X	
Scan of application signature page	X	
Other(s) (Please list):		

<b>Signatures</b>
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*Send your application scanned copy to the School Ethics Panel OR University Ethics panel as appropriate (see Appendix 1 in the Code of Practice).*

**Lead Applicant**

*I confirm that this ethics proposal accurately details the research I intend to undertake. I also confirm that I understand ethical approval must be granted before research commences.*

**Name:** May Nagy

**Signature:** May Nagy

**Date:** 23<sup>rd</sup> April, 2018

**Supervisor (Doctoral students only)**

*I confirm that I have given feedback on an initial draft of this proposal, and that this feedback has been taken into account in the submitted document.*

**Name:**

**Signature:**

**Date:**

**Dean / School signatory (staff applications only)**

*I confirm that I have approved this research activity in principle.*

**Name:**

**Role (if not Dean):**

**Signature:**

**Date:**



## Appendix 7: Participant Consent Form



**London  
South Bank  
University**

### Research Project Consent Form

**Full title of Project:** Exploring the role of innovation in BOP project creation: The case of Egypt

**Name:** May Nagy

**Researcher Position:** PhD Researcher

**Contact details of Researcher:** [may.nagy@bue.edu.eg](mailto:may.nagy@bue.edu.eg) or [hamadam@lsbu.ac.uk](mailto:hamadam@lsbu.ac.uk)

Taking part (please tick the box that applies)	Yes	No
I confirm that I have read and understood the information sheet/project brief and/or the student has explained the above study. I have had the opportunity to ask questions.	<input type="checkbox"/>	<input type="checkbox"/>
I understand that my participation is voluntary and that I am free to withdraw at any time, without providing a reason.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to take part in the above study.	<input type="checkbox"/>	<input type="checkbox"/>

Use of my information (please tick the box that applies)	Yes	No
I understand my personal details such as phone number and address will not be revealed to people outside the project.	<input type="checkbox"/>	<input type="checkbox"/>
I understand that my data/words may be quoted in publications, reports, posters, web pages, and other research outputs.	<input type="checkbox"/>	<input type="checkbox"/>
I would like my real name to be used in the above.	<input type="checkbox"/>	<input type="checkbox"/>

I agree for the data I provide to be stored (after it has been anonymised) in a specialist data centre and I understand it may be used for future research.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to the interview being audio recorded.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to the use of anonymised quotes in publications.	<input type="checkbox"/>	<input type="checkbox"/>

_____	_____	_____
Name of Participant	Date	Signature
_____	_____	_____
Name of Researcher	Date	Signature

**Project contact details for further information**

Project Supervisors:

Dr Dag Bennett

Phone: 020 7815 6997

Email address: [bennettd@lsbu.ac.uk](mailto:bennettd@lsbu.ac.uk)

Dr Charles Graham

Phone: 020 7815 7755

Email address: [grahamca@lsbu.ac.uk](mailto:grahamca@lsbu.ac.uk)

## Appendix 8: Sample of Follow-up Correspondence with Research Participants

Dear [NAME],

Hope all is well at your end.

I am writing to you from sunny London in reference to our meeting held on [INTERVIEW DATE]. To give you an idea of how the research progressed, interview data has been gathered from 12 market-leading companies in Egypt's Bottom-of-the-Pyramid (BOP) markets across a variety of FMCG categories. Data has been anonymized, aggregated and analyzed and we are currently in the process of developing a model on possible strategies and tactics for profitable market growth within Egypt's growing BOP markets.

I have been going through my interview notes, and I would like to take this opportunity to thank you for the time and knowledge you shared with me when we met. The width and depth of insight you provided has shed light on research "dark" zones, and it is insight like this that helps produce impactful research built on a solid foundation of practical expertise. This research project would not have been worthwhile had it not been for you and other business practitioners who took time from their busy schedules to share what they know. It also makes me happy taking part in building bridges between the research, academic world and the practical, business world.

I am here in London for another month to finalize the output of the research. I will write to you again to keep you posted about what we find out.

Thank you, again. Have a wonderful day.

Regards,

[signature]

## Appendix 9: Duplication of Purchase (DOP) analysis of Chocolate Category

% buyers of ...		who also bought...											<b>AVER AGE</b>	
		Cadb ury	Oth er	Mand olin	Gal axy	Kit kat	Snick ers	Mo ro	Bub bly	Ger sy	Tw ix	Bre ak		Ma rs
	<b><i>b</i></b>													
Cadbury	36		36	46	47	18	11	10	10	14	7	5	3	19
Other	27	45		43	30	12	6	10	12	9	3	2	1	15
Mandolin	30	53	40		37	13	9	8	9	15	4	2	1	17
Galaxy	24	69	36	47		24	15	10	11	15	10	6	4	22
Kit kat	9	72	38	45	65		31	12	12	17	20	14	9	30
Snickers	5	70	35	51	68	51		6	8	22	31	22	13	34
Moro	6	68	55	48	46	21	7		18	10	4	1	2	25
Bubbly	6	67	64	50	48	20	8	17		14	8	3	2	27
Gersy	6	73	37	69	53	23	18	7	11		13	10	5	29
Twix	3	87	29	43	81	59	57	7	14	30		36	23	42
Break	2	88	23	35	81	65	64	1	9	36	57		25	44
Mars	1	91	21	33	81	65	61	7	7	30	58	40		45
<b>AVERGAE</b>	<b>13</b>	<b>71</b>	<b>38</b>	<b>46</b>	<b>58</b>	<b>34</b>	<b>26</b>	<b>9</b>	<b>11</b>	<b>19</b>	<b>19</b>	<b>13</b>	<b>8</b>	<b>29</b>
Predicted ( $D*b$ )		83	62	68	54	20	11	13	13	14	7	4	2	29

2.

D= 30