

Unmet Needs of BOP Promising Goods and Services for BOP Business

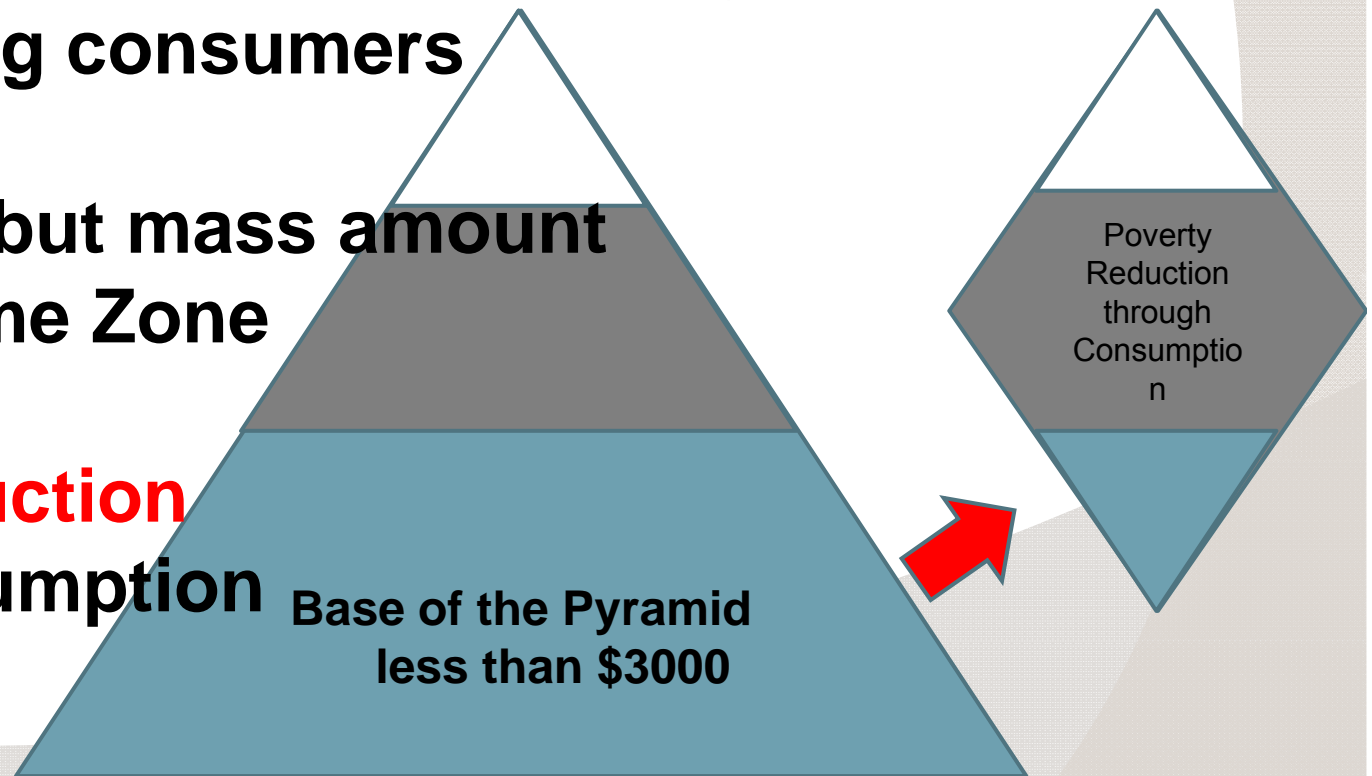
International Symposium for
The Frontier of BOP Business
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What is BOP Business ?

- ◎ **Business targeting at the lower income strata less than US\$3,000 (PPP) .**
- ◎ **Making goods and services affordable and available for BOP.**
- ◎ **BOP are expected to be not only consumers but also producers and distributors.**

Concept of BOP Business

- High-end (TOP) Stable consumer/
Highly value added good.
- Middle Zone (MOP) Exploding consumers/
Standardized goods
- BOP Sleeping consumers
- Low benefit but mass amount
- Future Volume Zone
Get the lien
- Poverty reduction through consumption**



Poverty Reduction through Consumption

- ◎ If a good become available more easier and cheaper, life will be more stable
- ◎ (Even if the price remain same,) a good become more durable and better quality, standard of life will be uplifted.
- ◎ Private investment for producing better quality goods with cheaper price benefits for economic growth and poverty alleviation.

Trigger for BOP boom

C.K.Prahalad, 2005
*The Fortune at the
Bottom Of the Pyramid*
-Eradicating Poverty
Through Profits-

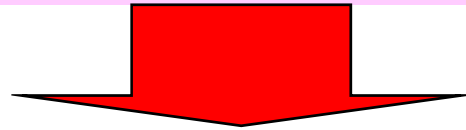


IFC/ WRI 2007
The Next 4 Billion
Market Size and Business Strategy
at the Base Of the Pyramid



What is discovered ?

- ◎ Conventional prejudice is **not valid**.
- ◎ BOP will not be the consumer
- ◎ BOP don't want high quality goods/ Japanese products



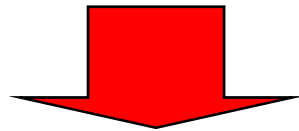
- ◎ BOP is a overlooked huge market
- ◎ Western MNCs get profit from BOP business
- ◎ Those who dominate BOP market will secure future volume zone

Features of BOP

- ⦿ BOP doesn't have money
BOP has money : Money of informal sector
- ⦿ BOP doesn't have specific needs
BOP has specific and huge needs.
- ⦿ Only lacking is the access to the goods and services
- ⦿ BOP is not willing to pay for the goods and services
BOP will pay and is paying if necessary
- ⦿ **BOP Penalty** hinders consumption

What is BOP Penalty ?

- Poor people are **obliged to pay** higher cost than rich people
- BOP are considered as out of the market and distribution network, therefore they should buy



- With no or few choice
- Lower quality (overdue, fake, inferior) goods
- In exchange for higher money
- Overcoming a lot of difficulties

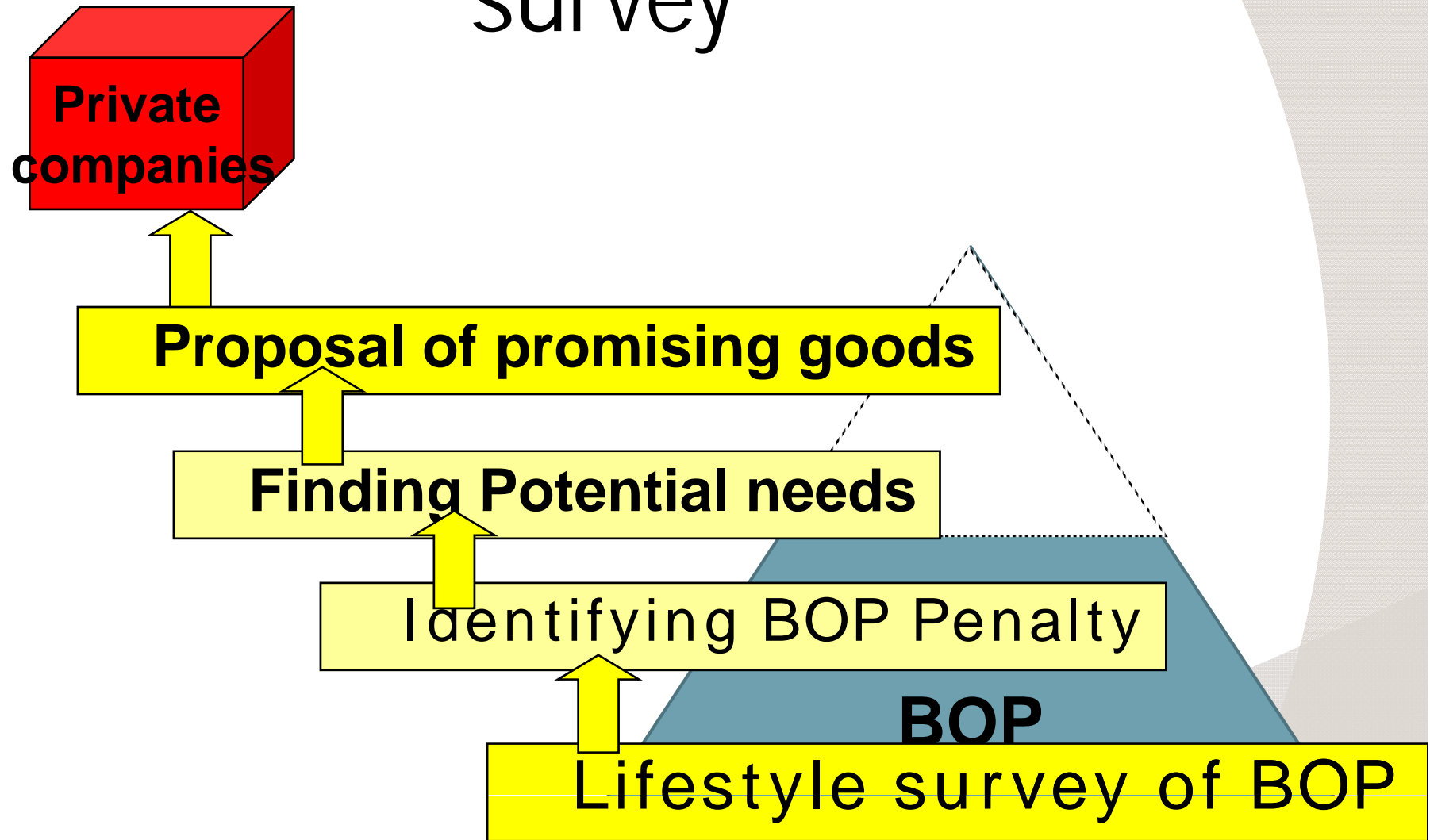
The key question: How to dissolve BOP Penalty

- If BOP penalties are dissolved, BOP's sleeping purchasing power will be awake.
- To dissolve BOP penalties, various business innovation will be needed

(Example) Sachet strategy
Ajinomoto (Philippines)
0.5 Peso (1cent) for 2.4g
Day labor 200 Peso



Design of Potential needs survey



Potential Needs Survey

Period:2009/10-2010/2

Country	Area	Sample (Urban/Rural)	Contractor
Indonesia	Nutrition/ Hygiene	128 (62/66)	Kaihatsu Management Consulting/ Yayasan Dian Desa
Banglade sh	Health/Medi cal care	100 (50/50)	JMA Research Institute/Exevo Inc.
India	Education/ Vocational training	708 (205/ 293/210)	Japan Research Institute/Drishtee Foundation, Corporate Catalyst (India)

All sample survey are conducted as face to face interview.
Each interview took around 20-80 minutes.

Findings from lifestyle survey (Indonesia)

- BOP also paying for drinking water
- Boiling habits are prevailing for tapped water
- Lavatory prevailing.
- Washing hands after excavation is not common
- Washing work is heavy, needs for washing machine is not apparent
- Malaria is not perceived as serious
- Damage by rats are serious
- A lot of problem for solid waste management
- Nutrient supplements: sever competition
- Supply chain of convenience goods are highly sophisticated (Manufacturer →Grossir →Warun)

Findings from lifestyle survey (Bangladesh)

- Drinking water: within permissible range. Needs for improvement still exist.
- Washing hands habit prevailing: 74% using soap.
- Stomachache (Gastic) is common disease
- Many households keep a first-aid kit. Scratch and cut are treated by medicine
- Access to medical facility is fair. Needs for improvement of service still exist.
- Communicable disease are fairly treated by donor program

Findings from lifestyle survey (India)

- Female literacy rate for government orders 60%
- Female writing ability for CV is 53.4%
- Finishing grade 8 is perceived as sufficient skill for getting job
- Academic background and accomplishments are perceived as necessary for getting better job
- 35.5% felts problem on the clothes to commute school
- Access to primary school is fair, a lot of problem on school facility
- Stationery are supposed to be distributed. A lot of problem both on quality and quantity.
- Preferable price for PC is around \$200. Still many are indifferent .

Promising products based on lifestyle survey (Indonesia/Nutrition and hygiene)

- ⦿ Hand pump for water tapping
- ⦿ Water purifier (powder)
- ⦿ Liquid soap with built-in container
- ⦿ Mosquito avoiding soap
- ⦿ Washing machine (with special campaign emphasizing on reducing women's workload)
- ⦿ Comprehensive rat eradicating service
- ⦿ Multiple micronutrients
- ⦿ Ready-to-use therapeutic food (RUTF)
- ⦿ Iron fortified rice/instant noodle
- ⦿ Vitamin A fortified edible oil

Promising products based on lifestyle survey (Bangladesh/Health and Medicare)

- ◎ Casual medicine for intestinal disorders/recover fatigue
- ◎ Nutritious drink with lactic acid bacteria
- ◎ Nutrient fortified Furikake
- ◎ Repellent (Mosquito coil, Fly trap paper)
- ◎ Long-lasting insecticidal net (LLIN)
- ◎ Water purifying device, water purifying chemical
- ◎ Milk daily delivery
- ◎ Incinerator for medical equipment waste

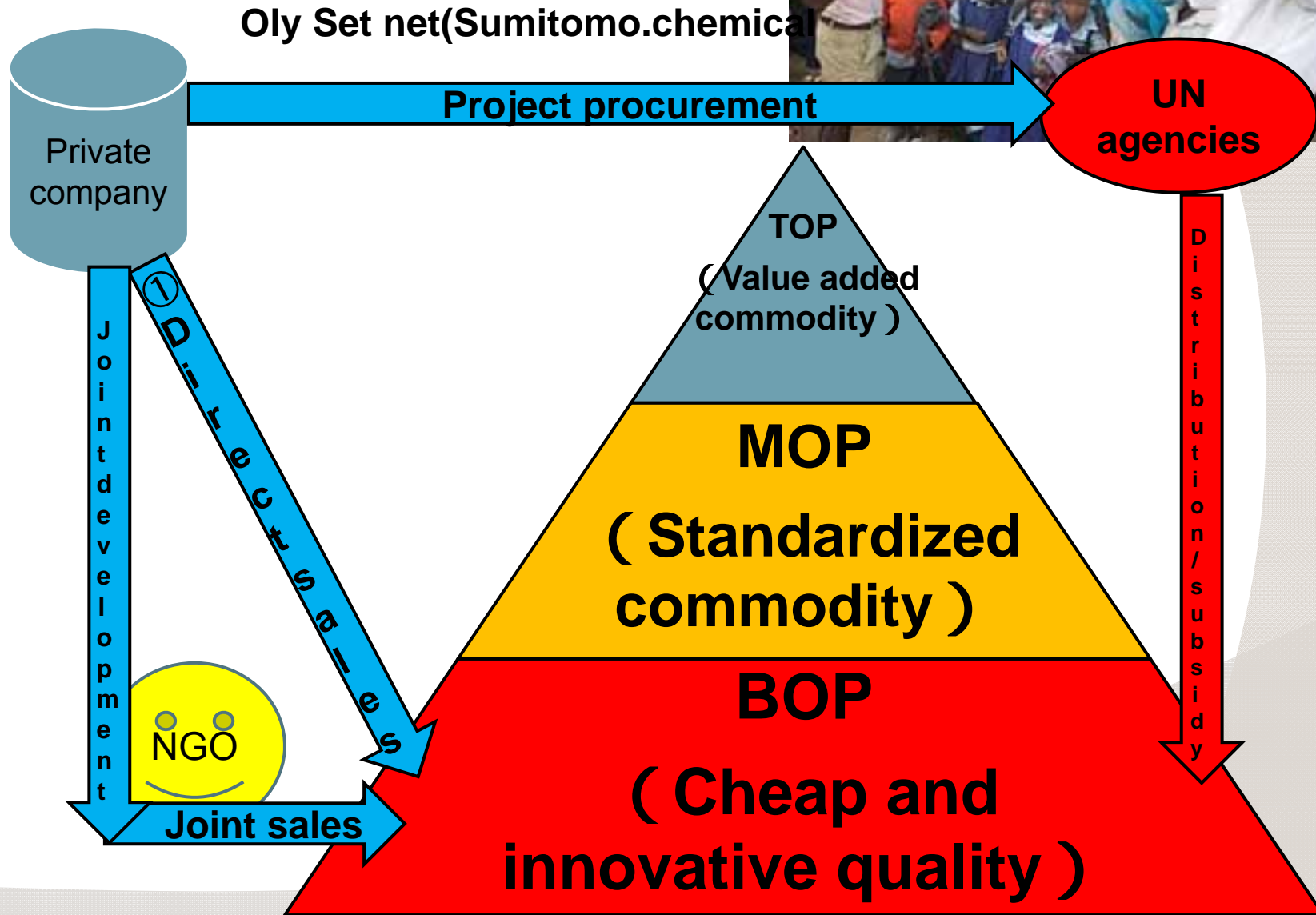
Promising products based on lifestyle survey (India/Education and vocational training)

- ① Stationeries (Pencil, Eraser, Pencil-sharpener, Notebook, Ruler)
- ① Clothes for commuting school/School uniform
- ① Desk and chair for school use
- ① Toilet for school
- ① PC for IT service, telecommunication infrastructure
- ① ICT devises for remote education

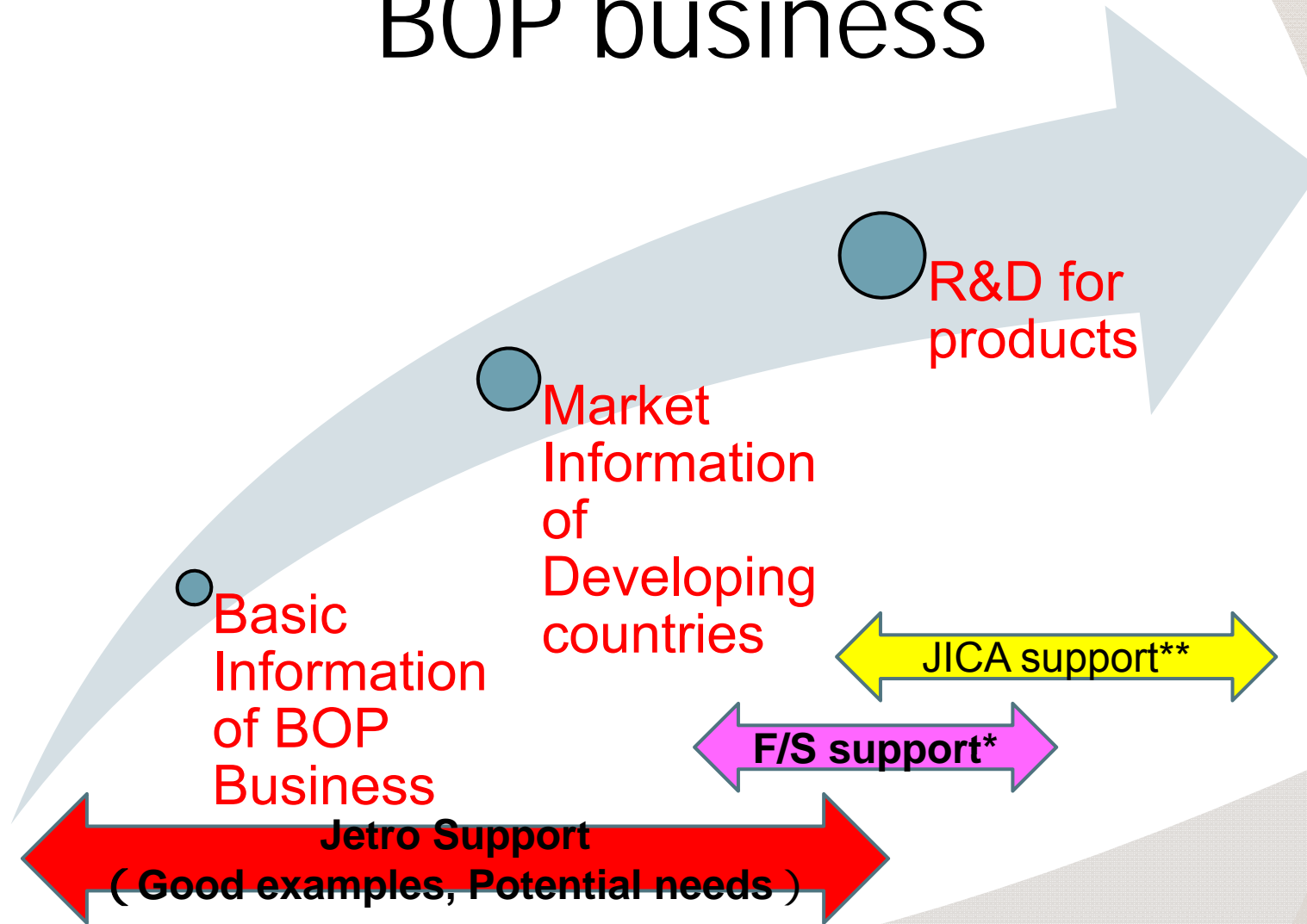
6 conditions for B O P marketing

- ◆ **Cheapness** = affordable price range
- ◆ **Strangeness** = durable under severe life condition
- ◆ **Accessibility** = available within everyday reach
- ◆ **Easy to Handle** = suitable for user s knowledge, strength and skill
- ◆ **Cultural consideration** = acceptable to cultural and religious context
- ◆ **Environmental consideration** = less environmental burden throughout production, selling ,usage and after usage process.

3 ways for selling to BOP



3 steps before entering BOP business



*METI (F.Y.2009)

**New scheme from F.Y.2010