

The Fortune at the bottom of the Pyramid

Chapter: The market at the bottom of the pyramid

Amazonlink:

<http://www.amazon.com/Fortune-Bottom-Pyramid-Eradicating-Poverty/dp/0131467506>

What I expect to learn:

- To learn what is the market at the bottom of the pyramid

Quote:

“MNCs (Multi National Companies) often assume that the default rate among the poor is likely to be higher than that of the rich customers. The opposite is often true. The poor pay on time and default rates are very low. In the case of ICICI Bank, out of a customer base of 200,000 the default rate is less than 1 percent. The default rate at Grameen Bank, a microfinance pioneer in Bangladesh, is less than 1.5 percent among 2,500,000 customers. The lessons are clear. Through persistent effort and the provision of world-class quality, private-sector businesses can create mutual trust and responsibility between their companies and BOP customers. Trust is difficult to build after 50 years of suspicion and prejudice based on little evidence and strong stereotyping.”

Book Review:

This chapter by C.K. Prahalad gives a brief overview on the purpose of this book. The author emphasizes that we should stop looking at the poor as the unfortunate, instead we should look consider them as profit opportunities. We might think that this is just about taking advantage of the poor, but the truth is that we are promoting the social responsibility as humans.

We should stop the belief that poor people are nuisance and instead we should look at them as opportunity for a business to increase market sales. The key is proper pricing, companies should price their products low enough for the BOP to buy but not so low that they'll lose money. BOP dictates if a company will survive or not because they are the largest group of population, so basically the company that is able to get the interest of the BOP will have the biggest sales. We should keep in mind that we should treat everyone as customers and that includes the bottom of the pyramid, the poor people.

What I have learned:

- I learned about what is the bottom of the pyramid

Integrative Question:

1. Is there a fortune at the bottom of the pyramid?
2. Who are the people the people that is considered as the bottom of the pyramid?
3. What are the benefits of organizations that will do business with the bottom of the pyramid?
4. How can an organization start to conduct business at the bottom of the pyramid?
5. Why is investing at this business strategy a good or a bad move?