Bottom of the Pyramid: Profit versus Welfare – Metrics that matter

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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ABSTRACT
The research project investigated the trade-off between profit and social welfare objectives and whether metrics existed to measure the social welfare objectives set and the impact made. The study was conducted with leading brands within their respective categories and that are currently active in the South African BoP consumer market.

The BoP market is widely recognised as an opportunity for business in developing markets to gain penetration of their brands and grow profits. How much of this ambition is married with social welfare objectives that aim to give back rather than just take out of the communities that they operate in? The challenge has been on what social impact to target and how to measure this.

The research project was done using a quantitative research method, sampling brands that are within the top three sellers of their respective categories for LSM 1-4 consumers as measured by AMPS. This was supported by a thorough literature review to highlight the gaps that exist in the current way of interacting with BoP markets.

The main finding is that profit is still the primary objective for most brands operating within this space and goals and associated social welfare metrics are still a distant third to marketing and business metrics measured within a business.

The study ends with some recommendations for brand and business leaders to consider as they continue their incursions into BoP markets.
KEYWORDS

Bottom of the pyramid
BoP
Metrics
Trade-off
Profit
Welfare
DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to conduct this research.

Student name: Sarvesh Seetaram

Signature: _____________________________

10th November 2014
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My darling wife – Thank you for keeping the home fires burning. Thank you for putting up with my weekends away when I was at classes. Thank you for keeping the kids entertained when I wasn’t able to and for just being understanding. You are awesome.

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1. Chapter One: Introduction to the Research problem

1.1 The research problem

Is the Bottom/Base of the Pyramid (BoP) consumer viewed as a source of growth for volume and profits? Or is it viewed as an opportunity to impact positive social welfare? Can both objectives be successfully achieved? For companies that serve these consumers and aim for both profit and social welfare impact, how is progress against each of these objectives targeted and tracked?

The Global BoP market is large and growing (Sesan, Raman, Clifford, & Forbes, 2013). In South Africa, 31% of the population lives on less than $2 per day (UCT - Unilever Institute of Strategic Marketing, 2012). These consumers have a nominal disposable income yet still need to spend this on goods and services which suit their basic needs (Martin & Hill, 2012). While subsistence farming and local businesses do cater to the specific needs of this group of consumers, there is a growing availability of commercially produced goods which have become available for purchase and consumption.

In provision of these commercially produced goods, there is much debate on the objectives of companies operating within this space ranging from BoP consumers being treated as consumers to producers to recipients of social welfare hand-outs. The key protagonists bringing forth these varied points of view are Prahalad (2004a) Karnani (2006) and Varman, Skålén, & Belk (2012). Despite the many viewpoints over an extended period of time, the debate rages on unanswered, especially as there is a lack of quantitative information evidenced by only three studies being conducted on primary quantitative data over a ten year period as reviewed by Kolk, Rivera-Santos, & Rufín (2014a).

Various authors such as Friedman (2007), Prahalad (2004a), Garrette & Karnani (2010) and Ansari, Munir, & Gregg (2012) have long debated how these BoP consumers should primarily be viewed and ranges from being seen as a current source of business to a current source of producers as well as a future source of business as they move up in the income ladder and become amenable to other products within a company's portfolio.

Prahalad (2004a), Gardetti (2006) and Simanis (2009) are three very vocal proponents of BoP as an opportunity to make profits. Conversely, Garrette & Karnani (2010), Cooney & Shanks (2010) and Alwitt (1995) recommend that the BoP consumer is in
greater need of welfare improvements and hence efforts should be made to improve their standard of living. Somewhere in between these two divergent points of consideration lies some authors who feel that there is some middle ground which includes skills improvement (Ansari et al., 2012) or greater government influence (Varman et al., 2012) or even the increased role of philanthropy of filling the gap that capitalists may leave (Lenkowsky, 2008).

Global businesses have also recognised the priority attached to the BoP market for profit generation, regardless of whether this is linked or not to welfare improvements. (“Nokia looks to Asha for smartphone ‘redemption,’” n.d.), (“How to make it in Africa? Unilever listens to the consumer,” n.d.) and Oki (2010).

The review by Kolk et al., (2014), of all BoP studies in the ten year period between 1999 and 2009 confirmed that out of a total of 104 studies, only three were quantitative in nature with primary data. This confirms the point of view that there is uncertainty surrounding the claim of social good creation or improvement of welfare of the BoP consumers and whether this is followed through with clear metrics which gauge the impact being made by the actions taken. At its most basic level; are metrics that measure the welfare/social impact of a company and/or its products evident in business? Then, are these metrics monitored and acted on frequently? Thirdly, how does the balance of welfare metrics compare to those attached to profit metrics and lastly are different metrics attached to BoP businesses/products as compared to non-BoP businesses/products? These are all very important points to consider in answering the question of whether both profit and welfare do co-exist in a company’s approach to doing business with the BoP markets and whether traditional marketing metrics, as documented by Mintz & Currim (2013) view BoP markets purely as profit opportunities.

The work of Mintz & Currim (2013) is an indicative piece of work across general business which highlights the value of marketing metrics overall in measuring the impact made by business in their respective spheres of influence. This reading goes on to elaborate on the trappings that incorrect metrics can have in an organisation. This was specifically designed to understand developed markets however the learnings can be transferred across for evaluation in developing markets.

The challenge with metric definition in the case of welfare metrics as cited in Mintz & Currim (2013) is that the welfare metric is not as obvious or as tangible as a profit target. Welfare metrics are also not as comparable across different companies let alone across industries. The opportunity presenting itself is to understand what the
level of welfare metric inclusion is on the scorecards of products sold in the South African BoP market and the consequent suggestion of guidelines in terms of setting appropriate metrics to help drive focus in this area.

1.2 Research motivation

1.2.1 Contribution to business

Global businesses leaders have recognised and vocalised the need to tap into developing markets as a source of growth ("How to make it in Africa? Unilever listens to the consumer," n.d.), especially as growth in developing economies have slowed and the continued drive for increased shareholder growth increases (Sheth, 2011). The developing market consumers are large in number and provide a rich opportunity for these businesses to expand their trading footprint with new and existing products. While there is no consensus on the quantification on the size of the prize in this BoP market by the proponents and detractors of this consumer segment such as Prahalad & Hammond (2002), Simanis & Hart (2008) and Kamani (2006), it is evident that this is a market segment which can prove lucrative but which needs to be approached carefully.

Wilson (2004) cites examples of business leaders in the area of pharmaceuticals and information technology recognising the need to sustainably approach this opportunity and this has led to claimed business imperatives of improving the welfare of these BoP consumers, while making a profit. This is an admirable ambition but the review of BoP articles by Kolk et al. (2014a) suggest that the realisation of this is very limited. Should this claimed objective be found to be lip-service, it could have negative PR repercussions to the company and as such should be guarded against (Hutton, Goodman, Alexander, & Genest, 2001). In fact, the company should do all it can to ensure that claims are aggressively pursued to positively impact the lives of the BoP consumers. Doing this successfully and having a noticeable and scalable improvement on the welfare of these consumers could lead to a sustainable and growing business for such companies.
1.2.2 Contribution to the literature

The BoP market has received much attention by a myriad of academics over time but none as influential as CK Prahalad. His work with Hammond published in 2002 is an influential piece of literature which kick-started the discussion on these consumers – especially in the business world whose eyes were opened to the opportunity this market presented (Prahalad & Hammond, 2002). Since then there has been much written on the topic with critics denouncing Prahalad’s claims of a “Fortune at the bottom of the pyramid (Karnani, 2006).

Academics disagree on whether this BoP market should be viewed for the potential for profit, potential to improve social welfare or both. While each argument has its merit, much has been said by its detractors of why the approach is not valid. As an example, the writings of Prahalad (2004a) suggest that there is profit to be made in serving the BoP consumers and concurrently meeting vital needs that these consumers have such as with Coca-Cola in India in the provision of water and nutritionals. Jaiswal (2007) discredits this in his pronunciation that Coca-Cola has done harm by distributing sludge which was potentially harmful at one of its bottling plants. Business’ founding principles make this somewhat problematic. The work of Friedman (1970) was an early proponent of ‘freedom in business’ to chase economic prosperity within the boundaries of the law. He did not give much attention to social welfare as his belief was firmly in the camp of business existing to make profits. This suggests a disparity between making profits and doing what is socially good. A solution proposed by Karnani (2006) argues for considering the BoP consumers as producers and thus integrating them into the value chain of the products they consume.

Regardless of the side of the debate researchers’ stand, what is missing from literature to date is research of a quantitative nature to gauge how companies are actually addressing this topic in practice and which viewpoint is dominant in the approach that companies have in tacking the BoP consumer.

To this end, this study is aimed at understanding whether the metrics used within a business to measure the impact within BoP markets measures Profit, Welfare or both and if so, in what proportion and to what effect. This will inform the view of whether companies set and track metrics which are indicative of social improvements targeted within these communities. This can be contrasted
with the KPIs set and tracked for non-BoP markets served and if any distinction is made between the two.

1.3 **Research scope**

The research is aimed at identifying the metrics set out within businesses that service the South African BoP market with their brands. A comparison is made of the metrics used to measure profit versus welfare improvements within the respective brands sampled in a bid to ascertain the corporate priority attached to welfare improvements indicated by the setting of targets and the tracking thereof by means of the respective scorecards used by the business.

The research is quantitative in nature and takes the form of a questionnaire which was distributed to the sample via electronic means.

1.4 **Statement of the research problem**

The research aims to explore whether the goals of profit and welfare improvement in companies serving the BoP market are indeed followed through on, by the setting and tracking of appropriate metrics which are used within the business. It also aims to understand how different the tracking of metrics is for BoP versus non-BoP initiatives in these organisations.
2. Chapter Two: Literature Review

2.1 Overview

The Bottom of the Pyramid opportunity has received much attention in the last decade with pundits disagreeing on the primary objective in engaging with this market as well as the actual size of the opportunity this market presents (Jaiswal, 2007; Karnani, 2006; Prahalad & Hammond, 2002). A definition is offered to help frame this BoP market and individual such that the discussions are aligned behind a common understanding of the opportunity segment.

Much has been written on the need for joint objectives by business to give back to these developing markets and including them in the broader value chain rather than as consumers only (Karnani, 2006). This is to enact a greater social welfare impact on these poor communities.

On the matter of social welfare activities, there is some uncertainty as to who the key protagonists are and the expectation to have of each of them. It is argued in the literature review that government, NGOs and business, amongst others, each have an individual and potentially joined role to play in overcoming the challenges in the BoP markets (Gardetti, 2006; Varman et al., 2012). The role of these key stakeholders is discussed with the focus landing on the role of business.

The business role in social welfare upliftment is taken forward from the viewpoint of what the primary objective should be; and whether this is enough. Current models which speak to BoP market assessments are discussed and the position put forward that there is still a quantitative element lacking in the way that business sets its goals and measures it with relevant metrics (Garrette & Karnani, 2010; Jose, 2008)

Metrics are then discussed in detail for all stakeholders with the intention of highlighting the gap in current literature in terms of prevalence of metrics and the dominance of profit versus social welfare measurement (Ambler, 2000; Mintz & Currim, 2013). This forms the springboard from which chapter sets out the research questions and corresponding hypotheses that will be tested to answer some of the questions raised in the literature review.
2.2 **Bottom of the Pyramid (BoP)**

2.2.1 **Definition**

The importance of correctly defining a BoP market or consumer is important to ensure that findings are uniformly gathered and apply to the same defined group of people. Without this precision, incorrect findings may be reported which could add further cause for debate on this market segment (Kolk, Rivera-Santos, & Rufín, 2014b). There is no consensus on the exact definition of the BoP market amongst key authors in this field. This is particularly evident in the publications of a single author in C.K. Prahalad where his published articles contradicted each other in terms of the BoP definition, particularly in terms of their spending power which range from less than $2/day to $2000/annum (Prahalad, 2004a), (Prahalad, 2004b) and (Prahalad, 2012). While the inconsistency is concerning, it does not take away from the vulnerability of these poor consumers and the need for them to be actively included as part of the productive economy.

This was identified by Cholez, Trompette, Vinck, & Reverdy (2012) as part of their study and they proceeded to conduct a review of definitions with the aim of articulating the overlap between each definition such that some form of consensus on definition was reached. The definition reached was:

> “Potentially attracted by products, willing to buy, entrepreneurial and innovative, poor people’s problems often come down to money”.

There are two suggested changes to the above definition which would make it more robust. The “willing to buy” concept frames them as consumers too explicitly and detracts from the role that these markets can play in the rest of the value chain. As such, this should be removed. Secondly, there should be a quantitative lens applied which refers to an income level of less than $2/day. The definition would then provide a suitable frame of reference for this member of the BoP segment. While this suggested definition is not a perfect illustration of this consumer, with the suggested amendments, it does well to highlight the key facets which are the willingness to engage in market activities with purchase limitations due to constrained spending power.

Willing to engage in market activities includes the consumer and producer element, especially when considered against the notion of “entrepreneurial and
innovative” contained in the definition. This suggests that despite their limited spending power, BoP ‘members’ are not purely consumers.

2.3 Role of Government in BoP markets

Welfare metrics can be viewed as being the sole responsibility of the government. This would mean that companies are absolved from any role in improving social welfare. It is therefore important to understand the role of government in a BoP territory and the space for companies to get involved.

The role that a government plays in directing the activities of its citizens is informed by the economic policies being adopted by that particular government and could range from complete control in the form of Communism to a Neoliberal government. Varman et al. (2012) discuss these options in their paper “Conflicts at the Bottom of the Pyramid: Profitability, Poverty Alleviation and Neoliberal Governmentality” with a clear preference for a neoliberal stance in directing the economic affairs of the state. While this term may not be commonly used by governments when describing them, it most certainly points to a free market system where the private sector takes a leading role in the economy. This would support the view held by proponents such as Prahalad (2004a) who argue that as BoP markets should be treated primarily as consumers however does not guarantee that this treatment would result in social welfare improvement and not just gross self-enrichment by capitalists in the free market system. This view also fails to account for the role that the BoP market can play in the broader economy such as producers within the value chain of the business as referred to by Karnani (2006). Hence government would always have a role to play in ensuring that the poor constituents are adequately catered for from a social welfare perspective as business cannot be trusted to do so by themselves.

Slemrod, Gale, & Easterly (1995) examined the role of governments and their impact on the prosperity of the country in their paper “What do Cross-Country Studies Teach about Government Involvement, Prosperity and Economic Growth?” Coulibaly & Logan (2009) wrote about the challenge of a government to balance the social demands of the country and the macro stability that the country may require in the long term. These articles the challenges that governments face in alleviating social welfare plights within countries by themselves and add further impetus to the argument which highlights the need for companies operating within a country to share in the burden of social welfare
upliftment. To this end, this paper aims to understand whether companies are doing this sufficiently in the context of South Africa, or do profits supersede any social welfare ambition?

2.3.1 Governments as agents of Enablement / Empowerment
Enablement, or empowerment, has to do with the long term upliftment of communities and individuals such that they are able to care for themselves in the medium to long term (Ansari et al., 2012). In the context of BoP markets, the consideration of empowerment has to do with elevating the view of this market from being purely consumers to the production side and partners in the delivery of goods and services (Varman et al., 2012). This does well to ensure the long term financial and social viability of this market to companies wishing to continue doing business with them. Consumers who are not uplifted risk falling behind the ability to engage in exchange, even as pure consumers. So the need to consider them as in a more holistic way also protects future sources of growth within this segment. You could argue that private business along is not responsible for this social upliftment. In fact, there are many who believe that private business should not be involved in social welfare improvements at all (Friedman, 1970). There is a debate which is ongoing on whether government should be more responsible for delivering social welfare improvements versus the reliance on business to take some of the responsibility (Ansari et al., 2012) and (Schwittay, 2011). This relates to the skills transfer policies and programmes in place. More specifically, it speaks to the role that governments can play in terms of policy development that fosters an environment for such skills transfer for the long term and enduring upliftment of BoP citizens.

Some governments have seen the need to actively partner with private business to create this empowerment within the community (Gardetti, 2006). Gardetti, in Argentina, spoke of a BoP lab which was established to bring together NGOs, government members, academics and companies to create growth and development opportunities within the BoP market in Argentina. This intervention has highlighted the following key aspects in terms of the challenge and opportunity in BoP markets:

a) The similarity in developing economies allows for transfer of learnings
b) Partnerships are necessary between the relevant stakeholders and neither business nor government nor NGOs can do this on their own.

c) Collaboration across a wide range of different stakeholders is important to ensure that immediate challenges are resolved while the ability to rectify for the long term are also considered as for example the inclusion of academics to include learning outcomes in subject matter at school and university.

The take-out is that none of these stakeholders can do it by themselves which re-emphasises the need in this case, to understand whether business is doing enough in driving this agenda in the way that they measure themselves in BoP markets.

2.3.2 Government driving societal welfare improvement

By their definition, BoP markets are characterised by low incomes and with this comes the need for primary social welfare amenities. This is often the responsibility of the government, although this is a huge challenge for one player to overcome by themselves, hence the need for business to play a part as well.

Midgley (1995) has written a book on “Social Development: The Developmental Perspective in Social Welfare” which discusses the approaches for promoting human welfare and the relevant social policies that can be adopted.

“The term ‘development’ is widely used today. For most people, it connotes a process of economic change brought about by industrialization. The term also implies a process of social change resulting in urbanization, the adoption of a modern lifestyle, and new attitudes. Further, it has a welfare connotation which suggests that development enhances people’s incomes and improves their education levels, housing conditions and health status. However, of these difference meanings, the concept of development is most frequently associated with economic change. For most people, development means economic progress.”

From the extract above, it is evident that the key outcome of government involvement from a social perspective is ultimately measured by the economic progress of its people. The challenge is however that many developing nations
economies are not financially able to do this alone, particularly due to the contrasting needs of stimulating growth while investing in social welfare (Coulibaly & Logan, 2009).

2.3.2.1 How the structure of government departments could aid or distract from governments social welfare objectives

While the point has been made that governments cannot achieve the required progress on its own, it also forces them to consider how to adequately resource and structure themselves to get the most return for their investment (Mubangizi, 2008) but also forces consideration of what to offer as free basic services (Bhorat, Oosthuizen, & Van der Westhuizen, 2012). The ability of government departments to be proactively managed and targeted to deliver against stated objectives is another key facet of how to improve welfare in an economy (Sellers & Lidström, 2007). A case in point is that of Singapore where the state departments are run as businesses, suggesting that economic and marketing metrics have been successfully applied to government. Remuneration and bonuses are linked into performance which has resulted in the city-state rising to be a powerhouse in the East where it is leveraging its strengths to compete and to uplift the lives of its inhabitants (Ang & Ding, 2006).

In South Africa, there have been notable improvements in the provision of electricity, running water and housing since democracy in 1994. However there equally are areas where progress has been below expectations, notably that of education and healthcare (Mubangizi, 2008). These two metrics are very important to South Africa specifically and could offer a specific area of focus for companies in South Africa to target in their approach to the BoP market, especially in the construction of their metrics.

2.4 Role of NGOs in serving the needs of BoP markets

There has been much debate as to how Non-Governmental Organisations (NGOs) differ from government or business (Boli & Thomas, 1997). A extract from ‘Managing
the non-profit organisation: Practises and principles' by Drucker & Drucker (2001) gives a noteworthy explanation of the difference:

“It is not that these institutions are 'non-profit,' that is, that they are not businesses. It is also not that they are 'non-governmental.' It is that they do something very different from either business or government. Business supplies either goods or services. Government controls. A business has discharged its task when the customer buys the product, pays for it, and is satisfied with it. Government has discharged its function when its policies are effective. The 'non-profit' institution neither supplies goods or services nor controls. Its 'product' is neither a pair of shoes nor an effective regulation. Its product is a changes human being. The non-profit institutions are human-change agents. Their 'product' is a cured patient, a child that learns, a young man or woman grown into a self-respecting adult; a changed human life altogether.”

Salamon & Anheier (1992) go on to define it much similarly, albeit much more succinctly:

“NGO (non-governmental organisation) is the term used to depict these organisations in the developing world, but it tends to refer only to a portion of what elsewhere is considered to be part of this sector - namely, the organisations engaged in the promotion of economic and social development, typically at the grass-roots level”

What this highlights is the potentially significant role that NGOs could play in the development of a country's citizen's. It is important for business in that these could be the means through which a business effects the improvements it aims for in the social sphere. The metrics attached to the agreed goals of the NGO could be used by business to better understand the impact they are indirectly having, without clouding any of the traditional metrics they are used to.

2.4.1 Discussing the role of NGOs in enablement / empowerment

NGOs have an important role to play in uplifting the lives of communities through the empowerment they provide. The South African government has placed extra emphasis on this by the institution of the SETA concept which is the Sector Education and Training Authority convened in 2000 (May & Govender, 1998). Through this activity, both companies and NGOs receive funding from government for vocational improvements made within the country. This has the impact of providing financial incentives for empowerment of communities to happen at a greater pace than what would have taken place naturally. It also shares the responsibility beyond the realm of government allowing this enablement and empowerment to take place at a greater pace, especially within the BoP communities.
Viswanathan, Sridharan, Ritchie, Venugopal, & Jung (2012) suggest empowerment in developing countries is critical to business success aligned to consumer welfare improvement. This ensures that the long lasting effects of empowerment are felt long after the interaction has passed. It has a further ripple effect as the empowered are encouraged to further empower others thus growing the impact within the BoP community overall.

2.4.2 NGOs as agents of societal welfare improvement

NGOs are often partly or fully funded by the state to provide services that the state is not able to perform itself. This is an interesting proposition for business in that they could consider partnering with NGOs who are specifically working in the area of interest for the business. The partnership could allow the business to provide funding and resources while the NGO could be the vehicle through which the business effects the social change required. Lipsky & Smith (1989) describe the situation in the United States of America where NPOs were deployed to reduce the manpower and funding burden on the state and in so doing ensuring that important social welfare challenges were still being addressed. The examples cited include that of child day care and early education which have a direct impact as to the welfare situation of especially BoP consumers.

2.5 Role of business in BoP markets

There are schools of thought which suggest that responsible marketing is a must-have for companies seeking to create meaningful and lasting impressions in the BoP market. Wood, Pitta, & Franzak (2008) describes four key ideas which are necessary to be comprehended and understood if multinationals are to be successful in the BoP consumer markets. These four key ideas are:

- The bottom of the pyramid market itself
- Share of the heart versus consumer animosity
- The nature and influence of global ‘umbrella’ brands
- Responsible marketing as a guiding principle for all firms including those focusing on BoP
The central thought above is echoed by Hahn (2009), Sesan et al. (2013) and Blowfield & Dolan (2014). What this shows is that the approach to business cannot be one dimensional for the BoP market. Business needs to consider much more as described above if it is to shed the label of profit-mongers and begin to play a much more socially responsible role in the communities in which it operates (Sturdivant & Wilhelm, 1970).

2.5.1 Profit as a fundamental driver of business...or not?

Sturdivant & Wilhelm (1970) is an early piece of work which also affirms the viewpoint that profit is the key motivator for BoP business. A key challenge for brands and their parent companies is whether the intention in serving the BoP consumer is to effect social welfare improvements or to create more profits for the business (Lenkowsky, 2008) and (Cooney & Shanks, 2010). An article by Alwitt (1995) suggests that there is an imbalance between the needs of for-profit marketers and the poor consumers which they serve. This thought is taken forward by Cooney & Shanks (2010) where the authors describe the need for anti-poverty strategies by brands and companies to better serve the BoP consumers effectively. This can be done individually or with the help of partners in the form of government, NGOs and/or the BoP market itself as has been the case in Argentina (Gardetti, 2006).

Despite the unresolved debate, amongst the various authors including Friedman (2007); Jaiswal (2007); Karnani (2006); Prahalad & Hammond, (2002), on whether business can achieve both profit and social welfare improvements, there have been isolated incidents of where this has been done successfully against both objectives albeit product specific e.g. case study of Unilever India with soap (Cross & Street, 2009) as well as SC Johnson’s business strategy in selling cleaning supplies in Africa (Johnson, 2007). In both of these examples, it requires a clear social benefit being present to create a tangible benefit for the consumer. This makes validation of welfare improvement easier to measure. While the tangible nature of these social improvements as well as the product involved is easier to evidence in the short term, it is no reason to dispel the benefits to be had on less tangible benefits over the long term.
2.5.2 Enablement opportunities delivered by business

It is argued that for companies to really do well in serving the needs of BoP consumers, they need to work with them to better understand their needs and how to satisfy them (Sánchez, Ricart, & Rodríguez, 2006). The article in question goes on to describe how multi-nationals such as Nike, Hindustan Unilever and Tetra Pak have employed this strategy successfully to gain local knowledge when operating in a new territory. Karnani (2006) is a key proponent of the need to ensure that BoP consumers are treated as producers to create real change in this consumer segment. The key tenet of this train of thought is that only by raising the income level of poorer consumers can you really alleviate poverty. This is in contrast to the teachings of Prahalad as summed up in Barnett (2009) which states that there is a fortune to be made at the BoP for companies Sturdivant & Wilhelm (1970) wrote very early on regarding the exploitation that takes places amongst the poor especially as they are made to pay more for the same products. This directly challenges the view of those who believe that treating the BoP market as consumers is enough. The more important point in the view of ‘consumer only’ mind-set, is whether the products being promoted are relevant and essential or just another outlet for greater sales? Ultimately such an approach will lead to greater disparities in income and ultimately leave the BoP market none the better thus limiting the life-cycle of this group of customers.

It could be argued that only a handful of BoP consumers can be transformed into producers and hence the change being sought is not widespread enough (Garrette & Karnani, 2010). However this notion ignores the ripple effect of having even parts of the BoP market involved in the value chain rather than not at all. Despite this, it is even more critical for business to try and directly influence the social landscape directly with the benefit of this being felt earlier. To this end, business should look to the inclusion of wider human development goals and metrics and aggressively pursue these with partners. The choice of goals is important to drive focus but the start is including and tracking with metrics that are visible within the business.

Hence a key challenge in the business world is on how to incorporate real and substantial BoP strategies into the workplace. This sort if thinking has not yet been incorporated into business teachings and this may contribute to the
challenge of how to incorporate this quickly into ways of doing business. To
this end, formal education sectors have identified the gap and are seeking to
address this through formal training (Paton, Harris-Boundy, & Melhus, 2012).
With this now being formally approached in the education sector, the hope is
that future leaders are able to better deal with these challenges.

2.5.3 Business as agents of societal welfare improvement
Blowfield & Dolan (2014) has introduced the concept of ‘development agents’
which are ‘organisations that consciously seek to deliver outcomes that
contribute to international development goals.’ Many multinational corporations
have attempted to play the role of ‘development agents’ in some part such as
the CleanCook stove innovation in Nigeria (Sesan et al., 2013) and the
Argentina example where business led a multi-stakeholder intervention to solve
for the BoP opportunity (Gardetti, 2006), or the Shakti project in India by
Unilever (Rangan et al., 2007). However they each fall short of really making
the scale of improvements required and has received criticisms in some part of
their activities. Smith & Pezeshkan (2013) pokes holes in the Shakti project due
to the minimal salary that the workers earn and that the products themselves
are priced higher on a per volume basis then the same product available in a
traditional retailer. They go on to suggest that the provision of low priced
shampoo and detergent products are in fact causing consumers to switch out of
more essential food items. Ultimately creating access to products alone does
not lead to poverty alleviation not social welfare improvements. This opinion
appears to perpetuate the belief that multinationals continue to consider the
BoP consumers primarily as consumers despite the learnings and benefits of a
more inclusionary role in the value chain (Jaiswal, 2007).

2.6 Current models employed for BoP assessment by business
With the debate on how to treat the BoP market still underway, many businesses are
still eager to do business in these markets. What they need are tools or guides on
how to make incursions into these markets successfully and what the measures of
success may be. While there is no agreement on the measures of success to date, de
Mayolo & Ferré (2010); Jaiswal (2007); Simanis & Hart (2008) have each suggested
key frameworks or models which can be utilised to determine the approach to be
adopted for a BoP market. These are not by any means definitive nor widely circulate but at least provide some means of assessing the opportunity and the means of capturing it.

2.6.1.1 **BoP Protocol**

For some basic guidance as part of a business plan to enter a BoP market, the BoP protocol lays out a few steps on how to approach the opportunity (Simanis & Hart, 2008). The steps suggested are as follows:

**Phase 1 – Opening Up:**

- Business concept co-creation
- Building deep dialogue
- Project team development

**Phase 2 – Building the Ecosystem:**

- Building shared commitment
- Business prototype co-creation
- New capability development

**Phase 3 – Enterprise Creation:**

- Business Enterprise Co-creation
- Building the market base
- Collective Entrepreneurship Development

Adapted from Simanis & Hart (2008).

While the above protocol maps out the steps to be followed, it can be too formulaic and does not give enough detail on how to assess the identified opportunity. It also does not mention any quantitative means of assessing feasibility which is a key missing part of many of the teachings. The phases can be useful but need to be looked at through the lens of co-operation with the BoP market itself to begin treating them beyond just consumers. This can be done in the steps such as:

- Project team development: where key identified member of the BoP market can form a part of the team to aid better understanding of local conditions and to facilitate greater
interactions with other potential BoP partners for the rest of the value chain yet to be defined

- Building shared commitment: providing suitable financial and social commitment to the BoP partners and target market regarding the need for the business to exist and the mutually beneficial relationship that could form

- Collective entrepreneurship development: looking to the BoP market for opportunities to partner in upstream or downstream activities to complete the value chain of the business

Metrics could be defined for each stage of this process and monitored regularly to ensure compliance and progress for all concerned.

2.6.1.2 **Complete framework for BoP incursions**

This piece of work by de Mayolo & Ferré (2010) has built on the Octagon model as first proposed by Perez Lopez in 1992. It aims to provide a 'complete framework for BoP incursions' by multinationals. What it lacks is a suggestion on how to incorporate the BoP market into the business model. As such, this model views the opportunity purely from a business and profit perspective without due consideration of the market as a source of producers or as recipients of social welfare improvement as a result of doing business with them.

The framework outlines the key areas to consider and importantly includes some quantitative measures to assess feasibility. It however lacks the focus on doing good for the poor, which can add further rationale to support the market opportunity identified.
2.6.1.3 **Jaiswal’s Four Criteria**

Jaiswal proposes four criteria which a multinational corporation can use to assess whether they can successfully enter a BoP market. This appears to be the only model discussed which considers the social welfare impact that a business can have when operating within a BoP market. This is a positive sign but it still falls short as the questions being asked are qualitative in nature and do not require quantitative metrics which would be more tangible in terms of measuring progress.

The criteria are as follows:

“(1) *Can the company’s products respond to basic needs such as health, nutrition, education, housing, etc.?*

(2) *Is the company’s marketing communication educational and informative or does it create and strengthen people’s aspirations to consume goods they do not need?*

(3) *As the products are developed, does the company bear in mind the special needs of BOP consumers, or does it import products already developed for non-BOP markets?*

(4) *Do the products enhance customers’ wellbeing?*

(Jaiswal, 2007)

All of the criteria suggested have a slant towards understanding the BoP specific impact whether from the need it satisfies, the way it is
communicated through to the ultimate impact it has on the lives of the BoP market.

All three models or frameworks provide a view of assessing the opportunity and suggests means of taking advantage of it. What all three models or frameworks lack is a means of managing or measuring success once the BoP incursion has been adopted. None have suggested the types of measures that should be put in place or the metrics that could be adopted to track success in this space. Hence there is not clear and uniform means suggested in these models, against which to assess success on both business and social welfare criteria.

2.7 Metrics that help move business forward

2.7.1 Background to metrics: Profit versus Welfare

The debate on Profit versus Welfare objectives in the BoP market is well publicised without much consensus as the summaries above have illustrated. A key element missing in aiding to further the discussion and reach consensus is the lack of objective quantitative data which indicates the level of welfare versus profit objectives with which success in this market is measured. An evaluation of metrics used in business to gauge progress in general for good business practice (Mintz & Currim, 2013).

The setting and measuring of metrics linked to social welfare is difficult (Garrette & Karnani, 2010). Mintz & Currim (2013) argue that the incorrect metrics are being used to guide marketing mix decisions for business in general; let alone for the BoP. There is a preference for financial metrics over marketing (Mintz & Currim, 2013) and very little consideration given to welfare metrics. The drawback this has is in perpetuating the low credibility associated with marketing decisions which appear to be informed by incorrect metrics in general. The opportunity therefore exists to be more specific in terms of the metrics that are set and measured to give greater confidence by showing improvements against what is truly important as agreed by key stakeholders.

There is a suggestion that homophily perpetuates in organisations as managers are afraid to be different in choosing more relevant metrics than their peers or predecessors (Mintz & Currim, 2013). Homophily is the propensity to remain the same or to conform with the norm rather than to be
different. The effort required to change an accepted practice, albeit an incorrect one is seen as too much versus the gain to be had. The risk of social alienation is also too great and hence homophily results as the easiest approach to adopt. Alternatively, the rewards structure may be influencing the setting of metrics that are easily measured and attained rather than that which is more correct yet more difficult (Mintz & Currim, 2013)? This supports the notion that the incorrect metrics are being measured (Jose, 2008) for marketing, let alone for welfare.

2.7.2 Metrics and impact at government level
Whatever the type of activity or economic direction adopted by government, there should be a robust means of measuring progress towards stated goals. The global community has attempted to do this through a few key measures and indices. This includes the Human Development Index (HDI) as well as the Millennium Development Goals (MDG).

2.7.2.1 Human Development Index and its role in social welfare metrics
The Human Development Index (HDI) was developed by the United Nations Development Programme (Sagar & Najam, 1998) in the late 1980s and aims to measure development in terms of economics as well as overall well-being. The Human Development Report, which is the scorecard of the HDI, is published annually and is used to divide the world into very high, high, middle and low human development.
2.7.2.2 **Millennium Development Goals and its role in social welfare metrics**

The Millennium Development Goals were agreed on in 2000 in response to what were seen as the eight greatest development challenges impacting the world. It had set itself a target of achieving the ambitious targets by 2015, which is but a year away.
While both of these sets of metrics and goals provide some sense of direction in alleviating poverty and improving development, both have received widespread criticism for its lack of achievement in part driven by lack of commitment by member nations (Sagar & Najam, 1998) and (Harcourt, 2013). This is despite some successes evident in poverty alleviation in both Brazil and South Africa. Despite these cases of successes, has this overall under-achievement been due to the fact that business has not endorsed and acted on these priorities in partnership with governments? So is having a metric enough or should the ambition be jointly share with business in the relevant geographies and markets with incentive or disincentives attached to stakeholders that make them more accountable to the goals?
2.7.3 **Metrics and impact at NGO level**

NGOs usually exist to provide support and create upliftment in a designated social sphere (Fisher, 1998). This has to often be done in the context of what support government, business and the citizens of an economy are able to contribute both in cash and kind. NGOs exist for very specific objectives such as child welfare, disaster relief and improvement of the life of the poor, among others (Mondal, 2000). As such, the metrics as promoted by the likes of the Human Development Index and the Millennium Development Goals may not all be relevant for every NGO. This does not detract from the need for accountability and learning within NGOs (Buckmaster, 1999). While the benefits of using these techniques have not been widely accepted, it provides a framework to continue the discussion on how to foster a greater sense of accountability. The metrics suggested by the Millennium Development Goals and the Human Development Index also provides the overt prioritisation as to the needs of the communities as well as a uniform means of measuring the impact that the relevant actions of the respective NGOs are having in that specific area of influence.

2.7.4 **Metrics and impact at business level...what is being done?**

Most marketing research has focussed on for profit metrics. Mintz & Currim (2013) highlight the how it is possible for the credibility of marketing mixes to be increased by the use of correct metrics, which, in their review are either marketing or financial. No mention is made of consumer welfare. The main concern for commercial marketing for them is “Are the right things being measured?” The underlying assumption therein is that the “right things” are the right things for the firm rather than its customers. Metrics should assist in driving the correct action by aiding appropriate target setting and the consequent tracking and adjusting of plans to ensure that the goals are achieved. Mintz & Currim (2013) that there is currently too much focus on financial metrics within the business, which are driven by profit targets. If this is so, it is difficult to see how welfare metrics can gain currency in a traditional business environment.
Ambler (2000) supports this view and is critical is how businesses spend too little time on reporting and managing of marketing metrics. He says:

“This call to identify with the customer may seem nothing new but the great majority of businesses do not follow the logic through. Our research suggests that, on average, boards give only 10% of the time to customers of all kinds; mostly, they concentrate on how the firm’s money is spent, not on how it is generated. If recognised at all, marketing – for that is what it is – is delegated to middle managers. The company’s marketing performance is rarely assessed at board level.”

(Ambler, 2000)

This points to the fact that most businesses practices are focused on doing good business rather than focusing on doing good for the consumers that they serve. If marketing metrics are subsumed by financial metrics in general business practice, how would social impact metrics fare? Marketing metrics are, after all, inherently easier to measure than metrics attached to welfare improvement and they receive less attention. What would happen with welfare metrics which, due to the uncertainty of what the correct measure (De Resende, 2007) should be and the more challenging task of getting frequent and reliable data which to gauge progress (Foster & Just, 1989).

Globally, there has not been much quantitative analysis done to measure whether business is delivering against both welfare and profit objectives, or if both these goals actually exists. Arguably, the debate between whether it is possible is still raging, let alone if it is quantifiable.

A quantitative study could be useful on at least two fronts:

a) It would provide greater clarity of understanding on whether metrics measuring welfare are included in brand scorecards as a means of driving awareness and focus

b) It would provide a robust means of understanding what types of metrics are having a positive impact in terms of influencing the BoP activities within the markets serviced
The exploration of these main themes will aim to provide a greater inclusive discussion on the challenge posed and with the addition of the quantitative research proposed, aid in forming a more objective view of whether despite the claims made, are BoP consumers being treated as a source of profit or opportunity to improve societal welfare.

2.8 What are the take-outs in terms of whether business is delivering on both profit and welfare metrics in BoP markets?

- There is much debate on the role of business in the BoP consumer segment and importantly the role of Government, NGOs and Business differ greatly with regards to expectations in BoP consumer segments. It appears that it is difficult for any one group to do it alone and hence a co-ordinated effort is required to make a tangible difference.
- Models exist to assist companies in assessing BoP opportunities but only one considers the impact and this is qualitative. Therefore there is a lack a robust quantitative angle and do not consider what the metrics are that should be measured once the incursion into the BoP market has taken place.
- The debate on whether there is greater focus on profit or welfare seems to be won by the profit side for now as the majority of metrics are currently only focused on measuring financial performance of companies.
- The need for suggested quantitative metrics for companies serving BoP markets is great; need to establish what they are doing.
3. Chapter Three: Research Questions

In order to further explore whether the BoP opportunity is treated as a source of profit and/or welfare opportunity by brands and their management teams, it is important to consider the following questions and their respective propositions.

The Human Development Index and the Millennium Development Goals (Harcourt, 2013; Sagar & Najam, 1998) are global initiatives aimed at raising awareness and driving action towards improving social welfare objectives. ‘Jaiswal’s Four Criteria’ (Jaiswal, 2007), specifically focuses on social welfare elements in assessing opportunity within BoP markets. But do businesses actually heed this? Research question two aims to understand how many businesses consider social welfare outcomes versus traditional growth and profit objectives.

Research question one:
To what extent are welfare outcomes considered in the context of market growth opportunities in the BoP market?

Hypothesis one:
Welfare outcomes are considered but do not play a dominant role in growth opportunity considerations, profit is dominant.

$H_0$: No significant association between growth expectations and the setting of welfare metrics in BoP markets

$H_a$: There is a significant association between growth expectations and the setting of welfare metrics in BoP markets

Ambler (2000); Mintz & Currim (2013) and Jose (2008) have each called out the importance of metrics in driving the desired behaviour and actions within business. It is believed that only with this clarity of thought and purpose can a business drive itself towards its goals. Metrics provide a goal to head towards. Research question three aims to understand whether metrics exist to support social welfare improvements aligned to growth objectives within the BoP markets.

Research question two:
Are metrics deployed to measure success of profitability improvement in BoP markets?
Hypothesis two:

Growth ambitions in BoP markets are not supported by ambitions in social welfare metrics and hence this has not been successful

\[ H_0: \text{Social welfare metrics do not exist for the majority of brands} \]
\[ H_a: \text{Social welfare metrics do exist for the majority of brands} \]

Ambler (2000); Mintz & Currim (2013) and Jose (2008) all talk to the importance of metrics in managing towards objectives. With the stated objectives of many businesses to operate in the BoP market, it is important to know the impact of objectives set for social welfare improvements versus traditional business measures. The choice of metrics is also quite vast and can lead to the incorrect metric being adopted. Research question four aims to unpack the types and balance of metrics used within business as well as aims to get a suggestion on any leading metrics which are used by any majority of brands or businesses to aid metric setting decisions within businesses.

Research question three:

What metrics are measured to gauge improvements in welfare in the BoP market?

Hypothesis three:

- a) More metrics are monitored by brands to gauge their profitability targets rather than social welfare targets/metrics in BoP markets
- b) There is no single metric which can be used to gauge social welfare improvements across multiple brands
- c) More than 90% of metrics set by an organisation are related to marketing and financial metrics, less than 10% to social welfare

\[ H_0: \text{The distributions of metrics tracked for total market, BoP and marketing metrics are the same} \]
\[ H_a: \text{The distributions of metrics tracked for total market, BoP and marketing metrics are NOT the same} \]
The unresolved debate by proponents of business for business versus business for society versus business for society has so far been rooted in qualitative discussion (Jaiswal, 2007; Karnani, 2006; Prahalad & Hammond, 2002; Simanis & Hart, 2008). There is no view on what businesses are currently prioritising. Research question five aims to quantitatively assess where the current priority of business lies: profit or welfare?

**Research question four:**

Is Profit more important than Welfare improvements to brands/companies that operate in the BoP environment?

**Hypothesis four:**

Profit and welfare trade-offs land in favour of profit in the majority of instances.

\[ H_0: \text{On average, trade-offs land more in favour of profit than social welfare} \]
\[ H_a: \text{On average, trade-offs DO NOT land more in favour of profit than social welfare} \]
4. Chapter Four: Research Methodology

4.1 Research Method and Rationale
The philosophy being adopted for this study is that of pragmatism as stated in (Saunders & Lewis, 2012). The research design being adopted is that of a quantitative nature focusing on descriptive analytics. This research method has been chosen as it builds on prior qualitative work done on this topic but which has not yet been quantified. The quantitative nature of this research will provide an objective means of testing the hypotheses on offer to support or refute previous qualitative studies.

The quantitative design utilised a structured survey to collect data and has the effect of testing against pre-determined criteria which will be uniform across all respondents. The data collected through the survey is cross-sectional in nature and hence provides a snapshot of the current situation. While a longitudinal study is preferred to gauge the shift over time, the collection of time based data is unlikely due to the fluidity of marketing staff within organisations which may hamper the ability to provide time based data of consequence (Saunders & Lewis, 2012).

4.2 Universe and Sampling frame
The universe is all branded products sold to South African BoP consumers. BoP is defined as low income consumers who attitudinally are attracted by products, willing to buy, entrepreneurial and innovative but are challenged by their lack of funds (Cholez et al., 2012). They are commonly referred to as consumers who fall into the Living Standards Measure (LSM) categories of 1-4 in the LSM 1-10 spectrum as defined by the South African Audience Research Foundation (SAARF) (Chipp, Corder, & Kapelianis, 2012).

The universe covers all branded products sold in the South African BoP market segment and the sample frame consists of those as measured and consumed by this group in the branded All Media and Products Study (AMPS) questionnaire which forms the sample frame. The AMPS survey “collects data from a nationally-representative sample on the consumption of media and products. The Living Standards Measure (LSM), in turn, uses this data as the input for an empirically derived segmentation of all South African social strata, based on a subset of variables contained in AMPS” (Chipp et al., 2012). This is possible due to the national collection of data for the compilation of the AMPS data across all consumer segments including the lower
income consumer. This is a superior data collection method as compared to choosing products from a narrow geographic location. The latter approach would have only yielded products that have been sold within this geographic area and hence may not have been representative of a national brand or product.

Once branded products were identified, the brand in question was the mechanism to find the brand management team. The branded products needed to have brand management teams based in South Africa. This is important for two reasons:

a) The presence of a South African based brand management team would allow the opportunity for the chosen brand teams to complete the survey as part of the study

b) The presence of a South African based brand management team indicates that the geography has a focused resource and likely to consider the conditions evident in the country

For the study, the population is defined as brands and their management teams:

a) all consumer brands that are available for purchase in South African bottom of the pyramid markets within the AMPS fieldwork period of March 2014 to May 2014. This is the most recent data available from the AMPS survey conducted bi-annually and would provide up to date information to include in the research. The brands included in AMPS2014A’s questionnaire will be used. This questionnaire had the most current brands and those brands would have been available for selection if they are consumed by LSM 1-4.

b) all brands sold and marketed regardless of whether this is manufactured and sold by local or multi-national corporations. The reason being that all brands directly marketed to BoP consumers should have a chance of being selected and tested for the propositions raised. This would ensure that there is no bias attributed to either local or multinational brands

c) imported brands without local brand teams i.e. brands that are solely distributed within South Africa without a support team, are excluded from this study. Hence the presence of a South African based brand management team is essential. This exception is made because imported brands without local brands teams are unlikely to consider local market conditions to the extent that this plays into any welfare or profit objective set by the off-shore company. Hence there is less likely to be a specific BoP agenda for South Africa should a brand management team not be present in the country. As such, including these products into the study may unfairly influence the results
4.3 Sampling
Sampling has been done off the Product AMPS database as at the most recent read available which is as at the end of May 2014. A judgement sample was used to pick the brands which would receive surveys. The judgement sample method is used when the researcher “actively selects the most productive sample to answer the research question” (Marshall, 1996). The top three branded products from twenty five different product categories were chosen to participate in the survey. This resulted in the dissemination of 75 survey requests which allowed for a minimum of a 40% response rate to ensure that the minimum of 30 responses were garnered.

The brand management teams of these sampled products were contacted directly via email when the survey link was sent to them.

4.4 Unit of analysis
The unit of analysis for this study will be brand.

4.5 Questionnaire design and rationale
Primary data was collected by means of a survey which constituted an electronic web-based tool which was self-administered by the respondent. This was to allow for seamless flow of the questionnaire based on the respondent’s prior answers and thus limiting the asking of redundant questions. Once the brands/products had been determined from the sample, contact was made with the brand manager in question via a telephone call to the company offices.

The manufacturing organisation will be used as a proxy and contact was made with the relevant brand team through this primary method. Where necessary, brand team details were purchased from a relevant supplier. Telephonic permission was requested along with confirmation of email addresses. Thereafter, the survey link was distributed to chosen participants via email directly by the author. They were given a time-frame of two weeks within which to complete the survey. The response rate was very slow all the way through the survey as depicted in the table below.
At the end of week 1, the response rate was 2.7% at which point follow up emails were sent to respondents. At the end of week two, when the rate was 4.0%, a personal email was sent to each of the requested respondents, further detailing the need and objective of the survey and re-confirming the confidentiality of their responses. It also allowed for the respondents to have a personal line of contact should they wish to query anything. During individual discussions with respondents during Week 3, it was discovered that the automated mail sent via Survey Monkey was often directed to the spam folder within the respondents email box. As such, a revised personal email highlighted this and a new survey request was generated to affected respondents enabling them to complete the survey. This has the impact of delivering a 14.7% response rate in Week 4.

Despite this extra effort, there were still insufficient respondents at the end of week four with the total at 26.6% with just 20 responses. At this time, the writer contacted people within his LinkedIn circle of influence to act as his envoys within the organisations from whom the information was requested. It was expected that having someone familiar request a survey response was more likely to bear fruit. It did result in more completed surveys being received. However it also unearthed an issue sin that some brand managers was wary of answering what they deemed to be confidential information. This was despite the writer’s assertions that the information was protected by means of GIBS’ ethics policy as well as the writer’s personal code of ethics as a business professional.
After eight weeks of personal interactions with respondents via email, envoys and phone calls, the number of respondents crossed the 30 mark and reached a maximum of 34 responses which equals to a response rate of 45.3% and a response bias of 54.7%. At this point the writer closed the survey off which would mean that any further attempts to complete the survey online would be revoked by the system.

The key sections of the questionnaire comprised the following:

- Information on the brand which would allow grouping to be done at the data analysis stage. This included information regarding size of brand, age of brand, marketing budget, rate of growth, market share, size of company and local versus multinational ownership.

- Information regarding the scorecards currently in use by the brand. This will include the checking off against a pre-determined list of metrics that will be provided. These have been collected from the writings of (Mintz & Currim, 2013); (Szekely & Knirsch, 2005) and the Millennium Development Goals.

- Information regarding the metrics used to decide on market development opportunities for the BoP market. This will include the checking off against a pre-determined list of metrics that will be provided and which has been compiled using data from relevant articles including (Szekely & Knirsch, 2005).

The questionnaire was designed such that each hypothesis was clearly linked to specific questions asked in the questionnaire. These are shown below:

**Hypothesis one:**

- Welfare Outcomes are considered but do not play a dominant role in growth opportunity considerations, profit is dominant

**Survey Questions:**

2. Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?

6. Do you approach them as consumers?

7. Do you make use of lower income suppliers?
10. Do you have a strategy in terms of social welfare improvements aimed for those in LSM 1-4?

Hypothesis two:

- Growth ambitions in BoP markets are not supported by ambitions in social welfare metrics and hence this has not been successful

Survey Questions:

8. Do you have growth ambitions in this consumer segment?
9. Have you set metrics for these growth targets?
4. How successful would you say this strategy has been?
11. Do you consider activity among low income individuals as social investments?
16. Have you set metrics for these social welfare improvements?
17. How long have these been in place?

Hypothesis three:

- a) More metrics are monitored by brands to gauge their profitability targets rather than social welfare targets/metrics in BoP markets
- b) There is no single metric which can be used to gauge social welfare improvements across multiple brands
- c) More than 90% of metrics set by an organisation are related to marketing and financial metrics, less than 10% to social welfare

Survey Questions:

18. Please indicate which of the following metrics are measured within your brand/business unit for the total market and for the BoP segment
19. For your brand/product which is sold into the BoP market, have you set metrics for these social welfare improvements?
Hypothesis four:

- Profit and welfare trade-offs land in favour of profit in the majority of instances

Survey Questions:

12. Do you have profitability measures and criteria for BoP interventions?
13. Are these/is this different to that used in the rest of your business?
14. Please select the statement that best describes your company’s approach to profit and welfare
15. On average, where do you think most trade-offs land in favour of?

4.6 Pre-test of questionnaire

The questionnaire was pre-tested with three different individuals within the FMCG environment. Responses were collated and summarily tested to ensure that it provides all data required to make the study meaningful. Verbal feedback was gathered on ease of completion and understanding of the survey as well as the method of dissemination which was considered and factored into changes required before the survey was issues to the sample.

4.7 Data collection

Primary data was collected by means of a survey which constituted an electronic web-based tool which could be self-administered by the respondent. This was to allow for seamless flow of the questionnaire based on the respondent’s prior answers and thus limiting the asking of redundant questions. The survey link was distributed to chosen participants via email using the Survey Monkey survey collection tool. They were originally given a time-frame of two weeks within which to complete the survey, however this was extended to ensure sufficient responses were gathered.

4.8 Data analysis

Data analysis was aided by use of the IBM SPSS statistics tool. This enables the interrogation of the data collected so as to inform the questions posed and provide a definite answer to the hypotheses on offer.
4.9 Assumptions
It is not anticipated that this study was unethical in any form however the author is conscious that there was a non-response bias error which resulted in the unwillingness of respondents to answer questions which they deem to be confidential to their business or brand. Linked in to this could be deliberate falsification which could be caused by a respondents’ desire to hide a negative response to the survey. To overcome this, there were controls placed in the survey with questions re-phrased to check consistency of answers throughout.

4.10 Limitations
While the design and administration of the survey has been carefully considered, there are some limitations to consider. This includes but is not limited to:

- There was a non-response bias from sampled brands which risks attainment of the sample size of 30 respondents. This was mitigated through a compelling motivation letter which will be distributed to senior business leaders within the respective companies with the intention of getting them to sponsor the study within their organisation and hence gaining buy-in from the brand managers. This was considered but ultimately not done to avoid the risk of business leaders stopping brand managers from engaging in the study altogether. A ‘divide and conquer’ approach was taken instead.

- The study explores tangible products and hence does not consider service based offerings. Hence any conclusions from the study cannot be inferred onto the service industry. This is an avenue which further research can explore

- The study primarily explores branded goods in the South African environment. This distinction is deliberate as a brand management team is required to answer the survey and such teams are usually involved in branded goods

- Unwillingness of respondents to answer questions which they deem to be confidential to their business or brand
5. Chapter Five: Results

5.1 Introduction
There were 34 survey responses received in total which represents a response rate of 45.3%. While this is lower than expected, it is more than the minimum of 30 responses required to continue with the study. However the sample of 34 is too small off which to run a full battery of parametric tests. The primary reason for this is that for such small samples, the distribution is unlikely to be normal as would be the case for large samples of data (Romano, 2004). The uneven distribution in small data sets would make parametric testing potentially misleading. As such, the focus on the results shown will centre on non-parametric tests as relevant.

5.2 Description of respondent companies and brands

5.2.1 Multinationals versus local companies

Eight one percent of the responses were received by brands that belonged to Multinational corporations operating within the South African consumer landscape. This suggests a larger participation rate (4 out of 5) of multinational owned brands than local brands operating within the consumer landscape.
5.2.2 Market share

Table 2 - Approximate market share the respondent brand/product in the total market (n = 32)

<table>
<thead>
<tr>
<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5%</td>
<td>6.25%</td>
</tr>
<tr>
<td>Between 5% and 10%</td>
<td>6.25%</td>
</tr>
<tr>
<td>Between 10% and 15%</td>
<td>9.38%</td>
</tr>
<tr>
<td>Between 15% and 20%</td>
<td>6.25%</td>
</tr>
<tr>
<td>Between 20% and 30%</td>
<td>12.50%</td>
</tr>
<tr>
<td>Greater than 30%</td>
<td>59.38%</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
</tr>
</tbody>
</table>

Fifty nine percent (19) of respondent brands indicated that they enjoyed market shares of greater than 30% within the South African consumer market. Only 6.25% of respondent brands indicated that they had market shares of less than 5%. As these were sampled off the top 3 brands of chosen categories, it suggests that market leaders enjoy considerable strength in market. The link of this success due to connecting and targeting the BoP market would be interesting to analyse.
5.2.3 **Revenue size**

Figure 5 - Approximate Revenue size of the respondent brand/product in the total market (n = 31)

Forty two percent of the brand indicated that their turnover was greater than R750m. This is rather sizeable considering that as per SARS definitions of business size, these would all be considered large businesses based on the turnover size of the single brand surveyed. No brands claimed to be generating turnover less than R50m which would also categorise it as a medium sized business per the SARS definition. This is also quite sizeable.
5.2.4 Time in market

Table 3 - For how many years has the respondent brand/product been active in the South African market? (n = 33)

<table>
<thead>
<tr>
<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 years</td>
<td>0.00%</td>
</tr>
<tr>
<td>Between 3 years and 5 years</td>
<td>0.00%</td>
</tr>
<tr>
<td>Between 5 years and 10 years</td>
<td>0.00%</td>
</tr>
<tr>
<td>Between 10 years and 25 years</td>
<td>12.12%</td>
</tr>
<tr>
<td>Between 25 years and 40 years</td>
<td>21.21%</td>
</tr>
<tr>
<td>Greater than 40 years</td>
<td>66.67%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
</tr>
</tbody>
</table>

The length of time that the respondent brands have been operating in South Africa is quite high with two thirds of brands claiming to be in existence for more than 40 years while no brand indicated being less than ten years old. Has their age aided in getting them to the top three positions within their respective categories? Is it time or experience?
5.2.5 Brand performance

Figure 6 - Brand respondent performance over the last three years (n = 33)

Just over half (54.54%) of brands claimed to be growing by more than 1% per annum over the last three years while 30.30% claim to be growing by greater than 3% over the last three years. This is a rate ahead of the country’s national GDP.
5.2.6  **Marketing budget of respondent brands**

While 41.94% of brands claimed to be greater than R750m in turnover, only 25.81% indicated a marketing budget of greater than R91m. This could suggest a lower percentage to turnover marketing expense for larger brands.

5.2.7  **Job level of respondents**

Most (85.72%) of respondents who answered this question claimed to be at management level or higher. This was done to understand the seniority of the respondents and the likelihood of them being exposed to the strategies of this brand or business.
5.2.8 Size of company

Table 5 - Size of company in South Africa (n = 33)

<table>
<thead>
<tr>
<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100 employees</td>
<td>0.00%</td>
</tr>
<tr>
<td>Between 101 and 250 employees</td>
<td>6.06%</td>
</tr>
<tr>
<td>Between 251 and 500 employees</td>
<td>12.12%</td>
</tr>
<tr>
<td>Between 501 and 1000 employees</td>
<td>3.03%</td>
</tr>
<tr>
<td>Greater than 1001 employees</td>
<td>78.79%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
</tr>
</tbody>
</table>

All respondents indicated that their companies were medium to large enterprises operating in South Africa i.e. greater than 101 employees. Most (78.79%) indicated that their companies were very large with employees in excess of 1001 employees.

5.3 Tests of hypotheses

The structure of the analysis for all hypotheses testing follows the structure shown below.

Step 1: Hypothesis test

Step 2: Why is this hypothesis test appropriate

Step 3: Descriptive statistics

Step 4: Test result

Step 5: Conclusion
5.3.1 **Hypothesis one**

Welfare outcomes are considered but do not play a dominant role in growth opportunity considerations, profit is dominant.

\(H_0: \) No significant association between growth expectations and the setting of welfare metrics in BoP markets

\(H_a: \) There is a significant association between growth expectations and the setting of welfare metrics in BoP markets

5.3.1.1 **Hypothesis test**

There are two tests which are deemed appropriate for testing of this hypothesis. These are:

- Proportions Test
- Chi-square

5.3.1.2 **Why is this hypothesis test appropriate?**

In this instance, where we have a small sample size, a proportions test enables a quantitative comparison between the variables linked in to the hypothesis stated. It also allows for a comparison of responses against each question to be able to understand significance.

This chi-square test determines whether two variables are statistically independent. It is for this reason that this test is often referred to as the chi-square test of independence. Specifically, it tests for the association or independence between two nominal or dichotomous variables. Note that the chi-square test does not distinguish between dependent and independent variables.
5.3.1.3 **Descriptive statistics**

**Table 6 - Hypothesis one descriptive statistics**

<table>
<thead>
<tr>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you segment your consumer market?</td>
<td>34</td>
</tr>
<tr>
<td>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</td>
<td>24</td>
</tr>
<tr>
<td>How long has a BoP strategy been in place for your brand?</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>6</td>
</tr>
<tr>
<td>How successful would you say this strategy has been?</td>
<td>34</td>
</tr>
</tbody>
</table>

The table above summarises the responses for the survey questions that are applicable to the hypothesis being tested here.

**Table 7 - Hypothesis one - Level of Success statistics**

<table>
<thead>
<tr>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>How successful would you say this strategy has been? - Level of Success</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

Fifty eight percent (14 of 24) respondents stated that the strategy has been successful with a third claiming that it has been unsuccessful.
Table 8 - Hypothesis one Proportional test

<table>
<thead>
<tr>
<th>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Mean Mean Mean Mean Mean Mean Mean Mean Mean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How successful would you say this strategy has been? - Level of Success</td>
<td></td>
<td>3.46</td>
</tr>
</tbody>
</table>

For the 24 respondents who aimed to have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4, the mean for the success of said strategy is 3.46.

Table 9 - Hypothesis one descriptive statistics (b)

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>24</td>
</tr>
</tbody>
</table>

Frequencies

Table 10 - Hypothesis one frequency statistics

<table>
<thead>
<tr>
<th>Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>34</td>
</tr>
</tbody>
</table>
More than two-thirds of respondents (24) claim to have a clear statement of intent or strategy in terms of BoP consumers. This is despite 100% of respondents claiming to have segmented their consumer market.

**Non-parametric Tests**

More than two-thirds of respondents (71%) have a strategy for their incursions into the BoP market and with mixed feelings - a mean score of 3.46 (versus a maximum of 5) on the question of whether this has been successful.
## Frequencies

### Table 13 - Hypothesis one frequencies

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</th>
<th>How successful would you say this strategy has been? - Level of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>Valid</td>
<td>Missing</td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>10</td>
</tr>
</tbody>
</table>

## Frequency Table

### Table 14 - Hypothesis one frequency table

Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid No</td>
<td>10</td>
<td>29.4</td>
<td>29.4</td>
<td>29.4</td>
</tr>
<tr>
<td>Yes</td>
<td>24</td>
<td>70.6</td>
<td>70.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

## Table 15 - Hypothesis one Level of Success statistics

How successful would you say this strategy has been? - Level of Success

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Very unsuccessful</td>
<td>1</td>
<td>2.9</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>Slightly unsuccessful</td>
<td>7</td>
<td>20.6</td>
<td>29.2</td>
</tr>
<tr>
<td></td>
<td>Neither</td>
<td>2</td>
<td>5.9</td>
<td>8.3</td>
</tr>
<tr>
<td></td>
<td>Slightly successful</td>
<td>8</td>
<td>23.5</td>
<td>33.3</td>
</tr>
<tr>
<td></td>
<td>Very successful</td>
<td>6</td>
<td>17.6</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>70.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>10</td>
<td>29.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
More than half of valid respondents state that their strategy has been successful (n = 14 vs. n=10), but not definitive.

Table 16 - Hypothesis one proportional table

<table>
<thead>
<tr>
<th>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Column N %</td>
<td>Count</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----</td>
<td>-----</td>
</tr>
<tr>
<td>Do you approach them as potential consumers?</td>
<td>No</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>5</td>
</tr>
<tr>
<td>Do you make use of suppliers from lower income segments?</td>
<td>No</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 17 - Hypothesis one comparisons of column proportions

<p>| Comparisons of Column Proportions&lt;sup&gt;a&lt;/sup&gt; |
|---------------------------------|---|---|</p>
<table>
<thead>
<tr>
<th>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>(B)</td>
<td></td>
</tr>
<tr>
<td>Do you approach them as potential consumers?</td>
<td>No</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>A</td>
</tr>
<tr>
<td>Do you make use of suppliers from lower income segments?</td>
<td>No</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>A</td>
</tr>
</tbody>
</table>

Results are based on two-sided tests with significance level .05. For each significant pair, the key of the category with the smaller column proportion appears under the category with the larger column proportion.<sup>a</sup> a. Tests are adjusted for all pairwise comparisons within a row of each innermost suitable using the Bonferroni correction.

Where a clear statement of intent or strategy in terms of BoP consumer exists, a majority of respondents claim to approach them as both suppliers and customers.
Table 18 - Hypothesis one proportional table (b)

<table>
<thead>
<tr>
<th>Do you make use of suppliers from lower income segments?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Column N %</td>
<td>Count</td>
</tr>
<tr>
<td>-------</td>
<td>------------</td>
<td>-------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>No</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

Table 19 - Hypothesis one social welfare strategy statistics

<table>
<thead>
<tr>
<th>Do you have a strategy in terms of social welfare improvements aimed for those in LSM 1-4?</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>11</td>
<td>32.4%</td>
</tr>
<tr>
<td>Yes</td>
<td>6</td>
<td>17.6%</td>
</tr>
<tr>
<td>Part of CSI/CSR</td>
<td>17</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

Table 20 - Hypothesis one proportional table (c)

<table>
<thead>
<tr>
<th>Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Count</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Even where a strategy is in place for the BoP market, the social welfare improvement objective is considered to be part of CSI/CSR (45.8% or respondents)
## Frequencies

**Table 21 - Hypothesis one_Do you have a strategy in terms of social welfare improvements aimed for those in LSM 1-4?**

<table>
<thead>
<tr>
<th></th>
<th>Observed N</th>
<th>Expected N</th>
<th>Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>11</td>
<td>11.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Yes</td>
<td>6</td>
<td>11.3</td>
<td>-5.3</td>
</tr>
<tr>
<td>Part of CSI/CSR</td>
<td>17</td>
<td>11.3</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

More emphasis is placed on CSI/CSR teams taking care of social welfare improvements rather than it being a deliberate part of the brand strategy or not at all.

**Table 22 - Hypothesis one test statistics**

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Do you have a strategy in terms of social welfare improvements aimed for those in LSM 1-4?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>5.353a</td>
</tr>
<tr>
<td>df</td>
<td>2</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.069</td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 11.3.

A chi-square test for association was conducted between the presence of a social welfare metrics for BoP. All expected cell frequencies were greater than five. There was a statistically insignificant association indicating that a strategy is present, chi square = 5.353, p = .069. While p is insignificant, the low sample size should be borne in mind.
Table 23 - Hypothesis one_profitability vs. social investments

<table>
<thead>
<tr>
<th>Do you consider activity among low income individuals as social investments?</th>
<th>Do you have profitability measures and criteria for BoP interventions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Count</td>
<td>Count</td>
</tr>
<tr>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

Of greatest interest is that among the 12 organisations who consider low income to be social investments, 7 have profitability measures, suggesting a disconnect between practice and policy. The same disconnect is then registered for those who do not consider activity to be social investments but then do not have profitability measures. Not surprisingly the chi-square results are insignificant, suggesting that corporate policy in this area is not well thought out.

Table 24 - Hypothesis one Pearson Chi-square test

<table>
<thead>
<tr>
<th>Pearson Chi-Square Tests</th>
<th>Do you have profitability measures and criteria for BoP interventions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you consider activity among low income individuals as social investments?</td>
<td>Chi-square</td>
</tr>
<tr>
<td></td>
<td>df</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
</tr>
</tbody>
</table>

Results are based on nonempty rows and columns in each innermost subtable.

<sup>a</sup> More than 20% of cells in this subtable have expected cell counts less than 5. Chi-square results may be invalid.
5.3.1.4 Test result

Table 25 - Hypothesis one_test result

<table>
<thead>
<tr>
<th>Null Hypothesis</th>
<th>Test run</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Proportions tests &amp; Chi-square</td>
<td>Accept null hypothesis</td>
</tr>
<tr>
<td>No significant association between growth expectations and the setting of welfare metrics in BoP markets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 8- Hypothesis one_Mann Whitney U test summary

The null hypothesis was attempted to be answered by performing an Independent Samples Mann-Whitney U test. This test is also called the Wilcoxon-Mann-Whitney test and is a rank based non-parametric test used as an alternative to an independent samples t-test. It was not possible to compute the decision using this test because there was no independence of observations within the sample. As such, the data failed done of the key assumptions for this test to work and as such, it was not able to compute and answer.
5.3.1.5 Conclusion

In unpacking the responses to questions such as:

- the setting of growth objectives,
- metrics relating to total and BoP market,
- the consideration of activity in BoP markets as social investments,
- the approach to the BoP market as suppliers and/or consumers,
- the presence of assessment criteria for incursions into the BoP market,

The testing done using Pearson’s Chi-square tests as well as Proportions tests, indicate that there is no significant association between growth expectations and the setting of welfare metrics in BoP markets.
5.3.2 **Hypothesis two**

Growth ambitions in BoP markets are not supported by ambitions in social welfare metrics and hence this has not been successful.

\[ H_0: \text{Social welfare metrics do not exist for the majority of brands} \]
\[ H_a: \text{Social welfare metrics do exist for the majority of brands} \]

5.3.2.1 **Hypothesis test**
To test the above hypothesis, a chi-square test for independence is recommended. This is also referred to as the Pearson’s chi-square test or the chi-square test of association.

5.3.2.2 **Why is this hypothesis test appropriate?**
The chi-square test for independence is appropriate to be used because we are dealing with variables that are categorical in nature. The data also consists of independent groups and this then satisfies the two assumptions necessary to be able to conduct this test.

5.3.2.3 **Descriptive statistics**

<table>
<thead>
<tr>
<th>Table 26 - Hypothesis two: Descriptive statistics_profitability vs. social metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Do you have profitability measures and criteria for BoP interventions?</strong></td>
</tr>
<tr>
<td><strong>No</strong></td>
</tr>
<tr>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>Have you set metrics for these social welfare improvements?</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Table 27 - Hypothesis two_Pearson Chi-square test

<table>
<thead>
<tr>
<th>Pearson Chi-Square Tests</th>
<th>Do you have profitability measures and criteria for BoP interventions?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chi-square 4.600</td>
</tr>
<tr>
<td></td>
<td>df 1</td>
</tr>
<tr>
<td></td>
<td>Sig. .032              <strong>b</strong></td>
</tr>
</tbody>
</table>

Results are based on nonempty rows and columns in each innermost subtable.

* The Chi-square statistic is significant at the .05 level.

b. More than 20% of cells in this subtable have expected cell counts less than 5. Chi-square results may be invalid.

A chi-square test of association was conducted between profitability measures for BoP interventions and the setting of metrics for social welfare improvements. More than 20% of the cells in this test have an expected count of less than five which may render the chi-square results invalid. The p-value of 0.032 suggests that the null hypothesis is to be rejected.

Table 28 - Hypothesis two_Comparison of column proportions

<table>
<thead>
<tr>
<th>Comparisons of Column Proportions*</th>
<th>Do you have profitability measures and criteria for BoP interventions?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Have you set metrics for</td>
<td>(A)</td>
</tr>
<tr>
<td>these social welfare improvements?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>B</td>
</tr>
</tbody>
</table>

Results are based on two-sided tests with significance level .05. For each significant pair, the key of the category with the smaller column proportion appears under the category with the larger column proportion.*

a. Tests are adjusted for all pairwise comparisons within a row of each innermost subtable using the Bonferroni correction.

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Only half of respondents claim to have profitability measures and criteria for BoP interventions while also having set metrics for social welfare improvements.

Table 29 - Hypothesis two_Descriptive statistics

<table>
<thead>
<tr>
<th>Do you have profitability measures and criteria for BoP interventions?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td>Have you set metrics for these social welfare improvements?</td>
<td>No</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>2</td>
</tr>
<tr>
<td>Are these / Is this different to that used in the rest of your business?</td>
<td>No</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Have you set metrics for these social welfare improvements?</td>
<td>No</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 30 - Hypothesis two_Pearson Chi-square test (b)

<table>
<thead>
<tr>
<th>Pearson Chi-Square Tests</th>
<th>Do you have profitability measures and criteria for BoP interventions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have you set metrics for these social welfare improvements?</td>
<td>Chi-square</td>
</tr>
<tr>
<td></td>
<td>df</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
</tr>
<tr>
<td>Are these / Is this different to that used in the rest of your business?</td>
<td>Chi-square</td>
</tr>
<tr>
<td></td>
<td>df</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
</tr>
<tr>
<td>Have you set metrics for these social welfare improvements?</td>
<td>Chi-square</td>
</tr>
<tr>
<td></td>
<td>df</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
</tr>
</tbody>
</table>

Results are based on nonempty rows and columns in each innermost subtable.

* The Chi-square statistic is significant at the .05 level.

b. More than 20% of cells in this subtable have expected cell counts less than 5. Chi-square results may be invalid.
A chi-square test of association was conducted between profitability measures for BoP interventions and:

- consideration of activity among low income individuals as social investment
- the difference to that used in the rest of the business
- whether metrics have been set for these social welfare improvements

On all three tests, more than 20% of the cells in this test have an expected count of less than five which may render the chi-square results invalid. The p-value on consideration of activity amongst low income consumers and metrics having been set is 0.32 each which would result in a rejection of the null hypothesis. On the relationship with the difference to metrics used in the rest of the business, the p-value is 0.853 and fails to reject the null hypothesis.

5.3.2.4 Test result

<table>
<thead>
<tr>
<th>Social welfare metrics do not exist for the majority of brands</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Null Hypothesis</strong></td>
</tr>
<tr>
<td>Three Social welfare metrics do not exist for the majority of brands</td>
</tr>
</tbody>
</table>

5.3.2.5 Conclusion

In unpacking the responses to questions such as:

- Do growth ambitions exist in the BoP market,
- Have metrics been set for these growth targets,
- How successful have these strategies been and
- Have metrics been set for the BoP market?

The testing done using chi-squared tests of association indicate that in the majority of instances, social welfare metrics do not exist for brand.

As such, the null hypothesis is accepted.
5.3.3 Hypothesis three

a) More metrics are monitored by brands to gauge their profitability targets rather than social welfare targets/metrics in BoP markets

b) There is no single metric which can be used to gauge social welfare improvements across multiple brands

c) More than 90% of metrics set by an organisation are related to marketing and financial metrics, less than 10% to social welfare

H₀: The distributions of metrics tracked for total market, BoP and marketing metrics are the same
Hₐ: The distributions of metrics tracked for total market, BoP and marketing metrics are NOT the same

5.3.3.1 Hypothesis test
For each part of the hypothesis testing, a specific test will be conducted as follows:

Number of metrics monitored by brands to gauge profitability versus social welfare metrics = A descriptive stats table and k-samples paired t-test between social metrics, profit other, profit BoP.

To determine whether a single metric exists to gauge social welfare = Descriptive stats table will be used.

5.3.3.2 Why is this hypothesis test appropriate?
H₀3a = the hypothesis being suggested requires that a comparison be made between metrics to gauge profitability targets and that for social welfare targets. A descriptive stats table will allow visibility and analysis of the multiple metrics in use and assist in understanding and describing the differences.

A k-samples paired t-test between social metrics, profit other, profit BoP is a non-parametric test used when only small samples are available. It is specifically used to test if two groups are different and t-tests will compare the means of the two groups.
which are usually related. These groups are related because it is the same respondents commenting on their use of different sets of metrics.

5.3.3.3 Descriptive statistics

Table 32 - Hypothesis three_ N marketing metrics_BoP

<table>
<thead>
<tr>
<th>Metrics_marketing_tracked_BoP</th>
<th>N</th>
<th>Valid</th>
<th>Missing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>34</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

Table 33 - Hypothesis three_Marketing metrics tracked BoP frequency

<table>
<thead>
<tr>
<th>Metrics_marketing_tracked_BoP</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>.00</td>
<td>21</td>
<td>61.8</td>
<td>61.8</td>
</tr>
<tr>
<td>1.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>64.7</td>
</tr>
<tr>
<td>2.00</td>
<td>3</td>
<td>8.8</td>
<td>8.8</td>
<td>73.5</td>
</tr>
<tr>
<td>3.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>76.5</td>
</tr>
<tr>
<td>4.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>79.4</td>
</tr>
<tr>
<td>6.00</td>
<td>2</td>
<td>5.9</td>
<td>5.9</td>
<td>85.3</td>
</tr>
<tr>
<td>8.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>88.2</td>
</tr>
<tr>
<td>9.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>91.2</td>
</tr>
<tr>
<td>16.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>94.1</td>
</tr>
<tr>
<td>17.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>97.1</td>
</tr>
<tr>
<td>23.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Almost two-thirds (61.8% / 21) of respondents did not set any marketing metrics to track in the BoP market.
Frequencies

Table 34 - Hypothesis three_Marketing metrics tracked total

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Metrics_marketing_tracked_Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>Valid</td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 35 - Hypothesis three_Marketing metrics tracked total frequency

<table>
<thead>
<tr>
<th>Metrics_marketing_tracked_Total</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>4.00</td>
<td>1</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>5.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>5.9</td>
</tr>
<tr>
<td>8.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>8.8</td>
</tr>
<tr>
<td>10.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>11.8</td>
</tr>
<tr>
<td>14.00</td>
<td>3</td>
<td>8.8</td>
<td>8.8</td>
<td>20.6</td>
</tr>
<tr>
<td>15.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>23.5</td>
</tr>
<tr>
<td>16.00</td>
<td>2</td>
<td>5.9</td>
<td>5.9</td>
<td>29.4</td>
</tr>
<tr>
<td>17.00</td>
<td>2</td>
<td></td>
<td>5.9</td>
<td>35.3</td>
</tr>
<tr>
<td>20.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>38.2</td>
</tr>
<tr>
<td>21.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>41.2</td>
</tr>
<tr>
<td>22.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>44.1</td>
</tr>
<tr>
<td>23.00</td>
<td>3</td>
<td>8.8</td>
<td>8.8</td>
<td>52.9</td>
</tr>
<tr>
<td>24.00</td>
<td>2</td>
<td></td>
<td>5.9</td>
<td>58.8</td>
</tr>
<tr>
<td>25.00</td>
<td>3</td>
<td>8.8</td>
<td>8.8</td>
<td>67.6</td>
</tr>
<tr>
<td>26.00</td>
<td>3</td>
<td></td>
<td>8.8</td>
<td>76.5</td>
</tr>
<tr>
<td>27.00</td>
<td>2</td>
<td>5.9</td>
<td>5.9</td>
<td>82.4</td>
</tr>
<tr>
<td>28.00</td>
<td>1</td>
<td></td>
<td>2.9</td>
<td>85.3</td>
</tr>
<tr>
<td>29.00</td>
<td>5</td>
<td>14.7</td>
<td>14.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The minimum number of metrics tracked for the total market is four with 14.7% of respondents stating that they tracked a total of 29 marketing metrics in the total market. The mean is 20.88 with a standard deviation of 7.16. This suggests a wide spread of responses against this measure with the weighting in favour of more metrics with the
mean greater than 20. The standard deviation of 7.16 confirms that there are large variances in the number of metrics being tracked.

Table 36 - Hypothesis three_Descriptive statistics

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrics_marketing_tracked_BoP</td>
<td>34</td>
<td>2.9118</td>
<td>5.61582</td>
<td>.00</td>
<td>23.00</td>
</tr>
<tr>
<td>Metrics_marketing_tracked_Total</td>
<td>34</td>
<td>20.8824</td>
<td>7.16796</td>
<td>4.00</td>
<td>29.00</td>
</tr>
<tr>
<td>Metrics_social_tracked</td>
<td>34</td>
<td>2.8529</td>
<td>4.41850</td>
<td>.00</td>
<td>17.00</td>
</tr>
</tbody>
</table>

The mean number of social metrics tracked overall is only 2.85 while the mean number of marketing metrics tracked in the BoP market is only 2.91. For the total market, the mean number of marketing metrics tracked is 20.88. Although for this latter score, the standard deviation is the largest at 7.17 suggesting a wide spread of tracking further validated by the absolute gap between the minimum number tracked of four versus the maximum number tracked of 29.

**Friedman Test**

The Friedman test is the non-parametric alternative to the repeated measures ANOVA test. It is used to determine whether there are any statistically significant differences between the distributions of three of more groups.

Table 37 - Hypothesis three_Friedman Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrics_marketing_tracked_BoP</td>
<td>1.57</td>
</tr>
<tr>
<td>Metrics_marketing_tracked_Total</td>
<td>2.91</td>
</tr>
<tr>
<td>Metrics_social_tracked</td>
<td>1.51</td>
</tr>
</tbody>
</table>

The table above confirms that the medians are different for each of the metrics, hence they do not have an even distribution.
**Figure 9 - Hypothesis three_Related samples Friedman's two-way**

![Graph showing Related-Samples Friedman's Two-Way Analysis of Variance by Ranks](image)

- **Metrics_tracking_boP**: Mean Rank = 1.57
- **Metrics_tracking_total**: Mean Rank = 2.91
- **Metrics_tracking_generated**: Mean Rank = 1.51

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total N</td>
<td>34</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>46.343</td>
</tr>
<tr>
<td>Degrees of Freedom</td>
<td>2</td>
</tr>
<tr>
<td>Asymptotic Sig. (2-sided test)</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Figure 10 - Hypothesis three_Continuous field information (Marketing BoP)**

![Graph showing Continuous Field Information](image)

- N = 34
- Min = 0.000
- Max = 23.000
- Mean = 2.91
- Std. Dev. = 5.62
Figure 11- Hypothesis three: Continuous field information (Marketing Total)

Continuous Field Information

N = 34
Min = 4.000
Max = 29.000
Mean = 20.88
Std. Dev. = 7.17

Figure 12- Hypothesis three: Continuous field information (Social)

Continuous Field Information

N = 34
Min = 0.000
Max = 17.000
Mean = 2.85
Std. Dev. = 4.42
Figure 13- Hypothesis three_Pairwise comparisons

Pairwise Comparisons

Each node shows the sample average rank.

<table>
<thead>
<tr>
<th>Sample1-Sample2</th>
<th>Test Statistic</th>
<th>Std. Error</th>
<th>Std. Test Statistic</th>
<th>Sig.</th>
<th>Adj.Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrics_social_tracked - Metrics_marketing_tracked_BoP</td>
<td>.059</td>
<td>.243</td>
<td>.243</td>
<td>.808</td>
<td>1.000</td>
</tr>
<tr>
<td>Metrics_social_tracked - Metrics_marketing_tracked_Total</td>
<td>1.397</td>
<td>.243</td>
<td>5.780</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Metrics_marketing_tracked_BoP - Metrics_marketing_tracked_Total</td>
<td>1.338</td>
<td>.243</td>
<td>-5.518</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same. Asymptotic significances (2-sided tests) are displayed. The significance level is .05.
## Frequencies

### Table 38 - Hypothesis three_frequency statistics

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Metrics_marketing_tracked_BoP</th>
<th>Metrics_marketing_tracked_Total</th>
<th>Metrics_social_tracked</th>
</tr>
</thead>
<tbody>
<tr>
<td>N Valid</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Table 39 - Hypothesis three_Descriptive statistics

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrics_marketing_tracked_BoP</td>
<td>34</td>
<td>2.9118</td>
<td>5.61582</td>
<td>.00</td>
<td>23.00</td>
</tr>
<tr>
<td>Metrics_marketing_tracked_Total</td>
<td>34</td>
<td>20.8824</td>
<td>7.16796</td>
<td>4.00</td>
<td>29.00</td>
</tr>
<tr>
<td>Metrics_social_tracked</td>
<td>34</td>
<td>2.8529</td>
<td>4.41850</td>
<td>.00</td>
<td>17.00</td>
</tr>
</tbody>
</table>

### 5.3.3.4 Test result

### Table 40 - Hypothesis three_Test result

<table>
<thead>
<tr>
<th>Null Hypothesis</th>
<th>Test run</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three</td>
<td>k-samples paired t-test and Friedman test</td>
<td>Reject null hypothesis. Accept alternative hypothesis</td>
</tr>
</tbody>
</table>
5.3.3.5 Conclusion

A reminder of the research questions and the hypothesis aimed to answer them are shown below.

a) More metrics are monitored by brands to gauge their profitability targets rather than social welfare targets/metrics in BoP markets

b) There is no single metric which can be used to gauge social welfare improvements across multiple brands

c) More than 90% of metrics set by an organisation are related to marketing and financial metrics, less than 10% to social welfare

\[ H_0: \text{The distributions of metrics tracked for total market, BoP and marketing metrics are the same} \]
\[ H_a: \text{The distributions of metrics tracked for total market, BoP and marketing metrics are NOT the same} \]

In unpacking the responses to questions such as:

- The setting of marketing metrics for BoP and total market and
- the setting of social metrics for the BoP market,

the testing done using k-samples paired t-tests and Friedman test, indicate that there is a difference in the distribution of marketing metrics tracked for BoP and total market as well as versus social welfare metrics for the BoP markets.

As such, the null hypothesis is rejected and the alternative hypothesis is accepted.
5.3.4 *Hypothesis four*

Profit and welfare trade-offs land in favour of profit in the majority of instances.

**H₀:** On average, trade-offs land more in favour of profit than social welfare
**Hₐ:** On average, trade-offs DO NOT land more in favour of profit than social welfare

5.3.4.1 **Hypothesis test**
A chi-square test will be used to test this hypothesis.

5.3.4.2 **Why is this hypothesis test appropriate?**
This chi-square test determines whether two variables are statistically independent. It is for this reason that this test is often referred to as the chi-square test of independence. Specifically, it tests for the association or independence between two nominal or dichotomous variables. The chi-square test does not distinguish between dependent and independent variables.

5.3.4.3 **Descriptive statistics**

| Table 42 - Hypothesis four_Descriptive statistics |
|---------------------|----------------------|
| **Count**            |                      |
| Do you have profitability measures and criteria for BoP interventions? | No | 14 |
|                      | Yes | 20 |
| Are these / Is this different to that used in the rest of your business? | No | 23 |
|                      | Yes | 10 |
| Please select the statement that best describes your company’s approach to profit and welfare | Profitability is the most important factor | 14 |
|                      | Making a notable social impact of the most important factor | 1 |
|                      | Profit and social impact are equally important | 19 |
| On average, where do you think most trade-offs land in favour of? | Always in favour of profit | 8 |
|                      | Mostly in favour of profit | 19 |
|                      | 50 / 50 | 5 |
|                      | Mostly in favour of welfare improvements | 1 |
|                      | Always in favour of welfare improvements | 1 |
Please select the statement that best describes your company’s approach to profit and welfare

<table>
<thead>
<tr>
<th>Profitability is the most important factor</th>
<th>Profit and social impact are equally important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Count</td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>On average, where do you think most trade-offs land in favour of?</td>
<td>Always in favour of profit</td>
</tr>
<tr>
<td></td>
<td>Mostly in favour of profit</td>
</tr>
<tr>
<td></td>
<td>50 / 50</td>
</tr>
<tr>
<td></td>
<td>Mostly in favour of welfare improvements</td>
</tr>
<tr>
<td></td>
<td>Always in favour of welfare improvements</td>
</tr>
</tbody>
</table>

In the table above, the original responses of ‘mostly in favour of welfare improvements’ and ‘always in favour of welfare improvements’ have been recoded as ‘in favour or welfare’ to provide a combined score for the two.
While the majority of respondents (29) have growth ambitions in the BoP consumer segment, only 11 have set metrics to measure social welfare improvements.

A Pearson chi-square test was conducted to test the association between growth ambitions and the setting of social welfare metrics. More than 20% of the cells have expected cell counts less than 5 which may render the chi-square results invalid. The p-value of 0.438 suggests that there is no relationship between the two; the null hypothesis cannot be rejected.
5.3.4.4 **Test result**

The research question and the corresponding hypothesis to test for are shown below.

Profit and welfare trade-offs land in favour of profit in the majority of instances.

\[ H_0: \text{On average, trade-offs land more in favour of profit than social welfare} \]

\[ H_a: \text{On average, trade-offs DO NOT land more in favour of profit than social welfare} \]

<table>
<thead>
<tr>
<th>Null Hypothesis</th>
<th>Test run</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Four</em></td>
<td>Chi-square test</td>
<td>Accept null hypothesis</td>
</tr>
<tr>
<td><em>On average, trade-offs land more in favour of profit than social welfare</em></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.3.4.5 **Conclusion**

In unpacking the responses to questions such as:

- Do profitability metrics exist for the BoP market,
- Whether these are different across the business,
- Where most trade-offs land in favour of
- It is clear that there is an insignificant association between trade-offs landing in favour of profit. As such, we would fail to reject the null hypothesis.

A one-sample t-test was conducted on this data. The aim of the chosen test was to test if more than 50% (a significant number) of the brands target BoP. The average score across all brands was 0.83 (since the highest is 1 and lowest 0) so this implies 83% do target. The aim here is to test if this amount is significantly higher than 50% (since the test value is 0.5)

The result is that it is. Our p-value (sig 2-tailed) is less than 0.05. This implies that brands do segment the consumer market for BoP.
Table 48 - Hypothesis four_extra analysis

<table>
<thead>
<tr>
<th>Null Hypothesis</th>
<th>Test run</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brands do not segment the South African consumer market to be able to specifically target BoP consumers</td>
<td>One sample t-test</td>
<td>Reject null hypothesis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accept alternative hypothesis</td>
</tr>
</tbody>
</table>

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6. Chapter six: Discussion of results

6.1 Research hypotheses
This chapter analyses and discusses the results presented in chapter five using the literature review to connect the results to the main points of the discussion so far. The aim of this chapter is to provide greater insight to the sample and to accept or reject the hypotheses as laid out in chapter three.

6.2 Description of the sample
The sample characteristics are shown in chapter 5, section 5.1 with graphs and tables which are used to highlight the details of the brand and business as well as the individual respondents to the survey.

The survey has shown that more multinational companies are operating in this space than local companies. The models presented by de Mayolo & Ferré, (2010); Jaiswal, (2007); Simanis & Hart, (2008) in chapter 2.6 have highlighted the methods and objectives of the multinationals looking to enter the BoP market. Judging by the majority of respondents that are multinationals (81.82%), it would appear that they have done well to be considered as leaders within the respective categories in the BoP markets that they serve. It is also worth noting that 100% of the respondents claim to be large or medium sized entities based on the size of their revenue and number of staff.

The brands enjoy substantial market shares in their markets with 59.38% stating that market share exceeds 30%. This is further supported by the claim of 41.94% of brands that their annual turnover exceeds R750m with a further 22% stating that they are between R501m and R750m. So in total more than 63% of brands/businesses surveyed generate more than R500m in revenue which is sizeable and speaks to the resources they have available should they choose to address the needs of the BoP market. It is interesting to note that no brand generates less than R50m in revenue. This suggests that there is potential to do large value of business within these markets.

The fact that two-thirds of respondent brands claim to be active in the market for more than 40 years may suggest that having the endurance to continue for the long term bears fruit as evidenced by the fact that all surveyed brands featured in the top three positions of their respective categories. None of the brands who were surveyed indicated a presence of less than ten years in the market. This suggests that only established brands reach the leadership status in these markets which further supports
a long term strategic approach to these markets. This however does not give much short term confidence for new brands wanting to enter these markets. The learning for these brands wanting to make inroads or enter afresh would be to understand what tools are available to assess the market and then to find a novel way of including the BoP market individuals as partners which may be a way of differentiating and building a strong symbiotic BoP business.

More than 30% of brands claim to be declining in performance over the last three years suggesting that it is not all easy going in these markets and that growth should not be assumed as a matter of fact. This adds further credibility to the call for greater targets and metric setting across multiple business functions including social welfare ambitions. This could aid in prioritising the few big hits for a brand to pursue and to provide the adequate direction with guidance to increase chances of success.

### 6.3 Hypothesis one

Welfare outcomes are considered, but do not play a dominant role in growth opportunity considerations. Profit is dominant.

**H₀:** No significant association between growth expectations and the setting of welfare metrics in BoP markets

**H₁:** There is a significant association between growth expectations and the setting of welfare metrics in BoP markets

### 6.3.1 Discussion of findings on hypothesis one

Authors such as Jaiswal (2007); Karnani (2006) and Prahalad, (2004b) agree that there is a role for business in BoP markets. While they may disagree on the objective or scale of the opportunities within these markets, a key aspect of engaging specifically with these consumers is to be able to know who they are and where they are and then choosing whether to target them specifically. The analysis done for this paper, shows that 100% of the respondent brands do segment their consumer market. This shows intent of wanting to understand differences which would allow specialised targeting. Of these only 70.6% indicated that they have a statement of intent or strategy in the BoP market. The actual strategy that exists in these organisations would be interesting to unpack in greater detail than this study has provided for. Is the strategy to make profits, just grow, and improve social welfare or a combination of these? Who manages it? How often is it refreshed? Is it linked to financial reward or employees? Worryingly,
29.4% claim not to have a strategy for this market. What is driving their actions in the absence of a strategy? How are they assessing performance or non-performance?

Of those brands that have a strategy, 91.7% say that this has been in place for more than one year with 50% stating that the strategy has been in place for more than three years. This points to consistency of intent. With a bigger sample it would have been interesting to test the performance with a quantitative study of companies with and without strategies for specific time frames. This is a potential area of future exploration.

The Human Development Index and the Millennium Development Goals (Harcourt, 2013; Sagar & Najam, 1998) are global initiatives aimed at raising awareness and driving action towards improving social welfare objectives. ‘Jaiswal’s Four Criteria’ (Jaiswal, 2007), specifically focuses on social welfare elements in assessing opportunity within BoP markets. But do businesses actually heed this? Research question one aims to understand how many businesses consider social welfare outcomes versus traditional growth and profit objectives.

More than 70% (24) respondents claim to have a clear statement of intent or strategy in terms of BoP consumers. Of these respondents, 95.8% (23) claim to consider them as consumers while only 75% (18) claim to make use of them as suppliers. Karnani (2006) is a vocal proponent of this being a key component by which to alleviate poverty in this segment. Questions arising from this but not answered in this study are:

- How much of this is driven by government legislation?
- What percentage of total purchased value do these BoP suppliers benefit from? Is it significant?
- Is there a plan to make this the majority, if it is currently not the case?

Unpacking the individual questions, it is interesting to note that 17.6% of respondents claim not to approach the BoP market as potential consumers. The question then is: What do they view these BoP consumers as? Are they considered purely as CSI/CSR opportunities which are managed by corporate affairs divisions? The fact that the brand is amongst the top three in their respective category in this BoP market suggests that sales are relatively good despite the brands not viewing them as consumers.

From the respondents that have a strategy, the mean score with regards to success of the strategy of 3.5 out of a maximum of 5. This points to a positive likelihood of strategy existence leading to success.
The proportion analysis (table 8 – Hypothesis one proportional test) shows that there is a significantly greater chance of the presence of strategy leading to the inclusion of the BoP market as both suppliers and consumers. So, having a strategic intent gives purpose and does, as per the analysis, show that the intent is pointed in the right direction in terms of social welfare inclusion.

Of the total respondents, 50% (17) claimed that the BoP strategy and activities forms part of the brand or company's CSI/CSR programme. This would suggest that it is still not viewed as a core deliverable of the brand but something that is separate and can be ‘outsourced’ to other parts of the business.

More than two-thirds of respondents (71%) have a strategy for their incursions into the BoP market and with mixed feelings - a mean score of 3.46 (versus a maximum of 5) on the question of whether this has been successful.

This is the starting point for being successful in the BoP market and is much the same as with any strategy; the value lies in the implementation and execution. It is also worth noting that while the mean score on level of success is above the mid-point, there is more success evident by the presence of a strategy which can be improved on.

The null hypothesis was attempted to be answered by performing an Independent Samples Mann-Whitney U test. This test is also called the Wilcoxon-Mann-Whitney test and is a rank based non-parametric test used as an alternative to an independent samples t-test. It was not possible to compute the decision using this test because there was no independence of observations within the sample. As such, the data failed done of the key assumptions for this test to work and as such, it was not able to compute and answer.

Using the chi-square test, the null hypothesis was accepted. This confirms the hypothesis that ‘No significant association between growth expectations and the setting of welfare metrics in BoP markets’. For brands and businesses that have real intentions to grow in this segment, as well as for brands that want to retain the positioned in the BoP market, there needs to be a greater level of inclusion in welfare metrics in how they go about doing their business. This could be done with exploration of partnerships with NGOs or Government to drive shared ambitions in an efficient way.
6.4 Hypothesis two

Hypothesis two aims to understand whether growth ambitions are tied into social welfare ambitions.

\[ H_0: \text{Social welfare metrics do not exist for the majority of brands} \]
\[ H_a: \text{Social welfare metrics do exist for the majority of brands} \]

6.4.1 Discussion of findings on hypothesis two

Ambler (2000); Mintz & Currim (2013) and Jose (2008) have each called out the importance of metrics in driving the desired behaviour and actions within business. It is believed that only with this clarity of thought and purpose can a business drive itself towards its goals. Metrics provide a means of measuring stated goals. Research question two aims to understand whether metrics exist to support social welfare improvements aligned to growth objectives within the BoP markets.

Eight five percent of respondents claim to have growth ambitions in this consumer segment and 82.8% claim to have set metrics for these growth targets. There is a 97.06% correlation between the two responses. This shows a high degree of alignment between having an ambition and setting a metric to gauge progress. This is a vital point in aligning strategy to execution and increasing the chances of success for the respective brand or business.

Conversely of the 22 respondents (64.7%) who claim to not be treating activity as social investments, only 12 claimed to have metric. This highlights the challenge which is that ambitions for improvement in BoP markets are not sufficiently supported by relevant metrics.

This means that brands are not aligning profitability measures with the setting of metrics for social welfare improvements. Ambler (2000); Mintz & Currim (2013) and Jose (2008) have called out the importance of setting a metric. The study suggests that this is not being done and this makes it questionable if improvements in social welfare will reach desired levels.

A chi-square test of association was conducted between profitability measures for BoP interventions and:

- consideration of activity among low income individuals as social investment
• the difference to that used in the rest of the business
• whether metrics have been set for these social welfare improvements

On all three tests, more than 20% of the cells in this test have an expected count of less than five which may render the chi-square results invalid. The p-value on consideration of activity of amongst low income consumers and metrics having been set is 0.32 each which would result in a rejection of the null hypothesis. On the relationship with the difference to metrics used in the rest of the business, the p-value is 0.853 and fails to reject the null hypothesis. Hence the hypothesis ‘Social welfare metrics do not exist for the majority of brands’ is accepted.

This is an area that brands should look into with urgency. As BoP citizens become more discerning about the choices they make as more brands penetrate that market, brands will need to find areas of differentiation that will allow them to win the purchase. Choosing social welfare goals and setting associated metrics will provide greater clarity of purpose in terms of how to approach the target market. It could also provide guardrails against which to assess potential partnerships to be had in this space. Ultimately, brands that include social welfare as a core component of business in BoP markets stand to gain sustainably.

6.5 Hypothesis three

Hypothesis three aims to understand the use of various metrics for financial, marketing and social objectives within the surveyed brands. Further it aims to confirm whether a single metric is being used to gauge social welfare metrics across multiple brands and categories. This could deliver valuable learnings in terms of what to measure for brands currently in the BoP market as well as to those considering entering. Finally hypothesis three aims to understand the balance of metrics used and whether these are in favour of traditional business measures versus social welfare metrics.

**H\_0:** The distributions of metrics tracked for total market, BoP and marketing metrics are the same

**H\_a:** The distributions of metrics tracked for total market, BoP and marketing metrics are NOT the same

6.5.1 Discussion of findings on hypothesis three

Ambler (2000); Mintz & Currim (2013) and Jose (2008) all talk to the importance of metrics in managing towards objectives. With the stated objectives of many businesses
to operate in the BoP market, it is important to know the impact of objectives set for social welfare improvements versus traditional business measures. The choice of metrics is also quite vast and can lead to a myriad of metrics being adopted without confirmation of whether it is the right metric or not. Research question four aims to unpack the types and balance of metrics used within business as well as aims to get a suggestion on any leading metrics which are used by any majority of brands or businesses to aid metric setting decisions within businesses.

When analysing the use of marketing metrics in the BoP market, we see a very uneven distribution curve. More than 60% (21) of the respondents do not track these metrics at all. This points to a big gap in understanding of the impact being made. This is at odds with the fact that all respondents segment the market. Why segment the market if you are not going to target and measure specifically? Marketing metrics are usually good lead indicators of success in market and without them, it is likely that brands would not be aware of discontinuities in business until the sales do not materialise.

The highest number of metrics measured in the BoP market is 23 with the next most tracked being four. There is no trend to suggest what the right number of metrics should be. When reviewing marketing metric utilisation for the total market, no respondent claimed to be using less than four metrics with five respondents claiming to measure a total of 29 metrics each. This suggests that there is no standard number of metrics which should be used. There is a school of thought which suggests that focusing on a few important metrics is better than trying to manage multiple metrics. This focus would allow greater resource allocation towards the chosen area and increase the chances of its success. Guidance could be taken from the priorities set by global agencies or local government and in this way a more concerted effort could be made to driving what has gained traction elsewhere.

Social welfare metrics also receive limited feature amongst respondents with more than half (18) respondents claiming not to measure even a single social welfare metric. This is concerning as these are brands that are currently in the top three positions of their respective categories in the BoP market. For these large brands to not yet be setting metrics for social welfare improvement suggests strongly that they are focused purely on profits.

It is evident that marketing metrics across the total market enjoys the greatest usage but with a wide range of use with the maximum number of metrics at 29 and the least at four. The standard deviation of >7 also re-affirms the spread. The mean number of metrics for marketing in BoP and social welfare are 2.91 and 2.55 respectively. An
interesting observation is that a respondent claims to measure 17 social welfare metrics. This appears to be an outlier. Marketing metrics are easier to set and measure than social welfare metrics. Focus in areas of specific interest and ability to influence should be prioritised.

There is no single statistical test to be run to answer the question of whether a single social welfare metric exists across multiple brands. Looking at the frequency of usage for the various metrics, none of the metrics being used comes close to 50%, which we use as a gauge of being a fair figure to determine if brands are using a ubiquitous metric. So since none come out as being used even by 50% of brands, the answer is that no single metric exists. The suggestion is therefore that brands identify which metric is relevant to their business and/or what they feel they can have a positive impact on and then choose that (Ambler, 2000; Jose, 2008). A suggestion to simplify metric choice so as to be focused and sharp on a few metrics where there is the ability to create meaningful impact rather than be less impactful on many varied metrics.

The Friedman test conducted resulted in a rejection of the hypothesis. As such it is fair to say that ‘The distributions of metrics tracked for total market, BoP and marketing metrics are NOT the same’. This imbalance needs to be corrected if brands hope to have a pulse on what is happening in their markets and to be able to continue being successful.

6.6 **Hypothesis four**

Hypothesis four aims to test whether there are trade-offs made between profit and welfare, and if so, in whose favour does it fall in the majority of instances. This could give an idea as to the primary goal of the brand/business and what they would be unwilling to give up when forced into making a choice.

**H₀:** On average, trade-offs land more in favour of profit than social welfare

**Hₐ:** On average, trade-offs DO NOT land more in favour of profit than social welfare

6.6.1 **Discussion of findings on hypothesis four**

The unresolved debate by proponents of business for business versus business for society versus business for society has so far been rooted in qualitative discussion (Jaiswal, 2007; Karnani, 2006; Prahalad & Hammond, 2002; Simanis & Hart, 2008).
There is no view on what businesses are currently prioritising. Research question four aims to quantitatively assess where the current priority of business lies: profit or welfare?

Despite the best intentions in terms of social welfare and growth ambitions, what is the base need/objective of business when a choice is to be made between the two options?

It is worth reiterating that the respondent brands and their parent companies are quite large as pointed out in the description of the sample in chapter 6.2. Hence the results shown below have a high level of credibility in terms of what is the reality, even in big business.

Fifty eight percent (20) of respondents claim to have profitability measures and criteria for BoP interventions. Interestingly, 41.2% do not have these measures in place. What are they using to guide their business...both in strategy and execution? For those respondents that answered in the affirmative, it is positive to see that they are merging their ambitions with tangible goals. This provides greater clarity of purpose to the internal teams and allows for greater accountability to be enforced.

Almost seventy percent (23) of respondents state that the profitability measures for the BoP market are the same as the rest of the business. Why is nothing being done to account for the apparent difference of a BoP market to a non-BoP market? Is there enough understanding of the BoP market within the business to recognise this? There is broad understanding that the BoP market differs from traditional markets. This can range from the types of products sold, the shopping patterns of the people, the location where bought and price points. If these markets are treated homogeneously, there is a high likelihood that the incorrect business decisions are being made, which could be undermining the opportunity being seen in the BoP market. It may also be limiting the opportunity for innovations and in tapping into the specific psyche of these BoP consumer and tailoring marketing activities accordingly. This is a clear opportunity for brand managers to quickly improve what they do and how they do it. This also links in to the fact that all respondents claimed to segment their consumer markets. It is strange that this is not being followed through on with specific metrics set for each of the segments.

Fifty five percent of respondents claim that profit and social impact are equally important while 41.2% claim that profitability is the most important factor. The claim by
55% of respondents that profit and social impact are equally important feels like a safe middle-ground to choose.

The chi-square test conducted confirmed that the null hypothesis cannot be rejected. Hence the hypothesis of ‘On average, trade-offs land more in favour of profit than social welfare’ holds true. This is the challenge with business at the moment in that profit is still prioritised over the greater good. The challenge for brands and business will be how to move this to a more balanced space. It begins with setting of appropriate social welfare goals which can be tightly linked into the business and brand performance. The setting of metrics provides more tangibility in terms of what should be aimed for. The delivery against these metrics and goals and the subsequent success of the brand can give more confidence that doing good can co-exist with doing well. It is when this is happening on a great scale and becomes the norm for doing business in the BoP markets, that the real shift will be felt.
7. **Chapter seven: Conclusion**

This chapter will conclude the paper based on the findings against each of the hypotheses as described in chapter six. Recommendations will be made as to actions that should be taken by brands and businesses wanting to make a positive impact in the BoP market. Ideas for future research will also be proposed.

7.1 **Academic take-out – implications for theory**

Authors such as Jaiswal (2007); Karnani (2006); Prahalad (2004a) have written about the opportunity that exists within the BoP markets of the world. While there is no consensus as to the size of the market, the objectives while operating there or what the inclusion level of BoP stakeholders should be, it still is seen as an opportunity.

How a brand or business approaches the opportunity is important. Is it a profit opportunity? Is it a growth opportunity to gain market share for future profit extraction? Is it an opportunity to effect social welfare improvement? Or is it some combination of the above?

Authors have proposed business models to consider when evaluating the opportunity to enter BoP markets (de Mayolo & Ferré, 2010; Jaiswal, 2007; Simanis & Hart, 2008). Only Jaiswal's Four Criteria model suggests social welfare issues worth considering while the other two consider pure business operations or growth opportunities as criteria. They are all qualitative in nature. None of the models propose hard metrics to make a decision.

Metrics are important. Ambler (2000); Mintz & Currim (2013) and Jose (2008) have each spoken about the importance of metrics, although the focus has to date been on traditional business metrics: financial and marketing. What about social welfare metrics? Are there metrics which exist? The Human Development Index and the Millennium Development Goals are two globally accepted initiatives aimed at improving social welfare initiatives. Yet gaps still exist towards the attainment of the MDG with only a year to go towards the stated end date.

The study aimed to understand how brands view the BoP market and the use of metrics and strategies to measure their BoP impact. Also, is there still a bias to profit?
7.2 Managerial implications

The key findings of the study are as follows:

- Brands do segment the South African consumer market to be able to specifically target BoP consumers.
- Welfare outcomes are considered and do play a role in growth opportunity considerations, however profit is still dominant.
- Growth ambitions in BoP markets are not supported by ambitions in social welfare metrics and hence the ability to create significant change has not been successful.
- More metrics are monitored by brands to gauge their profitability targets rather than social welfare targets/metrics in BoP markets.
- There is no single metric which can be used to gauge social welfare improvements across multiple brands.
- More than 90% of metrics set by an organisation are related to marketing and financial metrics, less than 10% to social welfare.
- Profit and welfare trade-offs land in favour of profit in the majority of instances.
7.3 Recommendations

From the work conducted both in assessing current literature and based on the study, there are a few recommendations for brands and businesses looking to succeed in BoP markets. They are shown below.

a) Segment the market to understand who the consumers are and where you can reach them. It makes for more efficient and effective activation which should bring better results (Chipp et al., 2012)

b) Understand the difference between BoP and non-BoP markets. The participants in these markets are inherently different and a ‘one-size-fits-all’ approach will not be as impactful as tailored communication and activation, also including innovation (Bellman, 2012; Elyachar, 2012; Reddy, Hall, & Sulaiman, 2012)

c) Do not give up easily. The study shows that successful brands in the South African BoP market have been there for more than ten years and is surely a contributing factor to them enjoying the success they now do (Wood et al., 2008)

d) Include BoP market participants beyond just consumers. Uplifting them financially gives you a more attractive and sustainable base of customers into the future (Jaiswal, 2007; Karnani, 2006)

e) Set targets to measure progress. Include a mix of financial, marketing and social welfare goals. Have plans on how to achieve each of them (Ambler, 2000; Mintz & Currim, 2013)

f) Set metrics and monitor them regularly. Assign accountability to someone senior in the team to own and drive the achievement (Ambler, 2000; Mintz & Currim, 2013)

g) Review global and national priorities for social welfare. Align where possible to ensure that you are doing something that has gained widespread approval and likely to be easily supported, especially by government and NGOs (Fisher, 1998)

h) Use partners to achieve your goals. Create an ecosystem which can endure the challenges that will no doubt be encountered over the lifespan of the activity (Gardetti, 2006)

i) Be choiceful in your selection of goals and associated metrics. Rather focus on few and create great impact rather than doing too much which may result in no meaningful impact (Ambler, 2000; Mintz & Currim, 2013)
7.4 **Suggestions for future research**

The suggestions for future research are based on both the limitations of the current study as well as some of the insights generated during the course of this study.

- Ensure that a quantitative study can secure a large sample. Look to do this via an organisation such as the BoP Hub at GIBS. This would add further credibility to the request for responses and decrease the response bias. Having this larger sample may also result in the ability to conduct stratified analysis where the need arises.

- More than 70% of respondents stated that they have a BoP strategy in place. Future research could look to unpack the details of the strategy to determine whether:
  - Balance of profit versus revenue versus social welfare goals
  - Time frame of stated strategies
  - Communication methods of strategies and means of socialising on an ongoing basis to inculcate within the organisation

- An interesting piece of work can be done to understand the performance of companies with strategies and for various time frames. This could inform how these factors have influenced a company’s success in the BoP market and the subsequent learnings for other brands and companies operating in this space.
References


7.5 Appendices

7.5.1 Questionnaire

CONSENT LETTER

Informed Consent Letter

I am conducting research in partial fulfilment of my Masters of Business Administration at the Gordon Institute of Business Science (‘GIBS’) on “Bottom of the Pyramid – profit versus Welfare – Metrics that matter”.

All participating respondents will be asked to complete a standard electronic questionnaire. All data collected through the interview process will be kept confidential and all reporting will be kept anonymous. If you choose to, the results will be shared with you for use within your business.

The electronic survey has been planned to last 15 minutes. Your participation is voluntary and you can withdraw at any time without penalty. If you have any concerns, please contact either me or my supervisor.

Our details are provided below:
Researcher name: Sarvesh Seetaram
Email: Sarvesh.seetaram@gmail.com
Phone: 082 908 6609

Supervisor name: Kerry Chipp
Email: chippk@gibs.co.za
Phone 011 771 4127

Signature of participant: ______________________________________
Date: _______________

Signature of researcher: ______________________________________
Date: _______________

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Questions:

1. Do you segment your consumer market?
   Yes or No

2. Do you have a clear statement of intent or strategy in terms of BoP consumers, that is, consumers in LSM 1-4?
   Yes or No

3. How long has a BoP strategy been in place for your brand?
   a) <1yr
   b) 1-3yrs
   c) 3-5yrs
   d) >5yrs

4. How successful would you say this strategy has been?
   a) very unsuccessful
   b) slightly unsuccessful
   c) neither
   d) slightly successful
   e) highly successful

5. Do you call out the BoP consumer segment as a target segment for your business?
   Yes or No

6. Do you approach them as consumers?
   Yes or No

7. Do you make use of lower income suppliers?
   Yes or No

8. Do you have growth ambitions in this consumer segment?
   Yes or No

9. Have you set metrics for these growth targets?
   Yes or No
10. Do you have a strategy in terms of social welfare improvements aimed for those in LSM 1-4? 
   Yes or No or Part of CSI/CSR

11. Do you consider activity among low income individuals as social investments? 
   Yes or No

12. Do you have profitability measures and criteria for BoP interventions? 
   Yes or No

13. Are these/Is this different to that used in the rest of your business? 
   Yes or No

14. Please select the statement that best describes your company’s approach to profit and welfare 
   a) Profitability is the most important 
   b) Making a notable social impact is the most important 
   c) Profit and impact are equally important

15. On average, where do you think most trade-offs land in favour of? 
   a) always in favour of profit 
   b) mostly in favour of profit 
   c) 50/50 
   d) mostly in favour of welfare improvements 
   e) always in favour of welfare improvements

16. Have you set metrics for these social welfare improvements? 
   Yes or No

17. How long have these been in place? 
   a) <1yr 
   b) 1-3yrs 
   c) 3-5yrs 
   d) >5yrs
18. Please indicate which of the following metrics are measured within your brand/business unit for the total market and for the BoP segment:

<table>
<thead>
<tr>
<th>METRIC</th>
<th>Total Market</th>
<th>BoP segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Market share (volume or value)</td>
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<td>b. Market growth</td>
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<td>c. Volume</td>
<td></td>
<td></td>
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<tr>
<td>d. Consumer awareness</td>
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<tr>
<td>e. Share of wallet</td>
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<td>f. Share of voice</td>
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<td>g. Reach</td>
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<td>h. Loyalty</td>
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<tr>
<td>i. Recall</td>
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<tr>
<td>j. Trial/Repeat purchase</td>
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<tr>
<td>k. Availability</td>
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<td>l. Price premium to average</td>
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<td>m. Price relativity to competitor</td>
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<td>n. Price elasticity</td>
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<tr>
<td>o. Net profit</td>
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<td>p. Return on Investment</td>
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<td>q. Return on Marketing activity</td>
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<td>r. Marketing expenditure</td>
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<td>s. Returns</td>
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<tr>
<td>t. Target volumes</td>
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<tr>
<td>u. Customer Lifetime value</td>
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<tr>
<td>v. Customer segment profitability</td>
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<tr>
<td>w. Expected margin</td>
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<tr>
<td>x. Actual margin</td>
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<tr>
<td>y. Level of cannibalization</td>
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<tr>
<td>z. Total inventory (stock on hand)</td>
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<tr>
<td>aa. Channel margins</td>
<td></td>
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<tr>
<td>bb. Sales per store</td>
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<td>cc. Unit margin</td>
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<tr>
<td>dd. Optimal price</td>
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<td>ee. Other (please specify)</td>
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<td>Other (please specify)</td>
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<tr>
<td>ff.</td>
<td>Other (please specify)</td>
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<tr>
<td>gg.</td>
<td>Other (please specify)</td>
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<tr>
<td>hh.</td>
<td>Other (please specify)</td>
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<tr>
<td>ii.</td>
<td>Other (please specify)</td>
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<tr>
<td>jj.</td>
<td>Other (please specify)</td>
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<tr>
<td>kk.</td>
<td>Other (please specify)</td>
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<tr>
<td>ll.</td>
<td>Other (please specify)</td>
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</tr>
</tbody>
</table>
19. For your brand/product which is sold into the BoP market, have you set metrics for these social welfare improvements? (choose as many as are relevant):

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TRACKED</th>
<th>NOT TRACKED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Proportion of population below $1 or R10.80 (PPP) per day</td>
<td></td>
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<tr>
<td>b. Poverty gap ratio</td>
<td></td>
<td></td>
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<tr>
<td>c. Share of poorest quintile in national consumption</td>
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<tr>
<td>d. Growth rate of GDP per person employed</td>
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<td></td>
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<tr>
<td>e. Employment-to-population ratio</td>
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<tr>
<td>f. Proportion of employed people living below $1 or R10.80 (PPP) per day</td>
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<tr>
<td>g. Prevalence of underweight children under-five years of age</td>
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<tr>
<td>h. Proportion of population below minimum level of dietary energy consumption</td>
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<tr>
<td>i. Net enrolment ratio in primary education</td>
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<tr>
<td>j. Proportion of pupils starting grade 1 who reach last grade of primary</td>
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<tr>
<td>k. Literacy rate of 15-24 year-olds, women and men</td>
<td></td>
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</tr>
<tr>
<td>l. Ratios of girls to boys in primary, secondary and tertiary education</td>
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<tr>
<td>m. Under-five mortality rate</td>
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<tr>
<td>n. Infant mortality rate</td>
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</tr>
<tr>
<td>o. Proportion of 1 year-old children immunised against measles</td>
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<tr>
<td>p. HIV prevalence among population aged 15-24 years</td>
<td></td>
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<tr>
<td>q. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years</td>
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<tr>
<td>r. Incidence and death rates associated with</td>
<td></td>
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</tr>
<tr>
<td>Index</td>
<td>Question</td>
<td>Blank</td>
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<tr>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>s.</td>
<td>Proportion of children under 5 sleeping under insecticide-treated bednets</td>
<td></td>
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<tr>
<td>t.</td>
<td>Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs</td>
<td></td>
</tr>
<tr>
<td>u.</td>
<td>Incidence, prevalence and death rates associated with tuberculosis</td>
<td></td>
</tr>
<tr>
<td>v.</td>
<td>Proportion of tuberculosis cases detected and cured under directly observed treatment short course</td>
<td></td>
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<tr>
<td>w.</td>
<td>Consumption of ozone-depleting substances</td>
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<tr>
<td>x.</td>
<td>Proportion of fish stocks within safe biological limits</td>
<td></td>
</tr>
<tr>
<td>y.</td>
<td>Proportion of total water resources used</td>
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<tr>
<td>z.</td>
<td>Proportion of population using an improved drinking water source</td>
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</tr>
<tr>
<td>aa.</td>
<td>Proportion of population using an improved sanitation facility</td>
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<tr>
<td>bb.</td>
<td>Proportion of urban population living in informal housing</td>
<td></td>
</tr>
<tr>
<td>cc.</td>
<td>Fixed-telephone subscriptions per 100 inhabitants</td>
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</tr>
<tr>
<td>dd.</td>
<td>Mobile-cellular subscriptions per 100 inhabitants</td>
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<td>ee.</td>
<td>Other (Please specify)</td>
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<td>ff.</td>
<td>Other (Please specify)</td>
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<td>gg.</td>
<td>Other (Please specify)</td>
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<td>hh.</td>
<td>Other (Please specify)</td>
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<td>jj.</td>
<td>Other (Please specify)</td>
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<tr>
<td>kk.</td>
<td>Other (Please specify)</td>
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<tr>
<td>ll.</td>
<td>Other (Please specify)</td>
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</tr>
</tbody>
</table>
Thank you for your time. It is highly appreciated. To complete the survey, please could you tell us a bit about you and your product/brand/company:

Your job level (choose one):
- Board Member
- Business Unit Head/General Manager
- Executive
- Management
- Staff

Size of company in South Africa:
- Less than 100 employees
- Between 100 and 250 employees
- Between 251 and 500 employees
- Between 501 and 1000 employees
- More than 1001 employees

Are you a multinational or local company (choose one):
- Multinational
- Local

Approximate market share of your product in the total market (choose one)
- Less than 5%
- Between 5% and 10%
- Between 10% and 15%
- Between 15% and 20%
- Between 20% and 30%
- Greater than 30%

Approximate market share of your product in the BoP (LSM 1-4) market (choose one)
- Less than 5%
- Between 5% and 10%
- Between 10% and 15%
- Between 15% and 20%
- Between 20% and 30%
- Greater than 30%
Approximate Revenue size of your product in the total market (choose one)
- Less than R50m
- Between R51m and R100m
- Between R101m and R250m
- Between R251m and R500m
- Between R501m and R750m
- Greater than R750m

For how many years has your brand/product been active in the South African market? (choose one)
- Less than 3 years
- Between 3 years and 5 years
- Between 5 years and 10 years
- Between 10 years and 25 years
- Between 25 years and 40 years
- Greater than 40 years

For the last three (3) years, would you say that your brand has been (choose one)
- Aggressively growing (>3% p.a.)
- Growing moderately (<3% p.a.)
- Fairly flat (between -1% and +1%)
- Declining moderately (<3% p.a.)
- Aggressively declining (>3% p.a.)

Approximate marketing budget for your brand in the total market (choose one)
- Less than R10m
- Between R11m and R20m
- Between R21m and R40m
- Between R41m and R60m
- Between R61m and R90m
- Greater than R91m

Would you like to receive a copy of the final report?
Yes or No

Thank you again for your time. That's the end of the survey.

Regards
Sarvesh Seetaram
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