Dedication

This thesis is dedicated to my beloved wife, Loice. You have been a pillar of strength and support, without whom I would have not started and completed this journey.
Acknowledgements

My gratitude goes to all those people who made it possible for me to embark on this life changing experience. A number of people and organizations made it possible for me to go through this journey with minimal distractions. I would like to thank the University of Western Sydney for recognizing my research potential and making it possible for me to do my studies. To all the anonymous individuals and organizations who made up my sample, thank you very much for allowing me to be a part of your life and putting up with my questions and observations during the trying times which our country faced.

Many a PhD student can write papers on the nightmares they face due to conflicts with their supervisors manifested through a number of issues, famous of which is difficulties in meeting and getting timely feedback on their work. I had the benefit of having to only listen to others narrate their experience because these were non-existant problems for me. To my supervisors Prof Richard Fletcher and Assoc. Prof. Stanton, thank you very much for sparing me from these nightmares through your guidance and timely feedback. Thank you for your thorough supervision and mentoring, which will go along way in making me the accomplished academic I will strive to be. To Richard my sincere gratitude for taking me through the steps of writing conference and journal papers, a task which many academics take ages to do; thanks to you I had the opportunity start the process during my PhD and will hopefully continue to do so. Thanks to both of you for all your moral support during the difficult times I faced throughout my candidature. Thanks to Gill for your patience and assistance with editing, it made a huge difference.

To my family, thank you for encouraging me to embark on this unfinished story of my academic life. To Munya, I hope this spurs you on to finish your own doctorate. To my dear wife Loice, words can not express how grateful I am for your sacrifice, support and motivation to go on when I wanted to take the foot off the pedal. Rukudzo thanks for making me finish the thesis before your arrival. Now I can give you all the love and attention you deserve.
Statement of Authentication

The work presented in this thesis, to the best of my knowledge and belief, is original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in whole or part, for the degree at this or any other institution.

_____________________

Tendai Fortune Chikweche
October 2009
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### Abbreviations

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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AAG</td>
<td>Affirmative Action Group</td>
</tr>
<tr>
<td>BACOSSI</td>
<td>Basic Commodity Supply Side Intervention</td>
</tr>
<tr>
<td>BOP</td>
<td>Bottom of Pyramid</td>
</tr>
<tr>
<td>BOPDU</td>
<td>Bottom of Pyramid Diluted Urban</td>
</tr>
<tr>
<td>BOPR</td>
<td>Bottom of Pyramid Rural</td>
</tr>
<tr>
<td>BOPRU</td>
<td>Bottom of Pyramid Rural-Urban</td>
</tr>
<tr>
<td>BOPU</td>
<td>Bottom of Pyramid Urban</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CCZ</td>
<td>Consumer Council of Zimbabwe</td>
</tr>
<tr>
<td>CSO</td>
<td>Central Statistical Office</td>
</tr>
<tr>
<td>CZI</td>
<td>Confederation of Zimbabwe Industries</td>
</tr>
<tr>
<td>FMCG</td>
<td>Fast Moving Consumer Goods</td>
</tr>
<tr>
<td>FPL</td>
<td>Food Poverty Line</td>
</tr>
<tr>
<td>FPMA</td>
<td>Food and Personal Hygiene Manufacturers Association</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GMRI</td>
<td>Gilbert Muponda Research Institute</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immuno Deficiency Virus</td>
</tr>
<tr>
<td>HLL</td>
<td>Hindustan Lever Limited</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>MPSLSW</td>
<td>Ministry of Public Service, Labour and Social Welfare</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>MPOI</td>
<td>Mass Public Opinion Institute</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
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<tr>
<td>PASS</td>
<td>Poverty Assessment Study Survey</td>
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<tr>
<td>PDL</td>
<td>Poverty Datum Line</td>
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<tr>
<td>RAZ</td>
<td>Retail Association of Zimbabwe</td>
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<tr>
<td>RBZ</td>
<td>Reserve Bank of Zimbabwe</td>
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<tr>
<td>SKU</td>
<td>Store Keeping Units</td>
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<tr>
<td>SME</td>
<td>Small to Medium Size Enterprises</td>
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<tr>
<td>SOE</td>
<td>State Owned Enterprise</td>
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<tr>
<td>TCPL</td>
<td>Total Consumption Poverty Line</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>---------</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>US$</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>ZLC</td>
<td>Zimbabwe Labour Centre</td>
</tr>
<tr>
<td>ZNCC</td>
<td>Zimbabwe National Chamber of Commerce</td>
</tr>
<tr>
<td>ZSE</td>
<td>Zimbabwe Stock Exchange</td>
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Abstract

Keywords: Bottom of pyramid, decision making, bottom of pyramid consumers, firms serving the bottom of the pyramid, social networks, interactions

The purpose of the study is to investigate marketing to the Bottom of Pyramid (BOP) in Zimbabwe. This is a market which constitutes at least two-thirds of the world’s total population and is made up of consumers whose daily household income is less than US$2 per day. The thesis achieves its purpose by establishing how consumers make decisions to buy products, how firms which serve the BOP conduct business in this environment and the nature of the interaction which occurs between consumers and the firms. The thesis takes the view that both consumer and firm perspectives are directly intertwined and thus must be jointly investigated in order to get a better understanding of marketing to the BOP.

Traditionally the focus of business marketing has been on identifying and serving markets that have consumers with a capacity to consume and pay a sustainable price for the product. However the mid-90s has seen the emergence of a counter-scholarly argument which puts across a new view centered on the fact that by focusing on that portion of the market, businesses are losing sight of a big layer of the market at the BOP which does not necessarily meet the conventional prerequisites of a viable market. By virtue of the number of current and potential consumers, this layer provides considerable opportunities for businesses. To date, comparison and application of theories developed in the ‘west’ has been largely confined to the ‘Western’ markets (developed markets, e.g. Europe, USA) and ‘Eastern’ markets (emerging markets, e.g. Asia) leaving out sub-Saharan Africa. This is a region which has a higher proportion of its population at the BOP compared to other countries like Brazil, China, and India, and which has a market potential of US$429 billion. Hence the motivation for this study to focus on Zimbabwe, a market made up of more than 85% BOP consumers.

The thesis is based on insights drawn from studies conducted in Zimbabwe employing a mixed research methods approach to collect data. This approach comprised qualitative consumer interviews and focus groups which were augmented by ethnographic observations and case studies of firms. This approach afforded the
researcher the opportunity to utilize multiple sources of information from multiple approaches in order to draw new insights into the social world at the BOP. By combining multiple methods, the researcher was able to draw important new insights into the causes and consequences of BOP consumer beliefs and behaviour.

The study found that the BOP market in Zimbabwe is not homogenous but is made up of four groups of consumers; namely, diluted urban, urban based, rural-urban based and rural, each of whom has different characteristics that determine purchase behaviour. It was found that the BOP market contributed to an increasing percentage of the turnover of firms in the food and personal hygiene manufacturing sector in Zimbabwe. The study articulated the process that consumers go through when allocating and managing their limited income to meet their needs. The decision making level of BOP consumers when buying food and personal hygiene products was found to be a high-involvement decision instead of an habitual one. The study found that family roles in purchase decision are changing at the BOP. Specifically the research found that there was increasing joint spousal decision making and children were responsible for the upkeep of their parents and siblings and consequently assumed multiple roles. Motivation to buy products was found to be determined by a set of influencers of core drivers which are interlinked and a second tier of drivers which are peripheral.

The research found that commitment by firms to serving the BOP should be embraced by all managers and employees and be reflected in the development and implementation of internal systems and allocation of resources to specifically serve this market. Both consumers and firms were exposed to diverse constraints which had been highlighted in previous studies. However this study identified new constraints faced by consumers and firms, and more importantly, it highlighted reasons why firms continue to do business in environments such as those found at the BOP. Social networks were found to be important in facilitating interaction between consumers and firms; distribution systems such as use of franchises were embedded in these social networks which emerged as key conduits for facilitating interaction. The study set out a detailed qualitative process which provided a greater understanding of the complexity of the BOP in terms of understanding consumer
behaviour and firms’ strategies, outlining procedures which can be replicated in other markets to expand the scope for generalizability of the findings.
## Glossary of Terms

<table>
<thead>
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<th>Term</th>
<th>Definition</th>
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<tr>
<td><strong>Bottom of Pyramid</strong></td>
<td>World Bank’s categorization of extremely poor people and those in subsistence markets whose household consumption is less than US$2 a day, a classification which was modified by Rangaan, Quelch et al (2007) from the original 1990 World Development classification of less than $2 a day to accommodate changing global income trends and nature of products and services BOP consumers purchase. Collectively the market is made up of more than 3 billion people (Banerjee and Duflo (2006)).</td>
</tr>
<tr>
<td><strong>Consumer purchase decision making approach</strong></td>
<td>The process which consumers go through when buying products outlining the level of importance and involvement they undertake in making purchases.</td>
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<tr>
<td><strong>Direct marketing</strong></td>
<td>Promotional activities used by firms to communicate directly with BOP consumers given the constraints they face accessing promotional vehicles such as television and radio (Ahmad, Gomm et al, 2004).</td>
</tr>
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<td><strong>Formal distribution channels</strong></td>
<td>Specialized structured formal intermediaries or channels of distribution which provide standardized processes to facilitate flow of transactions (Mahajan and Banga, 2006; Viswanathan, Sridharan et al, 2008).</td>
</tr>
<tr>
<td><strong>Impediments</strong></td>
<td>Macro-environmental challenges faced by firms conducting business in countries with BOP markets.</td>
</tr>
<tr>
<td><strong>Informal distribution channels</strong></td>
<td>Informal channels that are used to help distribute products to consumers and are common in environments such as those at the BOP where weak infrastructure and lack of capital limits the development of formal marketing systems (Kaynak and Hudanah, 1987).</td>
</tr>
<tr>
<td><strong>Informal economy</strong></td>
<td>Informal economic space that is outside formally structured economic activities and is made up of unregistered market activities that function as survival mechanisms for individuals and families and operate also as profit maximising tools for</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Interactions</td>
<td>Multiple episodes of interactions to facilitate exchange of product and information between consumers and firms which is manifested/embedded in marketing mix challenges.</td>
</tr>
<tr>
<td>Marketing mix</td>
<td>Set of controllable marketing variables that the company blends to produce the response it wants in the target market.</td>
</tr>
<tr>
<td>Mixed methods approach</td>
<td>Data collection strategies that are designed to combine different methods when collecting data and are not confined to the quantitative versus qualitative comparison (Axinn and Pearce, 2006; Fricke, 1997).</td>
</tr>
<tr>
<td>Purchase determinants</td>
<td>Different individual and environmental factors which determine consumers purchase decision.</td>
</tr>
<tr>
<td>Social networks</td>
<td>A set of people or organizations connected by relationships such as friendship, working together or exchanging information to enhance their lives and how they interact with other actors in the society (Purvez, 2003).</td>
</tr>
<tr>
<td>Tuckshop</td>
<td>Informal neighbourhood retail corner store where BOP consumers buy products that are sold in convenient sizes and terms.</td>
</tr>
</tbody>
</table>
1 Introduction and the Research Case
1.1 Introduction

In this chapter the purpose of the thesis is outlined, followed by a description and classification of the global market known as the bottom of the pyramid (BOP). This is followed by a justification for studying the concept of marketing to the BOP. The research objectives are then outlined, and the study’s potential contribution is discussed. The chapter concludes with an outline of the structure of the thesis.

1.2 Purpose of the Thesis

The purpose of the thesis is to investigate marketing to the BOP, and Zimbabwe is used as an example of a country with a major BOP market. This aim is to be achieved by establishing how consumers make decisions to buy products, how firms which serve the BOP conduct business in this environment and how interaction occurs between consumers and firms at the BOP. The thesis takes the view that the consumer and firm perspectives are directly intertwined and, thus, must be jointly investigated in order to get a better understanding of marketing to the BOP.

Food and personal hygiene products were chosen for use in the current research because these categories constitute at least 65% of BOP consumers’ expenditure and constitute staple products for these consumers (D’Andrea, Ring et al, 2006). The importance of these product categories to both consumers and firms provides a sound basis for their use when conducting a study on marketing to the BOP. Because of their importance to consumer expenditure patterns at the BOP, and their significance in the daily lives of these consumers, they are likely to provide a credible reflection of how these consumers make decisions to buy products. (D’Andrea and Lopez-Aleman, 2005; Ersado, 2006; Kanyenze and Sibanda, 2005; United Nations Conference on Trade and Development (UNCTAD), 2008). Similar categories have been used and proven to be information-rich in previous studies in other BOP markets, such as South India (Viswnathan, 2007). These product categories were also chosen as they are sectors in which firms at the BOP conduct business in order to serve the BOP market (Austin, 1990; UNCTAD, 2008); the World Bank classification of BOP identifies these product categories as key basic products which consumers in this market purchase (Rangan, Quelch et al, 2007).
This thesis is based on data collected from research conducted between 2006 and 2008 drawing insights from the specific BOP context of Zimbabwe. The study takes into consideration the fact that BOP contexts worldwide are diverse and have multiple challenges for both consumers and firms, which can impact differently on both consumer decision making and how firms conduct business. This thesis seeks to provide a point of departure by establishing new and wider insights into marketing to the BOP, building on earlier studies (Prahalad and Hart 2002; Prahalad, 2005; Mahajan and Banga, 2006; Viswanathan, Sridharan et al, 2008; Viswanathan, Sridharan et al, 2009).

1.2.1 What is a Bottom of the Pyramid Market?

Traditionally the focus of marketing has been on identifying and segmenting markets that have consumers with a capacity to consume, that can pay a sustainable price for the product, that have access to the product and support structures which enhance purchase, and which also respond to traditional marketing communications. This is the business model that has shaped the business of multinationals (MNCs) and small to medium size enterprises (SMEs) in the developed world and in many developing countries.

However, the mid-90s have seen the emergence of a counter-scholarly argument which disputes the traditional model (Hart, 2002; Prahalad, 2002,2004 Prahalad and Hart, 2002). This alternative centers on the view that by focusing on that portion of the market which meets the traditional definition of a viable market, businesses are losing sight of a big layer of the market which does not necessarily meet the conventional prerequisites of a viable market. By virtue of the number of current and potential consumers, this layer provides considerable opportunities for businesses. This market, which constitutes at least two-thirds of the world’s total population, has been described as the invisible bottom of the pyramid market, herein referred to as BOP (Prahalad and Hart, 2002; Fletcher and Brown, 2005). Mahajan and Banga (2006) have described it as the ‘the biggest market opportunity of the 21st century’.
These authors argued that if market size is a critical indicator for business potential, then the world’s 3 billion poor citizens would qualify as a potential viable market (Rangan, Quelch et al, 2007). This is a critical market in emerging markets which business has largely overlooked because this market consists of low income consumers. BOP markets are present in countries in the Caribbean, East Asia, Latin America, South Asia and Sub-Saharan Africa. Sub-Saharan Africa has close to a billion BOP consumers, South Asia has half the world’s poor population whilst East Asia includes markets such as Bangladesh, China, India, and Indonesia, which are home to many poor consumers who belong to the BOP (World Bank, 2008).

However, there is debate on the empirical classification of the BOP. Some scholars, like Karnani (2006), argue that there is confusion on the classification. Various scholars have attempted to define and classify the BOP (Banerjee and Duflo, 2006; Hammond, Kramer et al, 2007; Hart, 2002; Prahalad, 2005). The three main classifications which have emerged to describe the market are the World Bank global income classification modified by Rangan, Quelch et al (2007), the Hart (2002) classification, and the Hammond, Kramer et al (2007) classification.

Whilst there have been various attempts to classify the BOP, the consensus among scholars and practioneers has been to use the World Bank classification advocated by Banerjee and Duflo (2006). Details of each of the classifications outlined above are provided in the next section.

i. **World Bank classification**

Researchers like Banerjee and Duflo (2006) advocate the use of the World Bank’s categorization of poor people as people who survive on less than US$1 a day, based on the 1990 World Development report – a classification which they use in their work on the economic survival of poor communities (World Bank, 1990). This classification was further expanded by Rangan, Quelch et al (2007) to increase the consumption per household of BOP consumers to those who live on less than $2 a day. This level takes into consideration the changing global income patterns since the World Development Report (World Bank, 1990) and encompasses consumers able to purchase a wider variety of basic products such as foodstuffs and personal hygiene
products, in addition to meeting basic needs for shelter and sanitation (Rangan, Quelch et al, 2007).

ii. Hart’s Classification.

Hart (2002) classifies this market as consumers who survive on an annual income of US$1500 and less per year. This translates to consumers living on less than US$4 a day (the majority on less than US$1 a day), and constitutes two-thirds of the world population. (See Figure 1.1)

Figure 1.1 Hart’s BOP classification

![Figure 1.1 Hart’s BOP classification](image)


iii. Hammond, Kramer, Katz, Tran, and Walker’s Classification

Hammond, Kramer et al (2007) conducted an empirical survey called the “Next 4 Billion”, which drew data from national household surveys in 110 countries, and an additional standardized set of surveys from 36 countries. The survey used data
on incomes, expenditures, and access to services to characterize BOP markets regionally, nationally, in urban and rural areas, by sector and income levels. Based on the above it classified the BOP as 4 billion people with annual incomes below US$3,000 per annum (in local purchasing power) who could be further divided into different income groups. The majority of the BOP consumers in this classification are in the national income group of US$1500 or less per year, which is the same as Hart’s classification.

1.3 The Research Objectives

In view of the above discussion on the potential importance of the BOP as a consumer market, this study will examine marketing to the BOP in Zimbabwe in order to address the following broad research objectives:

(i) Investigate how BOP consumers make decisions to buy food and personal hygiene products.
(ii) Investigate how and why manufacturers of food and personal hygiene products conduct business at the BOP.
(iii) Investigate the interactions that occur between BOP consumers and firms.

This is in line with the thesis’ viewpoint of the dual importance of studying both consumers and firms which has been previously discussed.

1.3.1 Research Questions

The research objectives outlined above are reflected in distinct research questions that address each objective. These research questions emerged from the literature review and research gaps that will be outlined in Chapters 2, 3 and 4. These reinforce the need to expand research on marketing to the BOP in order to enhance understanding of BOP consumer behaviour, how and why firms conduct business at the BOP, and the nature of interaction that occurs between the consumers and firms. Research questions for each objective are set out in Table 1.1.
Table 1.1 Summary of research questions

<table>
<thead>
<tr>
<th>Objective</th>
<th>Understanding BOP Consumer Decision Making</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1</td>
<td>What are the sources of income for Zimbabwean BOP consumers and how do they allocate it across their needs?</td>
</tr>
<tr>
<td>RQ2</td>
<td>How do Zimbabwean BOP consumers make decisions to buy food and personal hygiene products and who makes the decision to buy the products?</td>
</tr>
<tr>
<td>RQ3</td>
<td>What drives Zimbabwean BOP consumers to buy food and personal hygiene products?</td>
</tr>
<tr>
<td>RQ4</td>
<td>What constraints do Zimbabwean BOP consumers face in accessing food and personal hygiene products and how do they cope with these constraints?</td>
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</table>

<table>
<thead>
<tr>
<th>Objective</th>
<th>Understanding how firms conduct business with the BOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ5</td>
<td>How do firms conduct business at the BOP in Zimbabwe and what is the contribution and importance of the BOP market to their performance and overall strategic objectives in Zimbabwe?</td>
</tr>
<tr>
<td>RQ6</td>
<td>What are the impediments that firms face when serving the BOP in Zimbabwe and how do they cope with these impediments?</td>
</tr>
<tr>
<td>RQ7</td>
<td>Why do firms conduct business in an environment such as that found at the BOP in Zimbabwe?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective</th>
<th>Understanding the interaction between the consumers and firms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ8</td>
<td>What are the marketing challenges and subsequent forms and drivers of the interactions that occur to facilitate exchange between BOP consumers and firms in Zimbabwe?</td>
</tr>
</tbody>
</table>

The research objectives are placed within the context of the increasing need for business to fully understand and actively engage the BOP market (Prahalad and Hart, 2002; Prahalad, 2005; Mahajan and Banga, 2006; Viswanathan, Sridharan et al, 2008; Viswanathan, Sridharan et al, 2009). The research is placed within the context of understanding the needs and challenges of consumers and firms at the BOP and the subsequent interactions that takes place between the two entities (Fletcher and Brown, 2005).

1.4 Justification for a Study on Marketing to the BOP.

Whilst various scholars and institutions have defined and classified the BOP with some degree of variation, there is consensus that there is a critical mass of consumers who, generally speaking, are surviving on as little as US$2 a day with unmet needs. Advocates of catering to this market argue that the challenges in serving it do not arise merely from the actual number of people in the market, but lie in the distinct challenges of re-inventing Western models of doing business to fit the local
needs and requirements of this vast market (Prahalad, 2004; Prahalad and Hart, 2002; Rangan, Quelch et al, 2007; Viswanathan, Sridharan et al, 2008). Companies that develop strategies that take into account the local market’s unique conditions, and not serve the market based on Western approaches, are likely to succeed in exploring the potential that exists at the BOP (Khanna, Palepu et al, 1997 and 2005). The BOP market is unlikely to be one huge homogeneous entity, but one that has segments with unique needs and system requirements, which companies need to understand in order to adapt their business models to facilitate effective engagement with the BOP.

The advent of globalization has brought about various challenges and opportunities for business at the global level (Austin and Kohn, 1990). The emergence of the growing mass of consumers living on less than US$2 a day is one such development (Mahajan and Banga, 2006; World Bank, 2008). This tier of the world population is forecast to grow from its current levels, thereby providing an even bigger market for businesses. Some estimates put the number in the tier at 6 billion in 40 year’s time, largely because the majority of the world’s population growth takes place within this group (United Nations (UN), 2004). At least 95% of the world’s 6.5 billion inhabitants are in the underdeveloped and developing nations, and it is estimated that population growth in these nations will average 35 million per year between 2005 and 2050 while that of developed nations will remain stagnant (UN, 2004). The stagnant growth in the developed countries’ population will be due to low fertility rates, ageing populations and small family units. Of the 35 million increase in the global population, at least 22 million will be from the world’s 50 least developed nations. Even if the population does not grow at the forecast rates, the region will record some form of population growth greater than that of the developed markets (UN, 2004; UNCTAD, 2008).

The above discussion illustrates a growing market in terms of numbers of potential consumers of products and services, and one which provides challenges and opportunities for the business sector. This emerging market has often been described as ‘yesterday’s outcasts, today’s stars’ because of the continued realization by businesses of the potential these markets have to offer (Mahajan and Banga, 2006). Moreover, rapid industrialization and increased competition in the developed markets will result in their saturation, causing businesses to look for alternative growth
markets such as those at the BOP (Kirchgeorg and Winn, 2006). This was summed up well by the former Chairman of Heinz, Tony O’Reilly:

"In 1980, we conducted an internal company review of global investment potential. Our first unsettling discovery was that at that time 85% of the world’s population had not been exposed to the Heinz brand. We also found and it remains true today that in the mature markets of Europe and the North American continent, food consumption was not growing by more than one percent. If we wanted significant expansion in volume, we would have to look beyond the industrialised West."

Conventional business thought has queried the viability of this market based on its restrictions in terms of the low income that these consumers have. If one is to multiply the skewed US$2 purchasing power per person into the current actual population numbers of 3 billion, one unlocks a dormant multi-billion dollar market which is not being given adequate attention by businesses (Rangan, Quelch et al, 2007). Contrary to conventional business assumptions, poor consumers in these markets do provide a profitable market for products such as tea, low-cost laundry soap, detergents and communication services, if international marketers change their strategies for serving these markets (Hammond, Kramer et al, 2007). Others have argued that MNCs are already participating in these markets, but such views do not take into account the opportunity of the long-term continued population expansion in these markets as indicated above in the growth forecasts. Multinationals continue to invest in developing and underdeveloped countries with BOP markets, considering them to be key sources of potential new business development and increased profit potential, although questions have often been raised about their motives for conducting business in these areas (Sele, 2006). The global economy is now an increasingly interdependent one, in which the developing countries make a significant contribution. Hence, MNCs value the potential such markets offer for various stakeholders such as buyers, suppliers and capital users (Austin, 1990).

Questions have often been raised as to the viability of doing business in BOP markets (Karnani, 2006). There has been a tendency by international business managers to have a bias against these markets due to the limited socialization these managers have with people in these markets, and their knowledge of such markets
being constrained due to their having been brought up in developed markets. This has resulted in business not realizing the full potential that BOP markets offer. This bias and lack of knowledge is particularly evident at the BOP in Sub-Saharan Africa, where there is lack of information on key consumer behavior issues, such as the drivers of consumers’ motivation to buy products in the food and personal hygiene products category. To date, comparison and application of theories developed in the ‘west’ has been largely confined to the ‘Western’ developed markets (e.g. Europe, USA) and ‘Eastern’ emerging markets (e.g. Asia), leaving out sub-Saharan Africa. This is a region which has a higher proportion of its overall population at the BOP compared to other regions like Asia and Latin America, and which has a market potential of US$429 billion (Hammond, Kramer et al, 2007; UN, 2004). There is also lack of knowledge on how and why firms conduct business in these environments, and on the interactions that facilitate exchange between consumers and firms. These are research gaps which this thesis will attempt to address.

1.5 Research Methods

This thesis uses qualitative research methods to draw from studies conducted in Zimbabwe. The mixed research methods comprise consumer interviews, focus groups and case studies to collect data focusing on food and personal hygiene products. These were augmented by ethnographic observations which involved the researcher living with the consumers for the period during which the interviews were undertaken. In the case studies involving firms, the researcher had the opportunity to accompany managers on trade market visits and promotional activities so as to observe the activities.

1.6 Anticipated Contribution of Thesis

The majority of marketing theory has been developed using empirical studies on consumers and firms from Western markets (Burgess and Steenkamp, 2006). The marketing discipline is faced with the challenge of expanding its horizons, of gaining knowledge and new insights. Hence, the anticipated contribution of the thesis will be the gaining of new insights in the area of marketing to the BOP, contributing to the growing interest in this area of study. There is currently limited information about firms’ engagement with the BOP in Africa. The proposed study has the potential to
establish implications for firms that are currently engaging the BOP, and those that plan to engage the BOP.

1.7 Outline of the Thesis

The thesis has ten chapters and is structured as follows. Chapter 1 outlines the background to the study and explains the motivation for the study. The chapter provides evidence for the case for increased marketing to the BOP. The background information provides a basis for outlining the research objectives and questions to be investigated on marketing to the BOP in the context of Zimbabwe. Chapter 2 outlines the literature review on consumer behaviour, highlighting the challenges that consumers face when making decisions to buy products at the BOP. Chapter 3 outlines a literature review on how and why firms conduct business at the BOP.

Chapter 4 focuses on the interactions that occur between consumers and firms to facilitate exchange. The chapter outlines the marketing challenges faced by both consumers and firms and examines how this impacts on the interaction process. Chapter 5 provides detail on the research location of Zimbabwe. The chapter outlines the structure of the BOP in Zimbabwe, and the challenges that both consumers and firms that manufacture fast moving consumer goods (FMCG) face in Zimbabwe. Chapter 6 outlines and justifies the mixed methodology used to collect data from consumers and firms. The chapter describes the application of the proposed methodology in the Zimbabwean study.

Chapter 7 presents findings from the qualitative consumer interviews, ethnographic observations and focus groups conducted among the four BOP groups of consumers in Zimbabwe, in order to understand how they make decisions to buy food and personal hygiene products. Chapter 8 presents findings from four case studies of firms that manufacture food and personal hygiene products to investigate how and why they engage in business with BOP market in this environment. Chapter 9 draws findings from the consumer interviews, focus groups and cases to outline the interaction that occurs between the consumers and firms in order to facilitate consumption of products. Chapter 10 contains a discussion of the findings and conclusions of the thesis.
1.8 Conclusion

This chapter presented background information on the emerging concept of the BOP, outlining justification for increased marketing to this market. The chapter has justified the need for this study by identifying research objectives and questions in three key areas of understanding: how BOP consumers make decisions to buy food and personal hygiene products, how and why firms conduct business at the BOP, and the interaction that takes place between the consumers and the firms. An outline of the thesis and potential limitations of the study has also been provided in the chapter.
2 Understanding the Behaviour of Consumers at the BOP
2.1 Introduction

The purpose of this chapter is to provide a review of the key literature on the buyer behaviour of bottom of the pyramid consumers (BOP) when making decisions to buy food/personal hygiene products. The review covers key issues that are pertinent to the first objective of the study: understanding BOP consumer behaviour. The review of the literature relating to the behaviour of consumers at the BOP raises the following research questions:

RQ1 What are the sources of income for Zimbabwean BOP consumers and how do they allocate it across their needs?
RQ2 How do Zimbabwean BOP consumers make decisions to buy food and personal hygiene products and who makes the decision to buy the products?
RQ3 What drives Zimbabwean BOP consumers to buy food and personal hygiene products?
RQ4 What constraints do Zimbabwean BOP consumers face in accessing food and personal hygiene products and how do they cope with these constraints?

Research on the BOP is a relatively new area of study in marketing. Hence, there is limited existing literature covering this field. A significant amount of literature is available on consumer behavior, emerging markets, social networks and poor communities. However, this literature is not specific to the BOP, particularly in relation to issues which this study seeks to investigate, such as how those at the BOP make decisions to buy products, the importance they place on the purchase, who makes the decisions to buy products, and what drives the BOP consumers to purchase food and personal hygiene items. Viswanathan, Sridharan et al (2009) attempted to cover some aspects of these issues in their study on South India but their focus was much broader than the above aspects of BOP consumer behaviour. However, insights can be drawn from such research that assists a better understanding of BOP buyer behaviour and how and why firms conduct business at the BOP.

Frequent references will be made in this study to Sub-Saharan Africa, a region in which the majority of countries have large numbers of BOP consumers. Sub-
Saharan Africa has often been described as the home of the world’s poor (UN, 2005). This comment does not in any way ignore the fact that not every consumer in these markets is in the BOP. It does, however, describe a BOP market of almost a billion people, and one that is forecast to be the growth axis for population between 2005 and 2050 (UN, 2004).

2.2 Buyer Behaviour at the BOP

Understanding how and why consumers buy particular products has been a subject of critical importance in studies of consumer behaviour (Olshavsky and Granbois, 1979). Different perspectives on decision making have been researched by various scholars. For example, Levy (1999) and Zeithaml (1988) suggested that consumers are value driven in their decision making, while others like Blackwell, Miniard et al (2006) and Celsi and Olson (1988) emphasize the role of involvement in decision making. These studies have been undertaken mostly in Western markets with the exception of a few studies which have focused on the BOP in South India (Viswanathan, Sridharan et al, 2008; Viswanathan, Sridharan et al, 2009). To some extent the latter studies provided insights on the importance of price and unit of measurement of products at the BOP. However, there are still some gaps in understanding BOP consumer behaviour, and these include the value that consumers place or do not place on their purchase. Because 65% of BOP expenditure is accounted for by food and personal hygiene products (D’Andrea, Ring et al, 2006), knowledge as to their sources of income, how they allocate the income to their expenses, how the purchase is made and by whom, and what motivates the consumers to buy the products becomes more important. These are insights which this study seeks to explore.

2.2.1 Consumer Decision Making

The consumer decision making process approach outlines information search as a critical component of the process. However, not all purchases that consumers make require the same amount of information search and involvement (Kardes, 2005). Hence, consumers often undertake different approaches when purchasing products.
i. **Consumer Purchase Decision Making Approach**
   
   Engel, Kollat et al (1973) identify three key variations of the decision process. These are whether the process is comprehensive (complex), limited or habitual. The distinction between the types is more one of degree than of kind. In the context of the BOP the decision making process is particularly important, because what might be deemed a habitual decision process in the Western world, such as buying food, might not necessarily be the same at the BOP due to the different circumstances (Assael, 1998; Sheth, Mittal et al, 1999). While the purchase might have an element of being repetitive in developed countries, the circumstances and challenges BOP consumers face in making the purchase might require them to carry out some limited information search and evaluation of alternatives before buying the product each time. This is a gap which requires further investigation in order to enhance marketers’ understanding of the BOP consumers.

ii. **Consumer Decision Models**
   
   Models of consumer behaviour have been used to investigate and understand how and why consumers behave in a particular way (Bross, 1953). There have been attempts to review and evaluate the state of the art of understanding established consumer decision models, with key reviews being conducted by Rau and Samiee (1981). These models can be categorized into traditional and modified models. The basic traditional buyer behaviour model is a systems model, which analyses human behaviour as a system where there is a set of inputs which stimulates a response. This in turn results in a set of outputs that make up the behaviour (Lazer, 1962). This model is built around psychologists’ black box models which explain human behavior from an input and output perspective (Engel, Kollat et al, 1973; Kotler, Brown et al, 2004). Various scholars expanded the basic systems model in order to illustrate the relationships between inputs and outputs (Engel, Kollat et al, 1973; Howard and Sheth, 1969; Nicosia, 1966). Engel’s model is commonly referred to as the EKB model.

   The EKB model has been modified twice, in 1973 and 1979, and there have been other versions of the model which have been used by other scholars to enhance understanding of consumer behavior. Sheth, Mittal et al (1999) approached the customer decision process by focusing on the different roles each customer plays in a
purchase; namely, buyer, payer and user. It also deals with the concept of mental budgeting, which refers to the importance of the budget process that consumers go through as an influence on their behaviour in the buying situation (Heath and Soll, 1996).

Hansen (2005) recently argued for a rethink of consumer decision making to include a combination of perspectives, instead of following the traditional process method which has been the cornerstone of consumer decision making research. This call for an integrated approach towards decision making is motivated by the premise that consumers utilize multiple methods of decision making when making purchases, which has resulted in an integrated approach to decision making. This is an unknown factor at the BOP, where the circumstances that consumers face are significantly different to those of Western markets. Therefore, BOP consumers’ decision making might not necessarily follow the process outlined by established models.

Consumer decision making models have contributed towards marketers better understanding how consumers make decisions, and have had implications for marketing strategy formulation. The next section looks at the variables that shape the decision process and their potential impact on consumer decision making at the BOP.

2.3. Determinants of Consumer Decision Making

Consumer purchase decisions may be determined by various factors. These can be categorized as environmental and individual (Blackwell, Miniard et al, 2006).

2.3.1. Environmental Variables

The nature of the socio-economic-cultural environment that consumers live in has the potential to influence their decisions to buy products. Dimensions such as culture, family, social networks and environmental constraints determine consumers’ tastes and preferences (Sheth, Mittal et al, 1999). Hence, an understanding of the impact of these variables can provide insights into why consumers behave in a particular manner.
i. Culture

Culture is central to different consumer behavioural patterns in both developed and developing markets. Hence, it is important to integrate its varying influence on the application to consumer behavior theory across various markets. There has been limited research on application and comparison of consumer behavior across divergent cultures such as the ‘West’ and BOP markets (de Mooij, 2004). For example, a key established fact as to the relevance of culture at the BOP is the importance of collectivism among consumers in this environment (Purvez, 2003; Viswanathan, Sridharan et al, 2008). However, previous studies have focused on the role of collective decision making in general livelihood decisions, and not on the potential of collectivism to determine consumers’ decision to buy products (D’Andrea, Ring et al, 2006; Purvez, 2003).

ii. Family

The family constitutes one of the most important influences on consumer decision making (Brown, 1979; Hawkins, Carroll et al, 2004). The makeup of the family and the role it plays in individuals’ lives is different across markets, particularly in the context of Western and BOP markets. Western markets are likely to adopt the concept of a nuclear family which just focuses on the immediate group of father, mother and siblings, while at the BOP the concept of an extended family, made up of the nuclear family plus other relatives, is likely to be dominant (Purvez, 2003). This does not imply that the extended family is not evident in Western markets, because some ethnic groups in Western markets also subscribe to the concept; however, it is not as prevalent as it is at the BOP.

Although families use products, individuals usually buy these products and have to make the purchase decision. Different members of the family have different roles in influencing the purchase decision of products, and these roles are not static but can change over time, thereby affecting the process (Su, Fern et al, 2003). The five key traditional individual roles that have been identified are: (1) initiator or gatekeeper; (2) influencer; (3) decider; (4) buyer and (5) user. This is an area which requires further research at the BOP, where economic and social constraints have the
potential to require family members to have multiple roles per purchase when it comes to buying products such as food and personal hygiene items (Purvez, 2003; World Bank, 2008).

Gender influence is also an important factor, although declining gender differences and waning gender identification have resulted in the dilution of focus on the impact of gender on the purchase decision process. However, spouses have different roles in buying decisions. For example, purchases of technical products in developed markets are assumed to be husband dominant, while repeat purchases of nondurable products are assumed to be wife dominant (Blood and Wolfe, 1960; Burger and Locke, 1960; Sproles and Kendall, 1986; Wolgast, 1958). Husbands and wives are assumed to play similar roles at the BOP, especially for products such as food and personal hygiene products (Purvez, 2003; Viswanathan, Sridharan et al, 2008). However, this assumption does not take into consideration the potential impact of the economic and social constraints on these roles in the changing environment at the BOP.

Research undertaken into the influence of the family in Western markets also highlights issues such as the changing family and household structure and the different roles of different family members. The role of children as part of the family includes an important influence on consumer decision making. Children influence parents on what to buy and are perceived to be very influential in Western markets in the purchase decision of products they use (Kim and Lee, 1997). However, the role of children in influencing purchase decisions at the BOP is unknown.

While there might be gender and spousal changes at the BOP, the nature and impact of these changes might not be the same as in Western markets. The rate at which these changes have happened at the BOP is likely to be different from that of the Western markets, thereby creating a research gap which requires further investigation.

iii. Social Networks and Buyer Behaviour

The study of networks covers various academic disciplines, such as anthropology, economics, sociology and industrial marketing, and has been around
for many years (Burt, 1987; Lewis and Takahashi, 2005). In the context of the BOP the role of social networks has also been studied in a variety of disciplines, such as economics, medicine and sociology (Coleman, 1990; Cattell, 2001; Jackson and Watts, 2002). Social networks are defined as a set of people or organizations connected by a set of relationships such as friendships, working together or exchanging information to improve their lives and interactions with other actors in the society (Purvez, 2003).

Previous studies conducted on social networks at the BOP have established a number of facts about their role in these markets. For example, consumer behaviour by individuals has been found to be influenced by participation in social networks, which help shape the psychological makeup of consumers so as to conform to the groups’ expectations and norms (Chakravarti, 2006). This confirmed findings on research on general group influence by Park and Lewsig, (1977). Research by Antonides and Raaij (1998) and Burt (1987) confirmed the influence of opinion leaders and reference groups in the livelihoods of BOP communities. A reference group refers to ‘any person or group of people who significantly influence an individual’s behaviour (Bearden and Etzel, 1982). Word of mouth communication and informal talks constitute a key communication vehicle for sharing information and ideas in communities (Barr, 2004).

Consumers were found to rely on their social networks to mitigate risks when making purchases by making use of network members’ references on product performance (DiMaggio and Louch, 1998; Marshall and Gotosudarmo, 1995). Social and cultural norms, such as tribal and demographic factors related to gender and age, connect people in communities, thereby influencing their behavior (Burgess, 1999; Lin, 1999). This needs to be further investigated at the BOP where social and cultural connections are very important, especially if one takes into account the impact of rural to urban migration (United Nations Development Programme (UNDP), 2008).

Findings from previous studies cited above on social networks at the BOP concluded that these networks form a basis for how people relate to each other and how they relate to the environment outside their communities (McPherson, Smith-Lovin et al, 2001). Trust, creation and retention of long-term relationships are part of the social fabric of communities in BOP markets (Kuada and Sorenson, 2000).
Family and kinship play an important role in the creation and maintenance of this trust among the communities, who live and operate in a variety of formal and informal networks that cover different aspects of their social and business life (Michailova and Worm, 2003). Thus, there is an emphasis on relationships and on sharing information in communities (Fafchamps, 2001).

Overall, these studies have provided insights into the economic importance of social networks to consumers and helped marketers understand how these networks improved the well-being of individuals and communities. What these studies have not done is provide detailed insights on how the social networks actually determine consumers’ purchase decision making. Viswanathan, Sridharan et al (2009) attempted to cover this gap in their study on South India. However, the focus of their study is on the impact of social networks on information gathering. Hence there is a need to expand the scope of investigation to focus on the actual impact of social networks on the purchase of products such as food and personal hygiene items in order to understand BOP consumer behaviour.

Examples of companies that have used social networks to penetrate BOP markets include Unilever and Bata. Unilever India’s strategy for Annapurna iodised salt is an example of the importance of tapping into networks in BOP markets (Rangan and Rajan, 2005). Bata and Care International’s project in Bangladesh is based on strong relationships with the women’s self help groups who form Cooperative Business Units to access credit, training, and promotion materials from Bata ("Supporting Community Development").

iv. Environmental Constraints

Consumers in BOP markets are exposed to diverse macro-environmental constraints which impact on their day to day lives (Ersado, 2006). These include economic, political, social, infrastructure and natural challenges. A wide range of studies have been carried by different scholars to establish the type of constraints BOP consumers face. The key constraints are:

- Economic constraints such as low income, inflation, import price shocks, declines in the terms of trade, foreign currency shortages, and lower remittances and reduced private capital inflows (Nwanko, 2000; Johnson,
Ostry et al, 2007; UNCTAD, 2008). Constraints such as price controls and price shocks can also impact on the availability of products and the process consumers undertake to look for products (Ndulu, Chakraborti et al, 2007).

- Political constraints such as political instability, poor governance, corruption, and weak legal systems are evident in the region (Gyimah–Brempong and Traynor, 1999; Kauffman, Kraay et al, 2007; Loayza, Rancière et al, 2007). These are likely to impact on the consumers’ decision making in various ways; for example, the lack of protection for consumers might result in them making purchase decisions under duress from suppliers, who might charge them extortionist prices taking advantage of product shortages (Viswanathan, Sridharan et al, 2008). Political instability often results in economic failure leading to challenges for the consumers from the economic constraints, as discussed above.

- Social, human and natural constraints, such as AIDS and droughts, which affect the consumers’ ability to be self-sustainable. AIDS-related diseases have resulted in loss of life at the BOP which has impacted on the family structures, which in turn shapes the roles of different family members (Salinas and Haacker, 2006). For example, orphans are left to fend for themselves and their siblings thereby assuming multiple roles in the purchase decision. Droughts coupled with high import costs of food have made it difficult for BOP consumers to access products (World Bank, 2008, Devarajan, 2008).

- Infrastructure challenges, such as lack of reliable electricity, poor distribution channels and unreliable transport, are established facts of life for these markets (Johnson, Ostry et al, 2007; Ndulu, Chakraborti et al, 2007; Nwanko, 2000; UNCTAD, 2008). These have the potential to determine consumer decision making in a number of ways. For example, lack of reliable electricity might result in consumers relying less on information from media such as television and radio to get product information, while lack of distribution channels might impact on their process of searching for products and impact on where they buy products (Rubesch, 2005)

While the constraints faced by consumers at the BOP are well documented, the changing environment at the BOP might result in new constraints emerging which
could impact on consumer purchase decision making. Hence, there is a need to continually study these constraints in order to establish how they impact on the behaviour of the BOP consumers.

2.3.2. Individual Variables

The individual personal situation of consumers and the environment in which they live determine their needs in a marketplace and can influence their decisions when buying products. Consumers have access to different resources and are driven by different motives to buy products.

i. Motivation

An understanding of the motivation that drives consumers to buy products forms a key basis for developing effective marketing strategies. Berkman, Lindquist et al (1997) define consumer motivation as the drive that consumers have to satisfy both physiological and psychological needs through product purchase and consumption. Maslow’s (1964) hierarchy of needs model analyzes how consumers prioritize needs in their purchase decision making processes. Maslow’s model assumes that consumers arrange their needs in a hierarchy of importance: physiological needs, safety needs, social needs, esteem needs and self-actualization, and this model has been applied to Western markets.

In the context of the BOP a limited number of studies have been undertaken to establish what motivates these consumers to buy products. For example, the traditional Maslow model was adapted by Schutte and Ciarlante (1998) to reflect consumer motivation in developing countries (depicted by ‘Asia’ in Figure 2.1) and developed countries (depicted by ‘West’ in Figure 2.1). Figure 2.1 shows that while the lower order needs are the same; the higher order needs differ between the ‘West’ and ‘Asia’. However, the Eastern category is restricted to the emerging Asian markets. Whether this model is reflective of BOP markets such as those in Africa remains to be established. Another study which has been mentioned already is Viswanathan, Sridharan et al’s (2009) study in South India which highlights some elements of purchase drivers for BOP consumers, although this is not the focus of the study.
ii. Consumer Resources

Consumers have access to different resources which enable them to purchase products. Income determines whether the consumers can buy products or not (Ndulu, Chakraborti et al, 2007; Sheth, Mittal et al, 1999), and is defined as money from wages and salaries and welfare payments. However, this applies to the Western context; the situation at the BOP is different, as the majority of income is not necessarily derived from formal jobs. Most consumers depend on remittances from relatives overseas and there is no welfare system such as that found in Western countries. However, regardless of its source, income is a critical determinant of how consumers make decisions to buy products.

Consumer spending is an area which has been studied in a number of academic disciplines such as economics, psychology, marketing and sociology (D’Andrea, Ring et al, 2006). The area of budgeting is a critical area for study, given the fact that consumer descriptions and studies indicate that it is a key influencer of consumer behaviour and can determine how consumers make decisions to buy products (Heath and Soll, 1996; Olshavsky and Granbois, 1979). Consumers go through a process of mental budgeting before purchase of products, where they set budgets for various expenses and then track their ‘on-going expenses against the budget’ (Thaler, 1985). The above research was undertaken from an accounting perspective, but its insights could be relevant to consumer research, although it was
undertaken in the context of Western markets, focusing on products such as entertainment which could be deemed luxuries at the BOP. Not much is known about whether, or how, BOP consumers conduct this budgeting process in relation to their limited income.

Disposable income is expected to determine consumer buying behaviour once the basic needs are met (Magrabi, Chung et al, 1991). However, needs are not uniform but vary among groups of consumers. The assumption that consumers are driven by a rational quest to maximise utility might not be applicable at the BOP, where lack of income alone might not be the only constraint for consumers (Antonides, 1989). Lack of income alone does not determine whether consumers make a purchase or not, as needs at the BOP can be driven by different motives, some of which will still be met even if there is no income available. For example, shortages of products might result in consumers engaging in speculative behaviour which forces them to obtain products on credit when they find products. The amount of income one has can determine access to information sources and capacity to evaluate alternatives. This is especially so at the BOP where there are income constraints which result in consumers not being exposed to mainstream media and promotional activities such as television and radio advertising, although marketers can reach out to these consumers through below the line direct means of marketing.

Banerjee and Duflo (2006) carried out a study on the economic lives of the extremely poor in order to identify the choices they face and the challenges they endure. The study concluded that researchers fail to understand the economic lives of the extremely poor because they do not acknowledge that they have very limited access to efficient markets and quality infrastructure. Their research also highlighted the need for further research to identify their sources of income and how these consumers allocate their limited resources to their expenses; this is an important area given the scarcity of these resources at the BOP.
2.4 Conclusion

By outlining and discussing key consumer behaviour issues in the context of the BOP, this study provides a basis for investigating how BOP consumers make decisions to buy products. The review of literature in this section indicates the need for further investigation of BOP consumers’ source of income and how they allocate it across their needs. The potentially different dynamics of how BOP consumers make purchase decisions, in terms of purchase decision levels, the importance placed on the purchase, and who makes the decision to buy products at the BOP were discussed. The review has also provided evidence for the need for marketers and researchers to understand how environmental and individual variables such as social networks, family, gender, spending patterns and motivation, determine consumer decision making in the context of the BOP. This is necessary in order to understand what drives these consumers to buy products, the constraints they face in making purchases and the subsequent coping strategies they develop. The above review provides a basis for this study to address the research questions outlined at the beginning of this chapter, which are pertinent to the first objective of this study of understanding the behaviour of BOP consumers.
3  Understanding Firms’ Conduct of Business at the BOP
3.1 Introduction

Having discussed the behaviour of consumers at the BOP in the previous chapter, consideration is now given to the circumstances under which firms conduct business at the BOP and their motivation to continue doing business in this environment. Firms conducting business at the BOP or intending to do business at the BOP are bound to face diverse challenges due to the unique macro-environment. This discussion will provide insights drawn from the literature as it relates to the second research objective of this study, which is to investigate how and why firms conduct business at the BOP. This raises the following research questions:

RQ5  How do firms conduct business at the BOP in Zimbabwe and what is the contribution and importance of the BOP market to their performance and overall strategic objectives in Zimbabwe?

RQ6  What are the impediments that firms face when serving the BOP in Zimbabwe and how do they cope with these impediments?

RQ7  Why do firms conduct business in an environment such as that found at the BOP in Zimbabwe?

3.2 Categories of Firms at the BOP

There are different categories of firms that operate at the BOP which can be classified by ownership and origins. Examples of firms that are common at the BOP include multinational subsidiaries, publicly listed local conglomerates, privately owned companies, state owned enterprises (SOE) and family businesses. Whilst these categories are present in other markets besides at the BOP, there is a question as to whether the category of firm has an impact on the firm’s motivation to conduct business at the BOP and on the way they conduct their business at the BOP.

3.2.1 Multinational Subsidiaries

These are subsidiaries of international firms which are either wholly owned by the parent MNC or are a joint venture with local partners. MNCs have been a key vehicle of economic activity in countries with large BOP markets for over five decades (Arnold and Quelch, 1998). Initially, these ventures were a source for raw materials for the MNCs; later, they became locations for low-cost manufacturing, and
eventually markets for products (Dunning, 1997). In Zimbabwe’s case, MNCs are active in the food, personal hygiene and mining sectors. International companies such as Nestle, Procter and Gamble and Unilever are present in many BOP markets (Mahajan and Banga, 2006).

3.2.2 Publicly Listed Local Conglomerates

These operate in a diverse number of business sectors and are likely to have local majority ownership. Their activities cover a wide spectrum of business activities, making them local conglomerates. These firms often have the capacity to either supplement existing public infrastructure or establish their own independent infrastructure. They are common in most countries with BOP markets that have stock exchanges. In the case of Zimbabwe these conglomerates are active in the agricultural processing, food, personal hygiene products and tourism sectors.

These companies tend to draw lessons and develop their models along the same lines as the multinational companies, and some of them have developed into regional multinationals which extend their operations into surrounding countries (Austin, 1990; Dunning, 1997). The growth of the so-called “Third World” multinationals that emerged in China, India, South Africa and South Korea are examples of how locally owned public listed companies developed into regional multinationals (World Bank, 2008).

3.2.3 Privately Owned Enterprises

These are made up of privately owned businesses that either start off from consortia or venture capitalists, or emerge from family business. Like publicly listed companies they are likely to participate in one or more number of business activities. They also exhibit similar traits to the publicly listed companies in terms of copying MNC models and expanding their business interests beyond their borders although their activities and performance remain private (van de Walle, 2001). In the case of Zimbabwe, privately owned companies are present in all sectors of the economy.
3.2.4 State–Owned Enterprises (SOE)

These are government owned enterprises which engage in direct production of products and services. They are sometimes called parastatals or public enterprises (UNDP, 2008). They have a long history in countries with BOP markets, where governments have used these enterprises as a way of protecting strategic local sectors such as energy, telecommunications, transportation and food production (Nwanko, 2000). Whilst this is a universal trend, government control of such enterprises is more evident in countries with large BOP markets (Austin, 1990; Austin and Kohn, 1990). Other rationale for their creation varies and includes control over imports and exports as well as control over distribution of products.

Besides provision of social service utilities, governments create SOEs to nationalize private enterprises, to take over failing private enterprises and to increase the government’s political power. Their structures and nature of operation differ from privately owned enterprises in the sense that they are wholly owned by the state, operate on state subsidies and are used as a vehicle for state intervention in the supply of goods and services. In most cases this is to ensure that disadvantaged groups such as the BOP get access to goods and services. In the case of Zimbabwe there are SOEs in the agricultural produce, food, energy, mining, telecommunications and transport sectors (Confederation of Zimbabwe Industries (CZI), 2007; UNDP, 2008).

3.2.5 Family Based Businesses

These are firms that belong to a family, where control and ownership are passed from generation to generation. They are likely to specialize in the provision of basic products such as food and clothing, mainly as distributors, although their suppliers are likely to be small family-owned firms also. Their ownership is often along ethnic lines; for example, in West Africa most local family-owned businesses are owned by entrepreneurs of Lebanese origin, while in Kenya and Zimbabwe these are owned by entrepreneurs of Indian origin (Mahajan and Banga, 2006). Family owned businesses such as Tata in India have developed to become big corporations providing products and services in a wide variety of sectors (Prahalad, 2005; www.tatagroup.com). Some of the family businesses develop to become key players in the economy by extending their business interests to sectors such as
telecommunications (for example Areeba in Ghana). Group trust and alliances with key government decision makers are key tools of survival for these firms (Tangri, 1999).

3.3 Importance and Contribution of BOP Market to Firms

The importance and potential contribution of the BOP to firms as a viable market has been discussed in detail in Section 1.3 of Chapter 1. Advocates for increased marketing to the BOP justify the viability of the market to firms on the basis that it contains a growing mass of consumers, estimated at 3 billion people. (Mahajan and Banga, 2006; Prahalad, 2005; Hart, 2005; Prahalad and Hart, 2002; Rangan, Quelch et al, 2007). The market is forecasted to grow strongly in the next 40 years as population growth is largely in countries with large BOP markets (UN, 2004). However, in order for firms to tap into this market and realize profitability there is need for them to change the way they conduct business at the BOP by adapting their strategies to the local market conditions, which might be different to those in the Western markets (Khanna, Palepu et al, 2005; Hart and London, 2005).

Various case studies have been conducted in Asia and Latin America to demonstrate the importance and viability of the market (Mahajan and Banga, 2006; Prahalad, 2005; Rangan, Quelch et al, 2007). Other scholars such as Hammond, Kramer et al (2007) have conducted studies on the BOP in four regions of Africa, Asia, Eastern Europe, and Latin America, in which they analysed the market composition of the market and quantified the potential viable sectors that firms can focus on in serving the BOP. The sectors that emerged from this study, for which firms can develop products for BOP consumers, included energy, food, health and telecommunications

3.4 Impediments to Conducting Business at the BOP

Conducting business in BOP markets provides both local and international firms with unique challenges. Scholars such as Arnold and Quelch (1998), Austin (1990), Austin and Kohn (1990) and Covin and Slevin (1989) provide key insights into the scope of the challenges that firms are likely to face when conducting business in these markets. The basic premise of the challenges discussed in this
section is the fact that the BOP market exists within a difficult broad environment which firms are exposed to. The World Bank, International Monetary Fund (IMF) and the United Nations Conference on Trade and Development (UNCTAD) compile reports and statistics to indicate which markets are the most challenging for firms to conduct business in. Countries with huge BOP markets have consistently been identified as the most difficult to do business in, based on a number of factors, chief of which are macro-environmental factors (UNCTAD, 2008).

Considerable focus has been placed on the challenges that international firms are bound to face, although there is a need for further research to identify new insights that specifically relate to BOP markets. The element of uncertainty inevitably creates various impediments for both local and international firms such as MNCs. The structure of the discussion which follows is influenced by Austin (1990) and Arnold and Quelch’s approach (1998) as to how firms can manage their business in markets such as the BOP. Whilst macro-environmental factors affect firms in any environment, the risk and uncertainty common at the BOP is likely to result in greater influence of these factors (Loayza, Ranciere et al, 2007; Ndulu, Chakraborti et al, 2007; Raddatz, 2007).

Environmental factors are discussed in order to establish the extent to which they can be an obstacle for firms at the BOP. These factors can be economic, financial, political, governance, cultural, social, human and natural (Eifert and Ramachandran, 2004; Gunning and Mengistae, 2001; Perdana, 2005). While previous studies have established insights into these constraints, the changing environment at the BOP has the potential to produce new forms of these constraints.

3.4.1 Economic Impediments

Natural and policy-induced risks are common facts of life for firms operating at the BOP, of which high macro-economic volatility is the main impediment (Dercon, 2005; Ersado, 2006; Rodrik, 1991). This results from these markets being exposed to external shocks such as financial crises, policy induced mistakes or to poor strategies for coping with shocks, which result in a number of challenges such as disproportionate income spread and weak infrastructure (Loayza, Rancière et al, 2007). These are discussed in detail below.
i. **Income**

Disproportionate income distribution and low income are common challenges for BOP consumers (World Bank, 2008). The case for the viability of the market regardless of this constraint has been outlined in Chapter 1. However, it still remains a challenge for both local firms and MNCs in terms of how they price their products for these consumers. Inflation and in some cases hyperinflation is common at the BOP and this provides a variety of challenges for both local firms and MNCs (Coorey, Clausen et al, 2007; Hanke, 2008). An inflationary environment will have an impact on consumer spending and firms’ capacity to run their businesses efficiently.

ii. **Infrastructure and Technology**

Weak or dilapidated infrastructure in areas such as energy, transportation and telecommunications is a common feature at the BOP (Fay and Morrison, 2006; Fay and Yepes, 2003). Existing infrastructure lacks maintenance and there is limited investment to upgrade the infrastructure (Collier and Gunning, 1997; Eifert and Ramachandran, 2004; Yumkella and Vinanchiarachi, 2003). This infrastructure is a key prerequisite for FMCG firms successfully manufacturing and marketing food and personal hygiene products, and infrastructure problems are particularly evident in:

- Provision of clean and reliable water supplies for use in manufacturing and waste management.
- Provision of affordable and reliable electricity and fuel supplies to power plant and equipment.
- Reliable telecommunications to ensure efficient communication with different stakeholders such as suppliers and customers
- Reliable transport networks for logistical support and distribution of finished products.
Hence, firms often opt to invest in their own water supply equipment, energy generating devices or private telecommunication facilities in order to make up for the lack of or weak public utility infrastructure (Eifert, Gelb et al, 2005).

3.4.2 Financial Impediments

The financial constraints that firms can face at the BOP are diverse, but the key ones include exposure to inflation, foreign currency rate fluctuation and lack of capital. These are discussed in detail below.

i. Inflation

High levels of inflation, and in some cases hyperinflation, can have devastating effects on firms. It puts pressure on firms’ capacity to run the business on a day to day basis and can create high levels of uncertainty which in turn affect their planning. High inflation is common at the BOP, often as a result of the poor macroeconomic policies in place or political instability. Historically, during the period from 1920 to 1946 there were eight hyperinflations, and since 1984 there have been fifteen hyperinflation cases, with most of them in BOP countries especially in Africa and South America (Coorey, Clausen et al, 2007). Inflation affects firms in a number of ways chief of which are the following as identified by Hanke (2008):

- Cash flow management and increasing cost of running the business
- Chaotic pricing structure which results in prices changing rapidly (in some cases every day)
- Decrease of business volume coupled with eroding profits
- Increase in tax payments since companies are likely to move into higher tax brackets due to the inflated profits they make in monetary terms
- Diminishing real value of cash and other liquid instruments
- A negative relationship with stakeholders – e.g. the government, if price controls are introduced, as was the case in Brazil in 1982 and is currently the case in Zimbabwe.
ii. **Foreign Currency Constraints**

These take two key forms; namely, scarcity of foreign currency and the management of policy dealing with foreign exchange.

- Scarcity of foreign currency is common at the BOP due to the low levels of exports that these countries generate in comparison to the huge import bills they incur (Devarajan, 2008). Political instability often results in both domestic and international investors refraining from investing in such markets resulting in lack of generation of foreign exchange through export (Kauffman, Kraay et al, 2008). Lack of foreign direct investment due to instability and unfavourable policies at the BOP also contributes towards lack of foreign exchange (World Bank, 2008). Isolation from international capital institutions such as the IMF and World Bank can also result in scarcity of foreign currency. Firms require foreign currency for raw materials and for expanding their business; hence, scarcity of foreign exchange constrains their capacity to grow.

- The scarcity of foreign currency often results in government playing a key role in managing the allocation of the currency – for example, by imposing quotas for particular sectors which they might deem critical, such as energy, food and medical supplies (Hanke, 2008; Reserve Bank of Zimbabwe (RBZ), 2008). This will have repercussions for firms that might not be in these favoured sectors. Government policy relating to the devaluation of the local currency during inflationary periods can result in exchange rate instability (RBZ, 2008). Governments who opt not to have market forces determine the exchange rate often end up creating parallel exchange rates on the market which worsens the scarcity of the foreign currency on the market. This makes it more difficult for firms to access foreign currency for their needs (International Monetary Fund, 2008). This has been a common scourge for countries at the BOP. A classic example is Zimbabwe, whose economic crisis has been made worse by the state’s control of the exchange rate, which in turn has made it difficult for firms to operate their businesses. Unfavourable export incentive policies implemented by governments, such as low foreign exchange retention, discourage firms from exporting and hence result in reduced export earnings (Ndulu, Chakraborti et al, 2007; RBZ, 2008).
Both local firms and MNCs have various options for managing foreign exchange exposure, but to a large degree this hinges on their relationship with the chief distributor (in this case the government). The nature and balance of power that exists between the two becomes crucial in determining how the firms will cope with the exposure. Common documented strategies include an increase in exports provided the policy environment is conducive to export promotion (Athukorala, Jayasuriya et al, 1995).

iii. Capital Shortages

Weak economic conditions prevalent at the BOP often result in shortages of capital for firms to sustain and expand their businesses (Fosu, Mhlambo et al, 2001). Where inflation rates are high and unsustainable, firms will find it difficult to access loans to run their business. Low incomes at the BOP mean that there are low savings which are returned to the financial system to be invested and create extra money that can then be loaned to firms.

Financial institutions at the BOP are often not as advanced as in the developed world and this constrains their capacity to generate money and access international capital, which they need to operate and expand their businesses (Eifert and Ramachandran, 2004). Government regulation and too much control and mismanagement of the financial services sector often results in difficulties for firms to access money – for example, through bringing about high interest rates. Capital shortages remain a critical barrier for growth and expansion of firms at the BOP (UNDP, 2008; World Bank, 2008). Local firms often resort to their networks and alliances to source loans outside the established institutions (Fafchamps, 2001)

3.4.3 Political Impediments

Firms at the BOP are exposed to diverse political challenges which can hamper their operations. Political instability is the most commonly cited political factor that can impact on how firms conduct business at the BOP. This can take various forms, ranging from coups and political assassinations to market failure (Gyimah-Brempong and Traynor, 1999). Fosu (2001) and Herbst (2000) highlight conflict, war, military coups, authoritarian governments and international isolation as forms of instability which are common at the BOP. For example, the conflicts in Sub
Saharan countries such as Angola, Congo, and the unstable government in Zimbabwe are examples of BOP markets where there is political instability (World Bank, 2008). Weak political institutions such as political parties, non governmental organizations (NGOs) and other political organizations create political spaces that are often dominated by the ruling, often authoritarian, governments.

Political instability is often cited as being the main criterion by which firms decide whether or not to invest at the BOP (Fosu, Mhlambo et al, 2001). However, this proposition has since been questioned, as MNCs continue to invest in BOP markets which are deemed politically unstable. Examples include continued investments in mining and natural resources in countries such as Angola, Chad, Congo, Sudan and Zimbabwe, and firms adding to existing investments in these countries in product areas such as those in the FMCG sector. These are markets which the UNCTAD, the World Bank and other international multilateral organizations have declared to be unsafe and not conducive for doing business (Collier, 2000; Kauffman, Kraay et al, 2008; UNCTAD, 2008). However, the world’s demand for resource materials has resulted in firms putting aside or literally ignoring issues of political instability to invest in these countries. Political instability has potential negative impact on firms’ operations through the following:

- Constrained capacity to plan and contain costs which makes the environment even more uncertain (Kauffman, Kraay et al, 2007).
- The threat of nationalization of firms is also a potential threat, often resulting from political instability at the BOP. Examples include the nationalization of retail and manufacturing plants in Uganda and of land in Zimbabwe (UNDP, 2008)
- Disruption in manufacturing and distribution of products (Loayza, Rancière et al, 2007)
- Exposure to intimidation if political affiliations are deemed to be against those of the ruling régime (Gyimah-Brempong and Traynor, 1999).
3.4.4 Governance Impediments

Governance issues such as management of their relationships with the government and other stakeholders; and government intervention in determining the competitive environment, constitute key challenges for firms conducting business at the BOP. Hence, it is imperative for firms to manage these challenges well if the firms are to survive the often turbulent environment. These are discussed in detail below.

i. Management of Relations with the Government and Other Stakeholders

Emery (2003) argues that the strength of personal relationships with key government officials can determine the success or failure of firms in markets such as those at the BOP where there are likely to be ad hoc changes in policy; for example, imposition of price controls (Johnson, Ostry et al, 2007). This has been alluded to in the section on political stability. However, the influence of the government goes beyond the issue of political stability to other areas such as the competitive environment in which the firms operate (Dixon, 2002).

Firms have to be able to study government needs and policies and establish how these constitute the political map of the environment in which they operate. It is important to note that firms interact with the various institutions that make up the overall government machinery, and are managed or controlled by a diverse spectrum of players such as cabinet ministers, party officials, labour leaders, pressure groups and state enterprises (Austin, 1990). Each of these can play different roles at the BOP, which can determine the success or failure of firms in this market. Firms at the BOP can derive power to manage the relationships with these players from different sources. These are detailed below:

- Maintenance of existing public infrastructure and investment in new infrastructure (Austin, 1990)
- Job creation to help ease the high unemployment common in BOP markets (UNDP, 2008)
- Skills development through training and sponsoring students and trade trainees (UNDP, 2008)
• Facilitating transfer of technological expertise to assist the countries to keep up with global technological trends (Dunning, 1997)
• Creative corporate social responsibility programs which help local communities in which the firms operate (Nwanko, 2000)

Another dimension of firms’ relationships with the government is the issue of corruption, especially that of public officials. Corruption is common in BOP markets, where public officials solicit bribes for a variety of favours that they can offer firms linked to the positions the officials occupy (Emery, 2003; UNCTAD, 2008). This can be manifested in various ways, such as getting an illegal entry license, in tax exemptions and in exemption from price controls. Firms have different ways of dealing with corruption but it remains one of those areas which are still very ‘grey’ given its discrete nature. This makes it difficult to collect information relating to it.

International organizations such as the World Bank, IMF, and lobbyists such as Transparency International, compile annual statistics to identify countries that are deemed to be the most corrupt (Transparency International, 2008; Kauffman, Kraay et al, 2008). Zimbabwe was ranked number 178 out of 183 countries in terms of economic freedom which encompasses level of corruption (Miller and Holmes, 2009). Whilst MNCs have been largely blamed for fuelling corruption at the BOP, local firms are not innocent either, as this has become a competitive factor which they have to take advantage of when competing with MNCs (Kauffman, Kraay et al, 2008; Ndulu, Chakraborti et al, 2007). Local firms often try to use their local knowledge and connections to manage their relations with the government to their best advantage (Austin, 1990).

Both local firms and MNCs at the BOP use a variety of strategies to manage this relationship. The key ones are:
• Consistent engagement with the key power players through negotiations which seek to either alter government policies in their favour, avoid government action such as price controls, accede to government action on issues such as local ownership, or create alliances with other players to manage the risk (Dunning, 1997; Emery, 2003).
• Establishing partnerships with locals or the government. This gives their local management significant leverage to conform to government policies so as to deal with the potential threat of nationalization. This has been common in most African countries with large BOP markets. These governments, after gaining political independence, have moved on to try and gain economic independence by insisting that majority ownership of firms, especially strategic ones, should be by local entrepreneurs. For example, this is the case in Kenya, Uganda, Zambia and Zimbabwe (Johnson, Ostry et al, 2007; Ndulu, Chakraborti et al, 2007)

While the trend towards economic liberalization in BOP markets has opened up markets, and in some ways minimized the government’s influence on the operations of firms, government still remains a key player (Jalilian and Weiss, 2000; Soderbom and Teal, 2003 and 2004).

ii. Government and the Competitive Environment

A second critical component of the management of a firms’ relationship with the government involves the government’s role in shaping the competitive environment in which firms operate. This has been covered by various scholars such as Dixon (2002) and Porter (1985). Austin (1990) used Porter’s model of Five Forces to illustrate this intervention. This is detailed below:

**Intensity of rivalry** - the government is the gatekeeper of key resources such as natural resources and foreign currency which are critical inputs for firms. Firms will have differing access to these resources depending on their relationship with the government. Governments tend to favor local firms and state enterprises in allocation of these resources which leaves the MNCs and other players with no option but to import raw materials or to use their international connections to access raw materials. This preferential treatment can determine the growth rates of firms which have access to resources.

**Barriers to entry** - government authorization to enter a sector can influence the nature of competition at the BOP. This is common with strategic sectors, as mentioned earlier, such as food processing and mining. Further examples of this include the Philippines’ government decision to authorize construction of mill plants
by only four firms, or the Mexican government’s decision to protect John Deere from competitors by restricting the sector to only two firms (Dunning, 1997). In Africa, governments use state enterprises as a barrier to entry to other firms. State enterprises often have a monopoly in the provision of products and services. Trade restrictions and use of non-tariff barriers such as import controls and tariff quotas are also common in BOP markets (UNCTAD, 2008; World Bank, 2008).

**Potential substitutes** - the government can deliberately introduce policies that provide incentives for companies that might use or produce substitute products to protect strategic products of national interest. An example is the rebates that are offered by countries at the BOP for manufacture of cheaper energy alternatives such as solar. This is common in countries like Brazil, Swaziland and Zimbabwe (Dunning, 1997; RBZ, 2008). This approach is also used where there is an import substitution strategy because of either sanctions or shortages of foreign currency as in countries like Zimbabwe (Ndulu, Chakraborti et al, 2007; UNDP, 2008).

**Supplier and buyer bargaining power** - imposition of import controls in forms such as tariffs or foreign exchange allocations can tilt the balance of bargaining to local suppliers because there will not be too many alternatives to which firms can resort (Johnson, Ostry et al, 2007; RBZ, 2007). This can even extend to deliberate quota policies which require government departments to buy a certain volume or value of supplies from designated suppliers, mostly local suppliers. This is a common practice in most African countries with BOP markets that are trying to empower previously disadvantaged groups to participate in the mainstream economy. This is often referred to as an empowerment or indigenous policy. This is the case in Kenya, Malawi, Mexico, Zambia and Zimbabwe (RBZ, 2007; World Bank, 2007). For example, MNCs are only allowed to own a minority stake in agricultural land which inevitably has the potential to affect their raw materials supply if they are in sectors such as coffee or tea processing (UNDP, 2008).

### 3.4.5 Cultural Impediments

The influence of culture on how firms conduct business is a research stream that has been broadly covered by various international marketing scholars (Dunning, 1977; Fletcher and Brown, 2005). This has constituted a key research stream in
international marketing. Hofstede’s (1994) study of 88,000 employees of one MNC provided insights into how employees in developing countries, such as those with major BOP markets, were more inclined to accept hierarchical, authoritarian and paternalistic relationships within groups, unlike their counterparts in the developed world (Hofstede, 1994). Some of the key cultural issues that are likely to influence how firms do business at the BOP which have been highlighted by these scholars include the following:

- Different languages that are to be found at the BOP and the impact of culture on communication
- Knowledge of local culture and sensitivity to local cultural nuances. For example, different approaches to the conduct of negotiations
- Impact of collective decision making on firms’ operations
- The role of religion on the types of products that can be sold. For example, Islam, in Muslim states, would have an impact on what products firms produce and how they go about promoting them
- Culture’s impact on the firms’ social responsibility
- The different interpretation of importance of time which can affect planning cycles (Fletcher and Brown, 2005; Bradley, 2006)

3.4.6 Social, Human and Natural Constraints

Rapid urbanization in developing countries has resulted in the growth of urban slums which are home to millions of the world’s BOP population (World Bank, 2008). This is common in Africa and Latin America, where slums comprise the major source of accommodation for millions of people (Mahajan and Banga, 2006). Internal rural-urban migration has also been a contributing factor to the growth of urban slums, which has resulted in the expansion of slums such as Kibera in Kenya, Dansoman in Ghana and Alexendra in South Africa. Firms like Casas Bahia in Brazil have made their fortune by adapting their business model to meet the needs of these slum dwellers. The group’s stores are located in high population density areas making Casa Bahia the only retail option for these residents (Prahalad, 2005). However, the growth of these residential areas has not been complemented by development of
infrastructure to serve them; hence, firms will be faced with challenges such as how to distribute products to these areas.

Rural to urban migration is a key phenomenon at the BOP; rural dwellers migrate to urban areas in search for jobs which contributes to the rapid urbanization (UNDP, 2008). However, a key form of migration which takes place and affects the BOP indirectly is regional and international migration which involves skilled labour migrating to the developed countries (World Bank, 2008). This is common among countries with major BOP markets, especially those in Africa where personnel in areas such as health, information technology and manufacturing migrate to better paying first world destinations (Maphosa, 2007). For example, economies such as Ghana, Kenya, Nigeria and Zimbabwe have experienced drastic migration of their skilled manpower to developed countries. The main implication of this on both local firms and MNCs is the unavailability of skilled manpower for them to conduct their business at the BOP.

Other natural impediments include persistent droughts which have resulted in poor agricultural output which in turn affect firms’ raw materials for manufacture of food and personal hygiene products (World Bank, 2008). The AIDS scourge, which is prevalent in BOP markets, is a social impediment which has resulted in high levels of absenteeism and deaths of employees as there is a high incidence of the disease in the economically active age group of 18–40 in these countries (International Labour Organisation, 2000).

3.5 Marketing Research

A key marketing challenge facing firms conducting business at the BOP has been the difficulties they face when conducting research at the BOP to collect information (Craig and Douglas, 2005; Joy and Ross, 1989). Firms in developed markets have the option when conducting research of using their own internal research units or outsourcing the function to specialist research firms. Firms at the BOP are unlikely to have their own research units and are likely to use research firms to conduct research.
Researchers eliciting for either option are bound to face challenges when conducting research to collect information at the BOP. Previous research highlights the challenges that researchers face when conducting research at the BOP (Craig and Douglas, 2005; Chikweche and Fletcher, 2008). These include epistemological and methodological issues such as the different social context, the individual versus collective perception, and the fact that most of the research methods that are adopted for research at the BOP have been developed in Western cultures (Sumner and Tribe, 2004).

Operational considerations for research to be conducted at the BOP include the effective translation of the research instruments into different languages while maintaining consistency. There are a wide variety of complex issues relating to the availability of accurate and reliable data (Austin, 1990). Data collection difficulties probably pose the greatest challenges for researchers conducting research at the BOP. Lack of reliable support infrastructure such as postal systems and telecommunications can hinder the data collection process (Loazya, Rancière et al, 2007). Weak postal services can hinder the use of mail questionnaires – this would be the case in most African BOP countries such as Zambia, Mozambique and Zimbabwe (Ndulu, Chakraborti et al, 2007). The above challenges have a negative impact on firms’ ability to get critical market data sufficient for them to make effective business decisions.

3.6 Local Firms and MNC Linkages

While local firms and MNCs are competitors, there are instances where they have co-existed in a mutually beneficial manner with inter-industry linkages (Lim and Fong, 1982). These linkages have often been the subject of MNCs’ contribution to development at the BOP although there is debate on the extent to which MNCs create mutually beneficial linkages with local firms. Geertz, Geertz et al (1979) argue that, in fact, indigenous firms (which are likely to be at the BOP) tend to be more flexible in their dealings with foreign firms than MNCs are when dealing with indigenous firms. Some of the areas in which there has often been co-operation have been discussed in the section on constraints.
The nature of linkages can take two forms, one where both parties benefit from the interaction and one where one party is disadvantaged by the interaction. Mutually beneficial interactions include the following:

- Lobbying the government and other pressure groups for favorable policies such as removal of price controls, trade barriers and non-tariff barriers especially exchange controls (Greenway, Sousa et al, 2004)
- Knowledge exchange is also a positive key area of interaction between the two parties, with MNCs benefiting from local firms’ knowledge of local markets, while the local firm benefits from the MNCs global knowledge and resources (Fafchamps, 2000)
- Contract manufacturing is also another example of an area where there is mutual benefit for the two parties, although there is not much empirical evidence to support this. Lim and Fong (1982) actually argue that MNCs are unlikely to use local firms for contract manufacturing due to their stringent quality control measures and inclination to utilize regional resources
- Transfer of new technology is likely to take place where there is interaction between the local firms and MNCs (Gorg and Greenway, 2001).

3.7 Motivation for Doing Business at the BOP

Whilst the above cited examples provide some insights into the impediments and potential linkages between local firms and MNCs, there still is a challenge for researchers to understand and review the mindset and motivation of both the MNC and local firms for conducting business at the BOP. There is a specific need for evidence to establish the reasons why firms continue to do business at the BOP, and whether profit objectives and return on capital investment are the only motivations for such businesses (Eifert and Ramchandran, 2004). Fafchamps (2000) argues that there is not much empirical data about how firms operate at the BOP and what motivates them to continue doing business in this environment. Some of the reasons that have been attributed to companies conducting business in BOP markets include the following:

- Short-run profit taking to mitigate against the inherent risks and uncertainty they are exposed to (Johnson, Ostry et al, 2007)
To protect capital investment in these markets (Kauffman, Kraay et al, 2008).

• Piggy-backing on investment in other sectors such as mining which creates employment and more disposable income for BOP consumers. Although foreign direct investment flows have generally declined since the colonial era, MNCs such as Nestle and Unilever are still present in countries with major BOP markets, such as Ghana, Kenya, Nigeria, Tanzania, Zambia and Zimbabwe (UNCTAD, 2008).

3.8 Conclusion

This chapter has reviewed literature on the importance and potential viability of the BOP market and subsequent justification for firms to explore opportunities in the market. However, the question of why firms continue to conduct business at the BOP is an area which requires further investigation, and constitutes a knowledge gap which this study seeks to address. The impediments faced by firms that conduct business at the BOP were then discussed. The review of literature in this section provides an overview of what is currently known about impediments and potential coping strategies, which will create a foundation for exploring any new forms of impediments and coping strategies. The impediments identified raise the question of why firms still continue to do business at the BOP. Some insights were drawn from past research; however further research at the BOP is warranted given the dynamic environment, especially in the context of Zimbabwe. The above review provides a basis for this study to address the research questions outlined at the beginning of this chapter which are pertinent to the second objective of this study, namely, understanding firms’ conduct of business at the BOP.
4 Understanding Consumer and Firm Interactions at the BOP
4.1 Introduction

Having discussed the behaviour of consumers at the BOP and firms’ conduct of business at the BOP, the focus of this chapter is on the interactions that occur between consumers and firms in order to facilitate exchange. There are two aspects to the interactions that occur between consumers and firms. The first relates to the marketing challenges of these interactions and the second to the forms they take and the drivers of these interactions. This discussion will provide insights drawn from the literature as they relate to the third research objective of this study, which investigates the following research question:

RQ8 What are the marketing challenges and subsequent forms and drivers of the interactions that occur to facilitate exchange between the BOP consumers and the firms in Zimbabwe?

The chapter will initially outline the forms of exchange that occur at the BOP and then detail the marketing challenges from which the forms and drivers of the interactions evolve. The chapter concludes with a summary of key previous studies on marketing to the BOP and on the research gaps which this thesis endeavors to address.

4.2 Market Exchange at the BOP

The interactions which occur between consumers and the firms are broad and are reflected in the marketing challenges faced by the two. They go beyond the facilitation of the physical exchange of products between consumers and firms, extending to other marketing mix elements such as the use of mainstream media promotional activities (internet, television, radio and print) and direct marketing promotional methods (Viswanathan, 2007). The interactions which are involved in the marketing challenges are likely to be in multiple episodes which occur over time and which build on each other. The discussion of the interactions will be in the context of the broad description above. However, the concept of exchange remains the core component of the interactions between consumers and firms. The key types
of exchange that occur at the BOP are structured, networked, pure and centralized (Layton, 2007).

**Structured exchange** - this involves specialized, structured formal intermediaries or channels of distribution which provide standardized processes to facilitate the flow of transactions (Mahajan and Banga, 2006; Stern and El-Ansary, 1988; Viswanathan, 2007). Examples are neighborhood retail stores, large retailers and wholesalers. Neighborhood retail stores are common in urban areas at the BOP. They are small but formal retail stores which buy products, mostly staples, from wholesalers to resell to the community and are commonly family owned (Viswanathan, 2007). They constitute a key formal channel of distribution which consumers at the BOP use to access products because of their close proximity and convenience (Sridharan and Viswanathan, 2008). Credit is often extended to consumers due to the commitment and trust that is developed in the relationships between consumers and shop owners, although this often results in consumers paying higher prices for products than they would if they obtained goods elsewhere.

Larger retailers and wholesalers are often further away from the BOP consumers’ areas of residence and are often in the city. This means consumers have to incur an extra cost in transport to shop from these outlets. However, these outlets sell a wider variety of products at lower prices than the neighbourhood retailer although they do not offer credit to individual consumers. In some countries with large BOP markets such as South Africa, Zambia and Zimbabwe, large retailers and wholesalers have expanded into BOP residential areas, thereby creating competition for neighbourhood retailers (Mahajan and Banga, 2006; UNDP, 2008). For example, the giant South African retailer Shoprite Checkers is now in more than 32 Sub-Saharan countries with large BOP markets. (www.shoprite.co.za).

**Networked exchange** - this involves use of managed relationships by individuals and entities centered on the benefits they accrue from their economic, social or cultural links. These have emerged as parallel distribution systems to the formal structured channels discussed above. There are a variety of parallel distribution systems which facilitate distribution of clothes, food and personal hygiene products in countries with large BOP groups such as India, Zambia and
Zimbabwe, using social networks such as self-help groups (Layton, 2007; Thorelli, 1986; Wilkinson, 2001).

**Pure exchange**- this involves open exchange of products or assortments at defined trade centers within communities, where bargaining is common and where money may or may not be used to conclude deals (Swedburg, 2005). Examples include exchange that takes place at market stalls where vendors trade different types of products, at times using the barter system instead of cash to complete the transactions (Viswanathan, 2007).

**Centralised exchange**- this involves use of political or economic power being used to direct the transaction flows in a manner which benefits the entity that exercises the power to direct these flows. Examples are government controlled exchanges which are common in Sub-Saharan countries that have large BOP markets, where governments take control of the distribution of staples such as food (Thompson, Rindfleisch et al, 2006; Fafchamps, 2001).

The dominance of structured, formal channels of distribution at the BOP is constantly under threat from the other forms of exchange due to the infrastructural challenges faced at the BOP, such as lack of investment and lack of electricity and water (Ndulu, Chakraborti et al, 2007; Johnson, Ostry et al, 2007). Hence, the potential for increased influence by the informal networked channels of distribution. However, this remains to be further investigated to establish the extent to which there has been a shift to these channels. This is a knowledge gap which this study endeavors to address.

4.3 The Marketing Challenges and Interactions between Consumers and Firms at the BOP

Pioneer advocates of involvement with the BOP have applied the traditional marketing mix framework to address the marketing challenges that face consumers and firms in engaging the BOP. Culliton (1948) originally suggested the marketing mix paradigm, and then Borden (1964) began using it in his teaching in the 1940s before McCarthy (1964) summarized it into the four Ps framework of product, price,
promotion and place. The marketing mix paradigm has dominated marketing practice and research since its inception (Coviello, Brodie et al, 2000).

Various authors have criticized the framework, highlighting its limitations in addressing issues such as the importance of relationships on the one hand and services marketing on the other (Constantinides, 2006; Kotler, 1984; Shultz, 2001). This has resulted in various extended versions of the mix being developed to address the limitations of the original framework; for example, Kotler’s seven Ps model which extends to services. However, the original four Ps framework is still widely used by marketing practitioners as a key reference when dealing with strategic tactical marketing issues (Romano and Ratnatunga, 1995; Sriram and Sapienza, 1991). The four Ps framework contributed to the evolution of marketing management science as a key concept of commercial philosophy (Rafiq and Ahmed, 1995).

The discussion of the marketing challenges and related interactions between consumers and firms will be under the headings of product, price, promotion and distribution, as the focus of the research will be on goods rather than services. Mahajan and Banga (2006) carried out case studies in Latin America and Asia which covered some aspects of the marketing challenges that firms.

4.3.1. Product

BOP consumers are faced with the challenge of getting access to affordable products in environments that are often prone to shortages of basic products such as food and personal hygiene products (Mahajan and Banga, 2006; Prahalad, 2005). A key challenge which BOP consumers face is whether they can get the right products from the market to meet their needs (Banerjee and Duflo, 2006). An understanding of what drives these consumers to buy products could assist in establishing which products have priority for BOP consumers.

Various macro-environmental factors that have been identified as constraints in Chapter 3 can have an impact on the product strategy of firms at the BOP. For example, government polices can reserve certain categories of goods for local indigenous firms or ban some products for health reasons, or stipulate standard sizes
for some consumer packaged products (Dunning, 1997). In so doing, these policies have the potential to shape the interactions which take place between consumers and firms given firms’ challenges to manufacture products which meet the needs of consumers.

i. Availability and Affordability

BOP consumers are faced with the challenge of getting access to affordable products, a challenge which can be addressed through manufacturers changing their conventional methods of serving the market by enhancing product availability and affordability (Ndulu, Chakraborti et al, 2007). This could be achieved by way of introducing systems such as credit facilities and barter arrangements. This might require firms to change conventional Western methods of facilitating transactions such as credit facilities in order to facilitate consumption of these products by the BOP consumers. While credit terms are used in developed markets, their structure might be different when applied at the BOP. This is illustrated by examples from Latin America which are discussed below.

Examples of countries with large BOP markets where this approach has been successful using formal distribution channels include Brazil. There, the retail giant Casas Bahia has emerged from the slums of Sao Paolo in Brazil by facilitating business with the poor through creation of in store credit micro-finance facilities for low income Brazilian consumers (Prahalad and Hart, 2002). Another Brazilian retailer, Magazine Luiza has become the third largest retailer in the country by offering small installment payments options for BOP consumers. Elektra the biggest retailer also introduced an in-store banking and credit facility which enabled its BOP customers to buy brand name appliances.

International shoe manufacturer Bata is working with Care International in Bangladesh to enable poor consumers to buy shoes and generate income. This is achieved through women’s self help groups or clubs in rural areas who are offered trade credit, training and promotional materials. Care International, an international non profit organization, provides the credit guarantee and assists with the training of the entrepreneurs. This project has enabled rural consumers to buy shoes, raise revenue and create job opportunities (“Supporting community development”).
Grameen Bank in Bangladesh has changed the lifestyles of BOP consumers through various initiatives which have enabled them to get access to products they previously did not have access to (“The Village Phone Program”). The bank introduced a micro loan product for poor people which is centered on the cooperation and involvement of local people.

The above examples indicate how firms in various countries have modified their product strategy to enhance their interactions with consumers. However, it remains to be established whether the same strategies could be applied to a market such as Zimbabwe, which also has a large BOP element.

ii. **Degree of Essentiality and Value Addition**

The nature of the product is important at the BOP, and can determine how a company can effectively serve the BOP market (Hart and London, 2005; Viswanathan, Sridharan et al, 2008). Companies often have to assess the importance of the way particular products are used and then add some value through product innovation to enhance access and consumption of the product by consumers. There have been a number of initiatives undertaken by various companies to develop or modify products in response to their degree of essentiality to BOP markets. For example, in India, the telecommunications firm Reliance has developed its wireless market by creating a wireless device for the BOP market, having identified the essential need for telecommunications for this market (Prahalad, 2005; Viswanathan, Sridharan et al, 2008). The company provides credit for consumers, who, as a consequence, are able to pay for the device over 36 months. This example illustrates the concept of enhancement of consumers’ capacity to buy products which has the potential to shape the interactions that occur between consumers and firms (Kirchgeorg and Winn, 2006). In the process the company becomes an active agent for initiating and facilitating consumption by putting in place systems that will provide the previously disadvantaged consumers with the opportunity to access essential products.

Innovative product development is also important in BOP markets. Unilever in India, through its Hindustan Lever Limited (HLL) subsidiary, identified an
opportunity to develop an iodine enhanced salt for the BOP market (Prahalad and Hart, 2002; Rangan and Rajan, 2005; Viswanathan, Sridharan et al, 2008). This was targeted at assisting the government to deal with Iodine Deficiency Disorder (IDD), which affects 70 million people in India, while at the same time creating a niche for HLL in the growing Indian salt market. The company developed an iodine enhanced salt called Annapurna, which has since become a big seller in India. HLL had to change its marketing strategy for the brand in order to reach out to the BOP market in both urban and rural areas. They implemented this by creating partnerships with women’s self help groups who were appointed as distributors of the products (Rangan, Quelch et al, 2007).

4.3.2. Pricing

Pricing is considered to be the most challenging task for marketing managers at the BOP, and can be a reflection of the interactions that occur between consumers and firms (Austin, 1990). Governments at the BOP use price controls to ensure affordability of products for consumers (Kauffman, Kraay et al, 2008; Ndulu, Chakraborti et al, 2007). These have the potential to impact on how BOP consumers make decisions to purchase products, on how firms conduct business at the BOP, and on the interactions which take place between the two. In principle, price controls are meant to protect consumers from unjust price increases by firms, but whether this turns out to be the reality is unknown, and will be a subject for investigation in this study as part of establishing the impact price controls have on consumers’ interactions with firms.

There are a number of examples of situations in countries with large BOP groups where companies have had to either close their operations or scale down expansion due to price controls. Glaxo cancelled its expansion plans in Pakistan due to price ceilings, Coke and Pepsi removed their products from the market in Mexico until the government removed price controls, Cadbury sold its plant in Kenya in 1982 due to price controls and Zimbabwean firms downsized operations in response to price controls between 2004 and 2008 (UNDP, 2008). From an interaction perspective, price controls often result in products being channelled to the unofficial and illegal black market, thereby affecting the interactions between consumers and
firms. Prices on the black market are higher than the official prices, and this impacts on the affordability of the products for consumers. This often brings the firms into conflict with the government (Kauffman, Kraay et al, 2008; UNDP, 2008).

Firms are often sceptical of the BOP market because of the assumption that consumers are value conscious and would not be able to pay premium prices. Whilst this might be true, it does not mean that these consumers are not capable of consuming these products. MNCs have often made the mistake of imposing standardized high margin pricing strategies in BOP markets, which make the product unaffordable to BOP consumers (London and Hart, 2004). Whilst scholars like Prahalad (2005) and Viswanathan, Sridharan et al (2008) have attempted to outline alternative pricing strategies that firms can use at the BOP, there is still scope to expand this investigation, especially in the context of BOP markets in Sub-Saharan Africa such as Zimbabwe.

4.3.3. Distribution

Physical accessibility to products and services remains a key challenge for both consumers and firms in BOP markets (Austin, 1990; Johnson, Ostry et al, 2007; Stern and El-Ansary, 1988). BOP consumers’ access to products is often hindered by the weak distribution infrastructure that is common in these markets. The weak supporting infrastructure, such as poor storage facilities, telecommunications and transport, makes the distribution channels that firms use both longer and more expensive (Nwanko, 2000; Fay and Morrison, 2006).

Consumers and firms often have to make use of both formal and informal distribution channels to enhance their interactions (Mahajan and Banga, 2006; Viswanathan, 2007). This has resulted in the development of informal distribution systems which are often linked to social networks in the communities, and in some instances are state controlled (De Soto, 2000; Viswanathan, Sridharan et al, 2009). Informal distribution systems have become a key conduit for interactions between the consumers and firms (Mahajan and Banga, 2006; Layton, 2007).

These informal systems have emerged where formal structured marketing systems are complemented by, or co-exist with, informal systems to serve a similar
set of needs (Nkamnebe, 2006). They are common in environments such as those at
the BOP where weak infrastructure and lack of capital limits the development of
formal marketing systems (Kaynak and Hudanah, 1987). Although informal
distribution systems provide competition to the formal systems, at times the two
supplement each other (Layton, 2007).

Informal distribution systems can be both legal and illegal depending on how
they are formed and managed. Those that are linked to social networks such as self
help projects have evolved to become legal channels with well-established structures,
with links and terms of trading between consumers and firms (Viswanathan, 2007).
Others, such as the corner-shops common in México, India, Ghana and Brazil, are
informal and in some instances illegal. Often they have de facto legal status by virtue
of their being part of the community, although they might not pay taxes to the
government (Mahajan and Banga, 2006). However, informal distribution systems are
not necessarily sanctioned by either the community or state – for example, black
markets, which unlawfully distribute products that are scarce, restricted or banned.
The existence of different distribution systems in different parts of the world is
highlighted by Wilkie and Moore (1999), who argue that marketing should be
adaptive to the different cultural and political environments in order to facilitate
interactions between the consumers and the firms.

Various countries with large BOP markets have different forms of informal
distribution systems that consumers and firms use, such as the Unilever Shakti
distribution system in India cited earlier. Mahajan and Banga (2006) give a number of
examples of informal distribution systems which are detailed below. Companies in
the food and personal hygiene products sector, such as Nestle, Tiger Brands and
Unilever, use informal retail outlets in Africa called tuckshops to distribute products
in areas where there are no formal retail outlets. In Indonesia, 70% of food sales are
through an informal network of pasars and small stores. India has small shops called
paanwallas scattered all over the country; in the Philippines they are called sari-sari
while in Mexico they are called tiendas de la esquinas (Mahajan and Banga, 2006).
These shops are operated on an informal basis, offering consumers the convenience
of being open for long hours each day. The shop owners are from the local area and
have relationships with their customers, which enables them to extend credit facilities
to customers based on the community trust and relationships that exist between them. Hence, they are at the centre of the interactions between consumers and firms. The use of informal distribution systems by BOP consumers is motivated by their embeddedness in the social networks to which they belong, such as self-help groups. Viswanathan, Sridharan et al (2009) cover this aspect in their study on South India.

Layton (2007) highlights examples of informal distribution systems, such as the Aboriginal trade routes in Australia, where trade occurred through complex long-distance networks that linked societies; the informal Makola market in central Accra in Ghana, which evolved over centuries to become the key center for traders and buyers to interact; and the secondhand clothing Salaula market in Zambia and Zimbabwe where BOP consumers buy clothes (a concept which has since spread to other countries with large BOP markets in Africa).

Research to date on informal distribution systems has been limited to identifying the informal small stores, without extending the investigation to their role in enhancing the interactions between consumers and firms, or the role of informal networks in such interactions (Layton, 2007; Viswanathan, 2007).

i. **Affordability and Availability**

Limited disposable income in BOP markets often has an impact on the consumers’ ability to buy products (Raddatz, 2007). This has been discussed in the previous section on pricing. However, distribution plays a critical role in enhancing the affordability and availability of products, by ensuring that smaller affordable storage-able units are made available to BOP consumers (Mahajan and Banga, 2006; Viswanathan, Sridharan et al, 2008). Firms have developed the single serve alternative as a way of catering to consumers with low disposable incomes. HLL estimates that sachet sales account for almost half its total sales in India. Similar strategies have been implemented in countries like Ghana, where informal traders sell sachets of popular brands such as Omo and Vaseline, thereby enhancing the interactions between consumers and firms (Mahajan and Banga, 2006).
4.3.4. Promotion

The forms of communication that are used by firms to promote their products to BOP consumers constitute a key form of interaction between the two, as communication can effectively influence the purchase decision of the consumers (Viswanathan, 2007).

i. Affordability and Availability

The challenge for marketers serving the BOP is to identify the most effective and available ways of communicating with consumers to enhance the interactions between consumers and firms. Affordability and availability of promotional media is a key issue for consideration for companies penetrating the BOP market (Fletcher and Melewar, 2001). Firms are likely to face problems of lack of adequate communication infrastructure in some countries with large BOP markets, while BOP consumers face challenges of accessing information from firms through promotional media such as newspapers, radio and television, which are often unaffordable or are not reliably available due to electricity cuts (Loayza, Rancière et al, 2007). Austin (1990) cites examples of lack of television and radio facilities, and low literacy levels, as possible constraints to effective promotion by firms. The cost of communication with consumers therefore assumes an important role for firms at the BOP.

There has been emerging evidence of an increase in the use of direct promotional activities by firms to communicate with BOP consumers (Ahmad, Gorman et al, 2004). In Africa, firms use various forms of direct marketing to communicate with consumers, given the constraints they face accessing promotional vehicles such as television and radio. This direct marketing results in multiple episodes of interaction between consumers and firms. In Papua New Guinea, live theatre was used to demonstrate product use and benefits in the Wokabout Marketing promotion, as there was lack of communication infrastructure to reach out to the mass market in this region (Fletcher and Melewar, 2001).

Research by Fletcher and Melewar (2001) on the complexities of communicating to consumers in emerging markets highlights the lack of information
on, and understanding of, consumer sensitivity to various environmental factors in these markets. They argue that factors such as cultural differences, control of communication media by government, low literacy levels and low savings (which make it difficult for consumers to buy communication receiving equipment) adversely impact on the effectiveness of communicating with BOP consumers in these markets and on the interaction between consumers and firms. There is scope for further investigation to establish the diversity of the indirect methods which are used by firms to communicate with BOP consumers and the impact of these methods on the interaction between consumers and firms.

4.4 Social Networks and the Interaction of Consumers and Firms at the BOP

The preceding discussion has highlighted insights on interactions that occur between consumers and firms, outlining the importance of informal distribution systems and direct marketing communication channels. In the context of the BOP, social networks have been identified as having a significant impact on both the exchange process and marketing communication that occurs between them (Viswanthan, Sridharan et al, 2008; Granovetter, 2005). However, little research has been conducted on the diversity of the forms and drivers of the interactions between the consumers and firms using social networks, apart from the self-help groups and ‘wokabout’ type direct marketing campaigns. This is a gap which this thesis endeavors to address as part of establishing the interactions that occur between consumer and firms.

Granovetter (2005) identifies two key areas in which social networks can influence the interaction process; namely, flow of information and trust. For example, flow of information is likely to take place through social networks such as kinship and community groups which are common at the BOP (Fafchamps, 2001). DiMaggio and Louch (1998) criticize the neoclassical economic action view for being too individualistic. They subscribe to Granovetter’s (1985) argument that transactions are embedded in social structure. This makes social relations an important influence in social networks which ultimately has an impact on the interactions between consumers and firms.
Individuals will seek to gain the trust and confidence of their groups before using particular channels to access products (Fukuyama, 1995; Fafchamps and Minten, 1999). The influence of trust extends to accessing credit and the idea of dealing exclusively with buyers or sellers that an individual is accustomed to dealing with. In some instances there is a bias towards buying products from local distributors such as the small informal shops common at the BOP, because there often are established relationships among the participants which can include credit extension facilities (Viswanathan, Sridharan et al, 2009). Hence, the importance of society and networks, and the relationships that exist among the different individuals in them, has the potential to influence the interactions that occur between consumers and firms. Social solidarity among individuals is deemed to be critical in enhancing exchange and providing social insurance (Bearman, 1997; Dercon and Krishnan, 2000).

The relationships of BOP consumers are not confined to those between individuals, but extend to their relationships with other entities such as organizations that are participants in the marketing system. Hence, it is imperative to study the potential of these relationships for determining the development and operation of the informal distribution channels at the BOP. The role of social networks in influencing consumer decision making has been covered in the section on consumer decision making. But that discourse did not address the subsequent extension/investigation of the potential role of social networks as distribution and marketing communication channels (DiMaggio and Louch, 1998). This was partially covered in a study on consumption and entrepreneurship in South India, which focused on how small business owners utilize social networks, such as self-help groups, as sources of information to enhance networking between them (Viswanathan, Sridharan et al, 2009). However, there is scope to expand this investigation in order to establish the potential impact social networks have on the interaction between consumers and firms, in particular on distribution and marketing communication. This is a gap which this thesis endeavors to address.

Social networks take on a particularly important role in determining the control and co-ordination of informal distribution channels. Trading with people or entities that one is familiar with is perceived to be a risk reducing strategy
(Wilkinson, 2001). The collective nature of BOP communities plays an important role in enabling individuals to participate in the marketing system by way of accessing and distributing the products. Existence of a generalized reciprocal approach may also influence the choice of entities that individuals would interact with to access products (Fafchamps, 2001; Bearman, 1997). Where centralized exchange occurs, such as when the government influences the distribution of products, social networks are likely to be challenged to come up with collective ways of engaging the powerful central planning agency (Johnson, Ostry et al, 2007). This is likely to be common at the BOP, especially where governments introduce price controls, as discussed earlier (Fafchamps, 2001). However, there is little empirical data to demonstrate how social networks organize themselves to deal with this challenge beyond the documented use of informal familial and kinship ties.

Previous research on social networks has dealt with their potential impact on the interactions between consumers and firms from a positive contribution perspective, without assessing their potential negative impact which can shape the interactions between consumers and firms (Purvez, 2003; Viswanathan, Sridharan et al, 2008). This is a dimension which requires further investigation in order for marketers to get a more complete picture of the interactions that occur between these two parties.

The review of literature in this chapter has identified and discussed the marketing challenges faced by consumers and firms which impacts on the interaction between the two. The review has also highlighted the forms and drivers of the interaction between consumers and firms. The literature points to the potential influence of social networks in this interaction, although this has not been fully explored and established, and is a knowledge gap which this study seeks to address. The above review provides a basis for this study to address the research questions outlined at the beginning of this chapter which are pertinent to the third objective of this study: understanding the interactions which occur between consumers and firms at the BOP.
4.5 Key Past Research on Marketing to the BOP

Having discussed the behaviour of both consumers and firms at the BOP in Chapters 2 and 3 and the interactions that occur between them in this chapter, it is appropriate to briefly review research to date on marketing to the BOP. Pioneering research in the area of marketing to the BOP was undertaken by Prahalad and Hart (2002) and Prahalad (2002 and 2004) who conducted research in Latin America and India, respectively. Other scholars, such as Mahajan and Banga (2006), focused on actionable strategies for the BOP market drawing on examples from Asian and Latin American markets.

This research set the tone for the broad debate on the challenge for business to engage the BOP market. However, these studies do not adequately cover key consumer behaviour issues such as understanding what actually drives BOP consumers to buy products. Previous research has not extensively covered the subject of the interactions between consumers and firms, or how and why firms that manufacture products conduct business in these environments. Previous research has provided evidence of the increasing calls for increased marketing to the BOP, and this has helped marketers understand the importance of the BOP (Hart, Enk et al, 2004; Hammond and Prahalad, 2004; London and Hart, 2004; Hart and London, 2005; Mahajan and Banga, 2006; Rangan, Quelch et al, 2007; Viswanathan, Sridharan et al, 2008).

Case studies were conducted in India and Brazil to illustrate the challenges and opportunities that the BOP can offer (Prahalad and Hart, 2002; Hart and London, 2005). Follow up research by various international business scholars has advocated the need for increased marketing to the BOP. For example, Fletcher and Brown (2008) offer a similar argument to Prahalad on the justification of the size and viability of the BOP market. Hart, Enk et al (2004) launched the Base of the Pyramid Protocol Project, which aims to develop a new business process that will assist corporations to create partnerships with BOP communities, in order to co-develop sustainable, economically viable businesses that serve the needs of these communities. Other research undertaken on BOP markets has focused on case studies.
in South India, investigating issues such as consumption, entrepreneurship, literacy and understanding BOP consumer behaviour (Viswanathan, 2007; Viswanathan, Sridharan et al, 2009; Sridharan and Viswanathan, 2008). This was undertaken so as to expand coverage of markets being researched in order to draw insights from different BOP markets. Their work constitutes a key body of empirical studies on marketing to the BOP, and is frequently referred to in this thesis.

Hammond, Kramer et al’s (2007) study on the BOP presented aggregate data for the four developing regions of Africa, Asia, Eastern Europe, and Latin America, and involved surveying 110 countries for which household survey data were available. Their study focused on analysing market composition in terms of total annual income or expenditures at the BOP, and household spending in terms of average annual household expenditures. The study also illustrated market composition by urban and rural location. The key contribution of this study is that it provided evidence of a preliminary economic makeup of the BOP based on income and expenditure. The study also outlined some potential sector-specific strategies. These are two key elements that were missing from the previous BOP literature. The study drew on insights from earlier work on the BOP by scholars such as Hart, Enk et al, (2004), Prahalad (2004 and 2005), and Hart and Prahalad (2002), and explored by others, such as Banerjee and Duflo (2006), Kahane, Landis at al (2005), Lodge and Wilson (2006), Sullivan (2007) and Wilson and Wilson (2006).

Karnani (2006) questioned the case for marketing to the BOP, arguing that the BOP market potential and viability has been overestimated. He raises questions as to consensus on the classification of the BOP. Karnani questions the lack of data on the actual size and profitability of the BOP, the overestimation of the impact of the single serve concept, the role of MNCs and the general exploitation of the poor. He further argues that firms should not view the poor as consumers but as producers and that the focus should not be on selling to them but on increasing their income and on helping them create self-employment opportunities.

However, a significant number of the issues raised by critics such as Karnani (2006) have been addressed by Hammond, Kramer et al’s (2007) study, such as an empirical classification of the BOP based on income and expenditure to arrive at the
actual size and potential of BOP markets. For example, Asia has a population of 2.86 billion people, of which 83% are BOP consumers with a total income of US$3.47 trillion. Thus, 42% of the purchasing power belongs to BOP consumers (Hammond, Kramer et al, 2007). Africa’s BOP market is worth US$429 billion, the BOP consumer is the dominant consumer in the region, and population growth is forecast to be highest in this region between 2005 and 2050 compared to other regions with BOP markets, such as Asia.

Hammond, Kramer et al’s (2007) study also measures and outlines the size of markets by sectors such as health (US$158 billion), housing (US$332 billion), energy ($433 billion) and food (US$895 billion). The study shows that while BOP consumers’ incomes are low, there still is a sustainable amount of spending by these consumers, that low income is not no income, and that the huge numbers in these markets add up to create a viable market (Hammond, Kramer et al, 2007). Moreover, the profit strategy in these markets is lower margin and high volume driven compared to the conventional high margin model assumed to be the key strategy for firms in developed markets.

Karnani’s argument on the single serve concept and exploitation of the poor is limited to a small group of products that can be labeled luxuries, and he argues that the single serve concept has proved to be successful in facilitating access to products such as food and soap in African countries like Ghana, Nigeria and Zambia (Mahajan and Banga, 2006). Others, like Collier (2007), focus on analyzing the causes of failure of a group of fifty failed states, whose citizens he refers to as the bottom billion. He argues that what this group of states requires is support from industrialized nations by way of a new plan which promotes preferential trade and laws against corruption in order to improve the lives of the consumers in these markets.

A three-country study of BOP markets in Asia by Fletcher (2006) further illustrates the importance of the need for a complete paradigm shift in engaging the BOP through developing locally driven and sensitive strategies for the market. Scholarly research work has also been undertaken in the broad area of doing business in emerging markets, which is a key area for international business scholars. Austin (1990) did some research on doing business in developing countries, providing
strategic analysis and operating techniques that firms can use to gainfully undertake
business in developing countries. Research on emerging markets has been largely
restricted to risk assessment and how to manage the environmental constraints in
these markets (Wright, Filatotchev et al, 2005).

Arnold and Quelch (1998) outline the importance for firms to acknowledge
and understand the unique makeup of the market and the need to develop strategies
that suit the local conditions, such as those at the BOP. Nwanko (2000) focuses on
the opportunities that are unfolding on the African continent due to political and
economic changes taking place, highlighting how these can affect marketers.
Kirchgeorg and Winn (2006) focused on the BOP market through a sectoral approach
which concentrated on rural marketing in India, where a company had to develop a
new hybrid seed to meet the need of a key soya bean-producing province. Their
conclusions are in line with the general argument put across by other scholars that
there is need for firms to change their approaches when engaging the BOP market, by
ensuring that they provide consumers with access to products in these markets and
accommodate different local ways of doing business (Rangan and Rajan, 2005).
Fletcher and Melewar’s (2001) research on the complexities of communicating to
consumers in emerging markets highlights the lack of information and understanding
of consumer sensitivity to various environmental factors in these markets, and how
this impacts on effective communication with BOP consumers.

4.6 The Research Gaps

From the discussions of understanding how consumers make purchase
decisions and how firms conduct business at the BOP, which have been covered in
Chapter 2 and 3, and the discussion on the interactions that occur between the
consumers and the firms in Chapter 4, a number of research gaps emerge which are
addressed by the research questions outlined at the beginning of all three chapters. A
summary of the key gaps from these chapters that this research seeks to address is
now outlined.
4.6.1 Case for Marketing to the BOP

The case for addressing the gap in understanding marketing to the BOP is discussed in the context of the overall need and justification for focusing on the BOP market, and on the Sub-Saharan African BOP market in particular, in the present study. To date, comparison and application of theories developed in the ‘west’ has been largely confined to the ‘Western’ developed markets (e.g. Europe, USA) and ‘Eastern’ emerging markets (e.g. Asia), leaving out Sub-Saharan Africa. This is a region which has a higher proportion of its overall population in the BOP group compared to other countries like Brazil, China, and India, and which has a market potential of US$429 billion (Hammond, Kramer et al, 2007; UN, 2004). For example, although there is a growing middle class in China and India, this phenomenon has not taken place at the same rate in Africa (World Bank, 2008).

There is a need for a wider coverage of markets to enhance understanding of the marketing phenomenon and models across markets (Steenkamp and Burgess, 2002). There is need for new market research, which is purpose-built for use by the private sector to engage the BOP in such markets (Hammond, Kramer et al, 2007). The research expansion undertaken in this thesis aims to enhance knowledge on marketing to the BOP.

Research by Austin (1990) and Austin and Kohn (1990) on doing business in developing countries only dealt with developing countries in general, and was not necessarily focused on the BOP. Although this research provides some important insights into how firms should adjust their marketing mix to meet the different needs of these distinct markets, it also supports expansion of this research to other developing countries. Hart, Enk et al (2004) also support the need to research this gap and have initiated effort to expand BOP research through their BOP protocol projects. The research gap is also supported by scholars such as Nwanko (2000), who highlight the fact that there has been limited research on the challenges for marketers unfolding in the African environment (which is a key growth axis for the BOP). They also discuss some of the opportunities that are being presented to business as a result of the political and economic changes taking place on the African continent, and how these can impact on marketing processes.
4.6.2 Understanding BOP Consumer Behaviour

The importance of studying consumer behaviour in emerging markets is illustrated by the research, covering a wide spectrum of issues that has been conducted in this area. The majority of consumer behavior theories have their origins in disciplines such as psychology and have been developed and tested in the USA, with some limited comparative studies from Europe using restricted samples (Mitchell and Bates, 1998). This limits their applicability in their ‘Western’ form to other markets such as those at the BOP (Watkins and Liu, 1996). While there could be some elements of universality in some of the constructs under study, it is important to acknowledge the differences that marketers are bound to find among different consumers in BOP markets.

Therefore, a more inclusive approach for understanding consumer decision making is required to enhance marketers’ understanding of growing markets such as those at the BOP. These are currently not adequately covered in literature as is evident from the literature review undertaken. The key gaps in understanding BOP consumer behaviour which are covered by this study are as follows:

i. Consumer Decision Making

A better understanding of how BOP consumers make decisions to buy products and what motivates them to buy the products is required. The assumption that these consumers go through the same processes for the same product categories as those in the Western world might lead to erroneous conclusions, which can hamper effective marketing to this market. Hence the need to investigate these challenges using food and personal hygiene products which are staples at the BOP (D’Andrea, Ring et al, 2006). Consumers in Western markets might treat these purchases as repeat or habitual. Whilst this might be applicable in an environment where the supply and demand of products is stable and there are few constraints to consumers accessing these products, the situation at the BOP might be different because of the environmental constraints which might or might not result in consumers attaching more importance to buying these products.
This gap extends to the challenge of understanding drivers of the purchase of these products by BOP consumers, where focus is on establishing what influences their decision. This is a research gap that is supported by scholars such as Doran (1994), Hansen (2005), Olshavsky and Granbois (1979) and Rau and Samiee (1981). Lysonki, Durvusala et al (1996) and Mitchell and Bates (1998) argue that very little is known about consumer decision making in other countries besides the insights from Viswanathan, Sridharan et al's (2009) research. This gap hinders marketers in understanding consumer decisions to buy products in markets at the BOP.

ii. The Influence of Environmental and Individual Variables on Consumer Decision Making

The current discussion on mediating environmental variables that determine consumer decision making takes a universal approach in studying the effect of these variables. D’Andrea, Ring et al (2006), Berry (1989), Craig and Douglas (2005) and Fletcher and Fang (2006) acknowledge the importance of adopting an emic approach when studying cultural variables. There is however limited empirical data on studies that focus on the BOP, especially in Sub-Saharan Africa. Herein lays a key gap for expanded research in markets with large BOP markets. A number of these have been highlighted during the discussions on each variable. The following is a summary of the research areas relating to the mediating variables where there are gaps which provide potential for further research in a BOP market in Sub-Saharan Africa:

- The importance of understanding the influence of consumer resources on budgeting and its subsequent impact on consumer decision making in different locations. This is supported by Banerjee and Duflo (2006) and Heath and Soll (1996) who advocate further research on BOP consumers’ income sources, how consumers allocate their limited resources to their expenses, and whether they actually go through a planning process to manage these resources and the subsequent impact of this on the purchase decision.

- The current discourse on the different roles of consumers in purchase decision making has been limited to Western (mostly USA) definitions and assumptions of the family and its role in consumer decision making. Whilst some research has been undertaken outside the USA by Davis (1970 and 1976), its scope is too limited to allow understanding of influence of family
on decision making in a cross-cultural context. Scholars such as Brown (1979) support the need to expand research in this area to reflect the different family structures and changes that can influence consumers. Other familial variations which are important subjects for further research at the BOP include the difference in the conceptualization of what constitutes a family, the roles of children and of spouses.

- The impact of social networks has been identified as a key variable which can influence consumer purchase decision making (Burt, 1987; Chakravarti, 2006; Purvez, 2003). Current research focuses on the impact of social networks on livelihoods in developing countries without investigating how this impacts on consumer decision making in markets such as the BOP, where social networks are more prevalent and play a more important role in the lives of these consumers.

Additional research on the impact of the influence of the above mentioned variables will enhance marketers' cross-cultural understanding of how consumers such as those at the BOP make decisions to buy products, and facilitate an understanding of what drives them to do so.

4.6.3 Understanding Firms’ Conduct of Business at the BOP

There is need for further investigation to understand how and why firms conduct business at the BOP in order to identify new trends and insights into the following issues:

- The impediments firms face at the BOP and establishing the coping strategies which these firms use to mitigate the impact of these impediments.
- Establishing what motivates them to do business in this environment given the well documented impediments they face. This is a gap that is supported by Eifert and Ramchandran (2004) and Fafchamps (2001)

4.6.4 Understanding the Interactions between Consumers and Firms

It is evident from the review of previous literature that there is need for expansion of knowledge on the marketing challenges faced by firms that impact on their interactions with consumers at the BOP, given the constraints both face in
facilitating exchange (Layton, 2007; Viswanathan, Sridharan et al, 2009). The key gap which emerges is the challenge to identify the forms and drivers of interactions which are manifested in the marketing mix elements such as distribution and promotion, providing reasons for their use by both consumers and firms. The current literature’s focus is restricted to the use of formal channels and one form of informal distribution channel (informal stores), although Viswanathan, Sridharan et al (2009) attempt to expand the coverage to social networks. This is a gap that is supported by DiMaggio and Louch, (1998), Kaynak and Hudanah (1987), Layton (2007) and Nkamnebe (2006). Marketing communication channels also have the potential to facilitate interactions between consumers and firms although there has been limited research on the scope of channels used at the BOP (Austin, 1990; Mahajan and Banga, 2006).

4.7 Conclusion

The review of literature in this chapter has identified and discussed the marketing challenges faced by consumers and firms and the subsequent forms and drivers of the interaction between consumers and firms. The literature points to the potential influence of social networks in this interaction, although this has not been fully explored and established in previous studies. The present study seeks to address this knowledge gap. The above review provides a basis for this study to address the research questions outlined at the beginning of this chapter, which are pertinent to the third objective of this study: understanding the interactions which occur between consumers and firms at the BOP. The chapter concludes by summarizing previous studies on marketing to the BOP and the research gaps that have emerged from the literature reviews undertaken in this chapter and in chapters 2 and 3.
5 The Research Context
5.1 Introduction

The purpose of this chapter is to provide a detailed background on the research location, Zimbabwe. The chapter will outline the structure of the BOP market in Zimbabwe and then provide background information on fast moving consumer goods (FMCG) firms which manufacture food and personal hygiene products, highlighting the challenges these firms face when conducting business in Zimbabwe. The chapter will also discuss the forms of channel distribution which the FMCG firms use to distribute their products.

It is now estimated that at least 85% of Zimbabwe’s population lives on less than $2 a day (Consumer Council of Zimbabwe (CCZ), 2007; UNDP, 2008). BOP consumers in Zimbabwe can be defined and categorized through various established indices used by the government and non governmental organizations. However, access to this data is often difficult due the inefficiency common within the public service, while government statistics are also unreliable at times; hence the use of independently collected data by non governmental organizations and other international institutions such as the UNDP and World Bank. The monthly income level required for a household to meet basic food requirements is determined by establishing the Food Poverty Line (FPL). The FPL is then scaled to establish the most reliable index, the monthly Total Consumption Poverty Line (TCPL) which is derived by computing the non-food consumption of poor households whose consumption expenditure is equal to the Poverty Datum Line (PDL). The PDL represents the minimum amount of money an average family of six needs to survive per month (Ministry of Public Service, Labour and Social Welfare (MPSLSW), 2006; Central Statistical Office, 2007a).

High unemployment and a reduction in real wages have had a negative impact on the livelihoods of the population, the majority of whom now fall in the BOP category (refer to Table 5.1). The decline in real income has resulted in more consumers spending the majority of their income on food, transport and other basic needs that are affected by the hyperinflation (Fisher, Sahay et al, 2002).
Table 5.1 Key social indicators for Zimbabwe

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<tr>
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</thead>
<tbody>
<tr>
<td>POPULATION (MILLIONS)</td>
<td>9.74</td>
<td>11.34</td>
<td>11.95</td>
</tr>
<tr>
<td>POPULATION BELOW NATIONAL POVERTY DATUM LINE (BOP)-%</td>
<td>33</td>
<td>46</td>
<td>78</td>
</tr>
<tr>
<td>EMPLOYMENT GROWTH (%)</td>
<td>1.90</td>
<td>0.40</td>
<td>-7.50</td>
</tr>
<tr>
<td>LITERACY RATE</td>
<td>78</td>
<td>89</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: Central Statistical Office, IMF, World Bank and United Nations (various publications)

5.2 Zimbabwe’s BOP Consumer Tiers

The 85% of consumers who are estimated to live on less than US$2 a day make up the BOP in Zimbabwe (CCZ, 2007; MPSLSW, 2006). However, the BOP group is not one homogenous group. While their characteristics fit those of the standard BOP consumer in terms of their $2 or less a day income, the Zimbabwean BOP market can further be divided into four distinct tiers with different characteristics. The four groups of BOP consumers are: diluted urban, urban based, rural-urban based and rural based (MPSLSW, 2006). While sources of income vary across the four groups, self employment is an important source of income, as are remittances from relatives who have migrated overseas and to neighbouring countries (Zinyama, 2002; Bracking and Sachikonye, 2006; UN, 2006). These characteristics might impact on the consumer decision making process of BOP consumers, on how firms conduct business with them, and on the interaction that occurs between the consumers and the firms.

The percentage contribution of each group has been derived from the census data from the Central Statistical Office (CSO) reports and the Poverty Assessment Study Survey (PASS) reports. These studies are carried out by independent non-governmental organisations such as Care International in conjunction with the Ministry of Labour. In terms of gender balance, there was a higher proportion of female consumers compared to males, and the females were traditionally marginalised and often had low literacy levels (CSO, 2007a; MPSLSW, 2006).
transition of more people, especially from the middle class to being BOP, accelerated in 2000 with the advent of the economic decline (Dhemba, Gumbo et al, 2002). However, population growth had been high in the BOP group and had been forecast to grow from 1990 when there was evidence of the middle income and high income groups recording low population growth (MPSLSW, 2006). There was a trend by families in the middle and high income groups to have small families, averaging two children, compared to the BOP which averaged five children per family (CSO, 2007a; MPSLSW, 2006). The evolving, expanded groups of the BOP are shown in Figure 5.1. Data derived from independent studies such as the Poverty Assessment Study Survey reports were used to compile estimates of the tiers.

5.2.1 Diluted Urban BOP

This is a population group that has suffered as a result of what has been termed class dilution. These are consumers who used to be part of the middle class up until the economic breakdown began, which has seen their income dropping to the BOP levels of less than US$2 a day. Occupational categories in this group would be teachers, senior public servants, nurses, middle management and tradespeople. This
is the group of people who have seen a significant decrease in the quality of their lifestyle from around ten years ago.

Ten years ago they could afford a middle class lifestyle that could accommodate certain purchase tastes which they can no longer afford in the current circumstances. As a consequence, they have had to adjust their lifestyle. The majority of these consumers have continued to be in full time employment, mainly in the public service, at times supplementing their income with informal income-generating projects, while some have left their full time jobs to engage in informal self employment jobs such as vending. This is the smallest tier and in terms of numbers of the overall BOP, they make up about 13% of the total BOP (CSO, 2007a; MPSLSW, 2006).

5.2.2 Urban BOP

These are BOP consumers who live permanently in urban areas and are mostly active in the informal sector where they are self-employed. They are likely to live in rented accommodation in the high density areas and they make up about 32% of the total BOP (CSO, 2007a; Mass Public Opinion Institute (MPOI), 2007; MPSLSW, 2006).

5.2.3 Rural BOP based in Urban Areas

These are rural BOP consumers who migrate from the rural areas to the urban areas in search of either formal employment or informal employment. Rural to urban migration is the most common form of migration in Zimbabwe. At least 68.4% of migration that takes place in Zimbabwe is rural to urban migration (CSO, 2007b; Maphosa, 2007). They maintain temporary lodgings in the urban areas while their families stay in the main lodgings in the rural areas. They visit their rural home once or twice a month depending on availability of income (MPSLSW, 2006). They are likely to take the family’s basic provisions back home to the rural areas during their visits. The group makes up about 22% of the BOP (CSO, 2007a; MPOI, 2007; MPSLSW, 2006).
5.2.4 Rural BOP

This group is made up of peasants who are permanently based in the rural areas. Their main economic activity is centred on agricultural activities and some informal small scale enterprises. This group makes up the largest single group of the BOP, accounting for at least 43% of the BOP (MPSLSW, 2006; CSO, 2007a). However, this group is the least active in direct purchasing of goods such as food and personal hygiene products because of their dependence on provisions bought for them by family members who are in the other three groups, and also on donations from non-governmental organisations. Their food requirements were also supplemented by produce from their subsistence farming.

5.3 Economy

In February 2000 the government lost a key referendum and then went on to implement an agrarian redistribution programme in order to regain lost voter popularity. The agrarian reform was meant to address the historical inequalities of land ownership (Hammar, Raftopolous et al, 2003). However, critics of this programme argue that the reform was driven more by political expediency than by equitable land distribution (Solidarity Peace Trust, 2006; Tawonezvi and Hikwa, 2006). The chaotic manner in which the programme was implemented resulted in productivity being affected in the agriculture sector which was a mainstay of the economy (UNDP, 2002 and 2008; United States Agency for International Development (USAID), 2007). This marked the beginning of the economic crisis and international isolation that has beset the country.

The programme was implemented together with other regularly changing non-sustainable pro-inflationary and anti-export macro-economic policies which affected the country’s exports and agricultural production (UNDP, 2006; Zimbabwe Institute, 2007). The result of these policies was a major decline in the country’s exports and food production, and the volume of manufacturing declined by 33% in five years. On average, growth declined in key sectors of the economy such that between 2001 and 2005 there was negative growth in GDP of -5.5% and in employment of -7.5% (UNDP, 2008; World Bank, 2008).
Zimbabwe has continued to experience a steep decline in GDP, and now has 80% unemployment and the world’s highest inflation (Hanke, 2008; IMF, 2006 and 2008; World Bank, 2008). All these changes have adversely affected consumers’ lives and created the challenge to survive on meagre incomes with diminishing wages. The economic problem has been compounded by the country’s continued isolation from the international monetary system. The government has not been receiving balance of payments support from the World Bank and IMF due to disagreements with them on their policies and conditions. This, coupled with the government’s abandonment of the rule of law (this will be discussed in another section) has resulted in an unstable and unpredictable economic environment which does not attract foreign direct investment (MPOI, 2007; Zimbabwe Institute, 2007). Low exports and declining agricultural output have resulted in serious shortages of foreign exchange (CZI, 2007 and 2008; World Bank, 2008).

5.3.1. Food and Personal Hygiene Industry

Zimbabwe used to be Sub-Saharan Africa’s most industrialised country after South Africa, with a well diversified manufacturing base producing a wide range of products from basic food and personal products to chemicals, clothing and metal products (Ndlela, 2006; UNDP, 2008; World Bank, 2008). It was comprised of MNCs’ subsidiaries and local companies. Before the economic downturn up to 76% of the basic products such as food and personal hygiene products consumed in Zimbabwe were processed locally (CZI, 2007). This has since been in decline due to the low capacity utilisation caused by the constraints currently faced by the manufacturing sector (CZI, 2008).

The food and personal hygiene sector is a key player in the manufacturing industry, accounting for at least 36% of the sector’s total output (CZI, 2007 and 2008; Zimbabwe National Chamber of Commerce (ZNCC), 2006 and 2007). However, the sector’s overall output has been declining since 2000 due to constraints such as raw materials and foreign currency shortages. These will be covered in other sections of the thesis. Typical products common in this sector include staples such as maize-meal, sugar, salt, soap and toothpaste. These are summarised in Table 5.2.
Table 5.2 Main products in the food and personal hygiene sector

<table>
<thead>
<tr>
<th>PRODUCT CATEGORY</th>
<th>MAIN PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD</td>
<td>• Beans</td>
</tr>
<tr>
<td></td>
<td>• Cooking aids</td>
</tr>
<tr>
<td></td>
<td>• Cooking oil</td>
</tr>
<tr>
<td></td>
<td>• Maize – meal</td>
</tr>
<tr>
<td></td>
<td>• Meat and Meat substitutes</td>
</tr>
<tr>
<td></td>
<td>• Rice</td>
</tr>
<tr>
<td></td>
<td>• Salt</td>
</tr>
<tr>
<td></td>
<td>• Sugar</td>
</tr>
<tr>
<td></td>
<td>• Tea</td>
</tr>
<tr>
<td>PERSONAL PRODUCTS</td>
<td>• Bathing soap</td>
</tr>
<tr>
<td></td>
<td>• Body lotions</td>
</tr>
<tr>
<td></td>
<td>• Toothpaste</td>
</tr>
<tr>
<td></td>
<td>• Washing soap</td>
</tr>
</tbody>
</table>

i. Key Players in the Industry

There are a variety of players in the food and personal hygiene industry. The main ones are MNC subsidiaries, public listed conglomerates, privately owned enterprises and state enterprise.

Table 5.3 is a summary of the players in the sector.

Table 5.3 Key manufacturers of food and personal hygiene products

<table>
<thead>
<tr>
<th>FIRM TYPE</th>
<th>PRODUCT LINE</th>
<th>OWNERSHIP</th>
<th>MARKETS</th>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC SUBSIDIARY</td>
<td>Food processing and personal hygiene</td>
<td>Foreign</td>
<td>Domestic and exports</td>
<td>3</td>
</tr>
<tr>
<td>PUBLIC LISTED CONGLOMERATE</td>
<td>Food processing</td>
<td>Local and listed on ZSE</td>
<td>Domestic and exports</td>
<td>5</td>
</tr>
<tr>
<td>PRIVATELY OWNED ENTERPRISES</td>
<td>Food processing and personal hygiene</td>
<td>Local and foreign joint venture</td>
<td>Domestic and exports</td>
<td>2</td>
</tr>
<tr>
<td>STATE ENTERPRISE</td>
<td>Food processing</td>
<td>Government</td>
<td>Domestic</td>
<td>1</td>
</tr>
</tbody>
</table>

Collectively, the players identified in Table 5.3 account for almost 92% of all output of food and personal hygiene products produced in Zimbabwe (CZI, 2007 and
2008; CSO, 2008). The remainder is accounted for by small companies which are family and locally owned and, on average, have less than 10 employees. The industry is a key employer in the country, although its total contribution to employment has been declining since 1990 with workers being retrenched due to the shrinking economy. It experienced a negative growth in employment in 2008 (CZI, 2008). The majority of the retrenched workers have moved into the informal sector of the economy where they are now self-employed.

All the key players, with the exception of the state enterprise, export products to various regional and international markets. Aggregate sector figures indicate that these players, on average, derive 28% of their turnover from exports (CZI, 2007 and 2008; Ndlela, 2006). The drive towards increased exports has been motivated by the need to earn foreign exchange which enables the firms to import raw materials, even though the export incentives that are in place are restrictive in terms of the amount of foreign exchange that firms can retain for their own use (RBZ, 2008). The food and personal hygiene sector contributes at least 32% of the total manufacturing sector’s contribution to the country’s foreign exchange earnings (CZI, 2007). Key export markets are the neighbouring countries of Botswana, Malawi, Mozambique, and Zambia (CSO, 2008; CZI, 2008). Firms in this sector face stiff competition from South African companies who dominate the regional market. The sector’s contribution to exports has declined from about 45% between 1980 and 1990 to about 17% in 2007 (CZI, 2007).

5.4 Challenges Faced by Firms who Conduct Business in Zimbabwe

Yearly sector surveys by industry organisations such as the CZI and ZNCC and other independent institutions such as the International Crisis Group, IMF, UNDP and World Bank document the nature of impediments firms operating in Zimbabwe face. These can be divided into economic, financial, political and governance, social, human and natural impediments.
5.4.1 Economic Impediments

The challenges faced by firms in Zimbabwe are embedded in the economic decline which the country has been experiencing since 2000, which is manifested in low economic growth, inflation and infrastructure decline. The impact of inflation is discussed in the section on financial impediments while infrastructural impediments are discussed below.

i. Infrastructure

Prior to the crisis, public infrastructure in Zimbabwe was among the best in Sub-Saharan Africa due to the investment undertaken during the sanctions era of the Unilateral Declaration of Independence (World Bank, 2002 and 2004; UNDP, 2007; UN, 2006). Further investment was undertaken in the period following independence in 1980 through loans from institutions such as the Africa Development Bank and World Bank. However, the situation changed with the advent of the economic structural programmes under which the focus was on privatising and scaling down public utilities such as energy, transport and water providers, so as to reduce the budget deficit (UNDP, 2007; World Bank, 2005 and 2006). This resulted in the gradual deterioration of the infrastructure, as there was little investment to maintain and develop new infrastructure to meet the needs of a growing population. This is reflected by the current state of the infrastructure which poses distinct challenges for firms manufacturing food and personal hygiene products. A summary of the current state of infrastructure and its impact on these firms is outlined below (CZI, 2007 and 2008; UNDP, 2007):

- A dilapidated road network with poorly tarred roads and highways, which makes transportation of raw materials and finished products difficult and more expensive for firms

- A weak rail link and shortage of locomotives to provide important logistics support for both raw materials and finished products

- An erratic electricity and water supply, which affects production of products. Water is a critical resource for firms manufacturing food and personal hygiene products
Shortages of fuel, which have an impact on the transport of raw materials and distribution of finished products

An unreliable telecommunications system, which affects communication between firms and suppliers and other stakeholders.

5.4.2 Financial Impediments

The financial challenges are manifested through hyperinflation and shortages of foreign exchange, both of which have a negative impact on the firms’ operations. These are discussed in detail below.

i. Inflation

Hyperinflation is a main challenge that both consumers and firms have to deal with on a daily basis (Hanke, 2008; World Bank, 2008). This has been made worse by the central bank’s continued intervention through massive borrowing to fund quasi-fiscal activities that are inflationary (GMRI, 2008; RBZ, 2008; Zimbabwe Independent, 2008 17 October). Hyperinflation is considered to be the result of a crisis of confidence and is a phenomenon generally associated with printing money to finance large fiscal deficits due to wars, revolutions, the end of empires, and the establishment of new states (Muñoz, 2007). Hyperinflation has resulted in a number of challenges for the firms, of which the main ones are summarized below (Coorey, Clausen et al, 2007; Hanke, 2008; IMF, 2008):

- Difficulties in managing the costs of producing products given the changing prices of raw materials.
- Difficulties in managing prices of finished products which have to be changed regularly to keep up with inflation.
- Difficulties in borrowing money due to the high interest rates.

ii. Foreign Currency

The country’s suspension from accessing international loans from institutions such as the IMF and World Bank has affected the country’s general access to offshore capital (RBZ, 2008; World Bank, 2008). This in turn has affected firms’ capacity to borrow money offshore to help them import their raw materials because of the contagion effect of the ban by the IMF and the World Bank. Private banks are
reluctant to transact with these firms, given the lack of confidence in the system and lack of protection offered by credible institutions (GMRI, 2008; Mawere, 2008; UNDP, 2008). Manufacturers of food and personal hygiene products are net importers; thus, a shortage of foreign currency affects their capacity to produce products. Low capacity utilisation is reported to be one of the main impediments faced by these companies, with capacity utilisation averaging 25% in the industry (CZI, 2007 and 2008).

Besides the challenge of sourcing foreign currency, there is an added problem of the poor management of the little foreign exchange that is available. The government allows exporting firms, such as those in the food and personal hygiene industry, to retain at least 65% of their export earnings in hard currency which is kept in foreign currency denominated accounts controlled by the central bank (RBZ, 2008). However, accessing this foreign currency has proved to be problematic for firms as the central bank diverts some of this money for the government’s other expenses such as energy costs, to compensate for the fact that it can not access international capital to the extent that it used to (CZI, 2007; UNDP, 2008). The central bank has restrictions on what companies can import and it has its own priority list of imports, such as energy and medicine. This takes precedence over firms’ raw material imports (RBZ, 2008).

Foreign exchange trading was controlled up until May 2008 when it was partially liberalised (RBZ, 2008). However, this policy shift did not result in any significant inflows of foreign exchange. As a result of the scarcity of foreign exchange in the formal banking system, firms resort to buying foreign currency on the illegal black market at premium rates. This has the effect of pushing up prices. An informal parallel system has since emerged where trade is carried out in foreign currency to counter the depreciation of the local currency.

At the end of 2008, the government, through the central bank, formalised this parallel system by allowing manufacturers and other traders to have dual pricing structures where goods and services are charged in both the local and convertible currencies (RBZ, 2008). Whilst this policy shift is meant to enable manufacturers to generate some foreign currency for running their operations, consumers still earn
their wages and other earnings in the local currency. Although the majority of consumers now rely on remittances from relatives outside the country who send the money in hard currency, enabling them to buy products from the shops that have dual pricing structures, not every consumer gets remittances from relatives (Bracking and Sachikonye, 2006; UNCTAD, 2008). The impact of this policy is still to be established, although early indications point to a creation of confusion in the market amid increases in prices of basic products.

5.4.3 Political and Governance Impediments

The crisis facing Zimbabwe originates from poor governance in the context of democratic rights of citizens and business entities, poor accountability of the government, absence of the rule of law and lack of judiciary independence (Bloch, 2007b; UNDP, 2008; Zimbabwe Institute, 2007). This has resulted in corruption and inconvenience being embedded in the day to day lives of companies, consumers and investors. This is manifested in the reluctance of investors to invest in an unpredictable and unstable environment (Kauffman, Kraay et al, 2008). The government introduced a National Pricing Commission which is in charge of regulating prices for a variety of products to supposedly protect consumers from firms which were increasing prices on a regular basis to keep up with inflation (Bloch, 2006 and 2007b; GMRI, 2008; RBZ, 2008).

The price controls are targeted mainly at manufacturers of food and personal hygiene products, since they produce products which are deemed to be basics for all consumers. Manufacturers in this industry cite these price controls as a key impediment to their conduct of business since the gazetted prices are not viable or in line with the inflation (CZI, 2008). The firms also complain that the government takes too long to authorise price increases which results in the new prices being overtaken by inflation. Zimbabwe is ranked in the top 10 most unfriendly international destinations for investment (IMF, 2008; UNCTAD, 2008). The government announced piecemeal amendments to the policy on price control in 2008, when it relaxed the controls but still retained the right to constantly review prices (RBZ, 2009). An unstable environment dominated by policy uncertainty and unpredictability in key governance areas such as protection of property rights or
government intervention through price controls, makes the environment a difficult one for firms to conduct business.

Further government intervention in the supply of products was through the Basic Commodities Supply Side Intervention (BACOSSI) under which the government gave raw material supply and foreign currency to the state parastatal and other selected local companies to manufacture subsidized food products (RBZ, 2008). The programme did not perform to the expectations of the government due to the continued constraints it faced in sourcing the raw materials and foreign exchange. A key recent impediment is the enactment of the Indigenization and Economic Empowerment Act of 2008, which requires all firms to have a majority 51% ownership by local shareholders (Mawere, 2007b; Bloch, 2008; RBZ, 2008). This is likely to impact on the MNCs and private owned enterprises which are in joint ventures with foreigners.

Whilst investors do not dispute the need for empowerment of locals, there is a fear of lack of transparency in the process, as happened in the agrarian reform programme which ended up more as nationalization of private assets (Bloch, 2008; Mawere, 2007a and 2008). Respect for property rights and governance is a critical protection which investors look for when investing, and the country is deemed to be a fragile state with weak governance structures (Bloch, 2007a; Kaufmann, Kraay et al, 2007; Miller and Holmes, 2009).

5.4.4 Social, Human and Natural Constraints

Zimbabwe has one of the highest HIV infection rates in Sub-Saharan Africa. As of 2006 it was the third highest infected country behind Botswana and Swaziland (World Bank, 2008). However, this has since changed, with the country being one of the few countries to have reduced infection levels to below 20% of the population in 2008 (SAfAIDS and HIVOS, 2007). Despite the above, the HIV-AIDS disease poses challenges for firms manufacturing food and personal hygiene products. The high incidence of the disease in the economically active age group of 18–40 has resulted in an increased loss of both skilled and unskilled employees through death and

Another key social impediment faced by firms is the loss of skilled personnel who migrate to neighbouring countries and overseas in search of better remuneration (Zinyama, 2002; Chetsanga and Muchenje, 2003; Chikanda, 2005; Orozco and Lindley, 2007). Key areas of skills loss for the firms who manufacture food and personal hygiene products are in the finance, marketing and technical areas (CZI, 2008). Persistent droughts have resulted in low agriculture output which means local firms have to import raw materials such as maize and soya beans for manufacturing foodstuffs which is further complicated by the foreign currency shortages.

While the discussion of the impediments that firms in Zimbabwe face, provides a general broad understanding of their potential to negatively impact on firms’ operations at the BOP, there is need for further investigation into how these impediments specifically impact on firms in the food and personal hygiene sector when conducting business at the BOP in Zimbabwe. The investigation at a firm level will also bring insights on potential new constraints and coping strategies which could have emerged given the dynamic nature of the environment at the BOP. This is in line with achieving this study’s research goals of understanding how firms conduct business at the BOP, and understanding the interaction which takes place between consumers and firms.

5.5 Motivation for Conducting Business

There are limited studies to explain why the FMCG firms continue to do business in an environment such as Zimbabwe given the impediments that have been outlined. This is a research gap which this study seeks to address. However, some reasons that have been put forward by firms for continued operations include protection of capital investment and optimism on the country’s potential as a viable market once the situation improves (CZI, 2008; UNDP, 2007)
5.6 Distribution Channels

The distribution of products from firms to final consumers is an important function that firms manufacturing food and personal hygiene products in Zimbabwe take into consideration in their conduct of business. While the transport infrastructure has deteriorated over the years, it still provides some basic support for the distribution of products by these firms to final consumers. Compared to other Sub-Saharan markets, Zimbabwe has always had a more structured formal distribution channel system, especially of retail chains, which could only be compared to that of South Africa (UNDP, 2007). The country has both formal and informal distribution channels (CZI, 2008).

5.6.1 Formal Distribution Channels

There are a variety of players in the retail industry. Table 5.4 is a summary of the largest retailers and wholesalers indicating channel type, ownership, coverage and number of outlets. These are the formal distribution channels that are in Zimbabwe.

<table>
<thead>
<tr>
<th>CHANNEL TYPE</th>
<th>OWNERSHIP</th>
<th>COVERAGE</th>
<th>OUTLETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPERMARKET CHAIN</td>
<td>Local and Public Listed</td>
<td>National</td>
<td>54</td>
</tr>
<tr>
<td>SUPERMARKET CHAIN</td>
<td>Local and Foreign</td>
<td>National</td>
<td>42</td>
</tr>
<tr>
<td>FAMILY RETAILERS</td>
<td>Family</td>
<td>Varies</td>
<td>+86*</td>
</tr>
<tr>
<td>WHOLESALER</td>
<td>Local and Public Listed.</td>
<td>National</td>
<td>10</td>
</tr>
<tr>
<td>WHOLESALER</td>
<td>Local and Foreign</td>
<td>National</td>
<td>9</td>
</tr>
<tr>
<td>SUPERMARKET FRANCHISE</td>
<td>Local and Foreign</td>
<td>National</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: CSO Quarterly reports, ZNCC and Retailers Association of Zimbabwe (RAZ) annual reports.

*Estimates based on the above sources.

Traditionally the FMCG firms use the formal distribution channels outlined in Table 5.4. The dominant players are the supermarket chains which are both locally and foreign owned and have national coverage. The two chains, OK and TM
Supermarkets have been operating in the country since 1942 and have multiple outlets in every major town and have supply agreements with all the major FMCG manufacturers because of their national coverage (ZNCC, 2006; Retailers Association of Zimbabwe, 2002 and 2008). They cater for both BOP and high income groups. The two chains have developed significant long lasting relationships with suppliers and have more than 250 suppliers on their books (Zimbabwe Independent, 2005 and 2006). Purchasing is centralised at head office which enables them to negotiate favourable prices with suppliers.

Family based retailers are the next biggest group of players in the industry. These take two forms: the first is a group that is mainly comprised of indigenous African retailers who operate grocery shops in the high density residential areas where BOP consumers live. Before independence in 1980, Africans were not allowed to shop in supermarkets in the central business district or in low density areas. This changed after independence, which resulted in these family-owned business expanding their business into the CBD and other residential areas that were previously reserved for whites (Retail Association of Zimbabwe (RAZ), 2008; Zimbabwe Independent, 2006 and 2007). The other group of family owned retail outlets is that owned by entrepreneurs of Indian descent who specialise in small retail outlets that sell products at cheaper prices than the big chains. Some of these have since transformed themselves into wholesalers and are mainly active in the capital city Harare where they sell products to small scale informal distributors.

The other two major wholesalers, Jaggers and Redstar have a national presence and have both local and foreign ownership. They receive preferential prices from the FMCG manufacturers because of the volumes they move, which they in turn, distribute to family retailers and other small scale distributors. There is also a South African supermarket franchise, Spar, which specialises in distributing luxury and high value brands in up-market residential areas, although it also has some presence in BOP high density areas where it sells low value products.
5.6.2 Informal Channels

Up until the crisis started the formal distribution channels were the key sources of products for consumers, but there has been an increased use of informal channels of distribution, especially by BOP consumers (Zimbabwe Independent, 2007; ZNCC, 2007 and 2008). There is little data on the operations of the informal distributors since they operate in the informal economy which is highly deregulated and not documented (UNDP, 2002). However, the main forms of informal channels are the informal corner shops called tuck-shops found in residential areas. FMCG products can also be found at market stalls which are common in BOP residential areas. These informal channels were affected by the controversial clean-up operation carried out by the government in 2005, but they have re-emerged in a stronger position (Tibajuka, 2005). Owners of these outlets buy products from wholesalers for resale and there are indications of an emerging direct relationship between them and the FMCG firms. This is an area which requires further research in order to investigate the nature of interaction between the two, a gap which this study seeks to address.

5.6.3 Challenges Faced by the Distribution Channels

The retail sector is one of the most competitive sectors in the country (Zimbabwe Independent, 2007). The distribution channels outlined above are exposed to similar impediments as the FMCG firms, with some degree of variation since they are not directly involved in manufacturing products. However, they face the brunt of the government’s price controls and impact of hyperinflation when setting prices and managing their costs. The low capacity utilisation of the firms means product shortages for the distribution channels. This has resulted in the main formal supermarket chains downsizing their operations in order to cut down on the costs of running business, with most companies reportedly operating at marginal levels (RAZ, 2008; Zimbabwe Independent, 2007; ZNCC, 2008). Declining consumer disposable incomes also pose a challenge for retailers who cannot rely on volumes to grow their business but have to manage their margins.
5.7 Conclusion

Zimbabwe provides a good example of a country with a large BOP market that faces circumstances and constraints identified in previous literature which have the potential to provide insights on understanding how BOP consumers make decisions to purchase products. This includes the lack of income and the presence of economic, political, infrastructure and social constraints identified as being common in countries with large BOP markets. The continued presence of both local and foreign multinationals in sectors of the Zimbabwean economy, such as food and personal hygiene products, provides a sound basis for investigating how and why these firms continue to do business in this environment. The firms are exposed to diverse constraints when undertaking business in this environment which poses challenges for them to develop coping strategies in response to these constraints.

The impediments identified to a large extent are similar to those identified in previous literature, although there is need to investigate how these particularly impact on firms in the FMCG sector’s conduct of business at the BOP. The discussion on the environment and its constraints in Zimbabwe also provides potential insights into the direction which the interaction between consumers and firms might take in this environment.
6 Methodology
6.1 Introduction

The purpose of this chapter is to outline the research design used for this study and describe how it was implemented to collect the data. Chapter 5 has outlined the BOP consumer groups in Zimbabwe and the circumstances under which firms operate in Zimbabwe. Research into the BOP in countries such as Zimbabwe is a relatively new area of study in marketing, which can pose a number of challenges for researchers. The study was undertaken to address the following research questions:

RQ1 What are the sources of income for Zimbabwean BOP consumers and how do they allocate it across their needs?
RQ2 How do Zimbabwean BOP consumers make decisions to buy food and personal hygiene products and who makes the decision to buy the products?
RQ3 What drives Zimbabwean BOP consumers to buy food and personal hygiene products?
RQ4 What constraints do Zimbabwean BOP consumers face in accessing food and personal hygiene products and how do they cope with these constraints?
RQ5 How do firms conduct business at the BOP in Zimbabwe and what is the contribution and importance of the BOP market to their performance and overall strategic objectives in Zimbabwe?
RQ6 What are the impediments that firms face when serving the BOP in Zimbabwe and how do they cope with these impediments?
RQ7 Why do firms conduct business in an environment such as that found at the BOP in Zimbabwe?
RQ8 What are the marketing challenges and subsequent forms and drivers of the interactions that occur to facilitate exchange between BOP consumers and firms in Zimbabwe?

The first part of the chapter justifies use of a mixed research methods approach. The chapter then outlines justification for use of each of the data collection methods. The third part of the chapter covers the implementation of the research strategy outlining how the data was collected followed by the data analysis strategy.
used. The chapter concludes with a summary of the methodological soundness of the study.

6.2 Research Design

6.2.1 Research Strategy and the Research Context

A qualitative research design was used to conduct the research, taking the environment in which the research was being conducted into consideration. The pertinent characteristics of the environment in Zimbabwe which could impact on the research strategy detailed in Chapter 5 are as follows:

- The unavailability of accurate and reliable data such as economic indicators
- The high mobility of BOP consumers, especially rural to urban migration
- The weaknesses and/or unavailability of infrastructure necessary for the conduct of research, such as poor and unreliable postal and telecommunications systems, and unreliable transport networks combined with the sparse geography (such as isolation of villages), can hinder researchers’ access to target respondents
- Low literacy levels, especially among women, who were in the majority, and the general marginalization of this group. Literacy levels at the BOP are less than those of the upper and middle class groups of the population

The implications of the above challenges on the conduct of research in such an environment are:

- Documentation and collection of data from respondents was going to be a challenge especially given the fact that females were bound to be the dominant respondents. Hence, gaining access to respondents and establishing trust was an issue.
- Lack of support infrastructure such as a postal system could influence both the research design and fieldwork
• Language can determine whether the researchers gain access to target respondents and contribute to the ease of creating relationships and building trust between the respondents and the researcher. The real challenges were in the consumer interviews where interview guides were translated into the local language of Shona.

In the circumstances outlined above, the researcher had to assess the advantages and disadvantages of using quantitative or qualitative methods. A quantitative approach would have provided a basis for generalization of perspectives and people’s experiences, although this would have been against a limited number of predetermined and standardized measures to which numbers can be assigned and statistical analysis applied (Blumberg, Cooper et al., 2005; Bryman, 1992; Mouton, 2001). This would not have captured the nuances and challenges of studying BOP consumers in their real life scenario, observing them participating in activities which could provide the researcher with insights into their behaviour. The approach could also put limitations on gaining access and trust of respondents given the literacy and marginalization challenges. This approach would have been difficult to implement given the infrastructural challenges and pressure for time outlined.

On the other hand there is the qualitative approach. This has been viewed as a new paradigm that moves researchers away from masses of numbers to asking people questions and observing. This was particularly important in this study, where there was no previous research on marketing to the BOP in Zimbabwe (Tesch, 1992). There is evidence that there has been an increase in the use of this method since the 1970s (Piekkari-Marschan and Welch, 2004; Boddewyn and Iyer, 1999). The method seeks to understand the complex meaning behind specific actions and beliefs, thereby addressing the ‘why’ and ‘how’ aspects of a phenomenon: in this case, understanding how and why consumers make purchase decisions and how and why firms conduct business at the BOP in Zimbabwe (Buckley, 2002).

A qualitative approach is generally regarded as very effective for use in developing countries such as Zimbabwe where the secondary data required for random sampling may be inadequate or unavailable and respondents may be unfamiliar with questionnaires (Harari and Beaty, 1990). Qualitative research
facilitates deeper cross-cultural investigation and is less likely to suffer from cultural bias on the part of the researcher than survey instruments, since it can identify and explain emic issues in doing research in different cultures (Osland and Osland, 2001). Qualitative research in Zimbabwe was likely to require limited manipulation of the research setting, thereby creating a more naturalistic inquiry which did not have pre-determined expectations of people or events (Marshall and Rossman, 1999), resulting in practical and realistic results. Given the lack of previous literature on marketing to the BOP in Zimbabwe, it was important to study people and organizations in their own environment instead of imposing one’s cultural concepts and beliefs (Peng, Peterson et al, 1991).

The method is largely criticized for the potential bias in collection of data and the final analysis of the data (Remenyi, Williams et al, 1998). However, Yin (2003) argues that this bias is not only limited to qualitative methods but can be found in the design of quantitative tools such as questionnaires. Moreover, Denzin and Lincoln (1994) argue that this weakness can be mitigated by using procedures and processes that enhance the validity of the research.

On balance, given the environment for conducting research in Zimbabwe and the lack of previous studies on marketing to the BOP in Zimbabwe, it was decided that a qualitative approach would be more appropriate in eliciting responses that indicated what people involved with the BOP actually believed (rather than responses believed to be what the researcher wanted) and responses that reflected the actual situation at the BOP including outliers of significance. However, to ensure the criteria for qualitative research proposed by Creswell (2007) and Yin (2003) were met, a mixed methods approach as advocated by Axinn and Pearce (2006) and Clark and Creswell (2008) were used.
6.2.2 Mixed Research Methods Approach

The research employed a mixed research methods approach to collect data comprising qualitative consumer interviews. Focus groups were augmented by ethnographic observations whilst case studies were conducted for firms. Mixed methods are defined as data collection strategies designed to combine different methods when collecting data and are not confined to the quantitative versus qualitative comparison (Axinn and Pearce, 2006; Creswell, 2003; Fricke, 1997). They afford researchers the opportunity to utilize multiple sources of information from multiple approaches in order to draw new insights into the social world (Binberg, Shields et al, 1990; Axinn, Fricke et al, 1991; Clark and Creswell, 2008).

By combining multiple methods, the researcher was able to draw important new insights ‘into the causes and consequences of beliefs and behaviour’ (Axinn and Pearce, 2006, p.1). By varying the data collection approach, the researcher was able to provide information from one approach which would not have been identified in an alternative approach, and ensure that a potential bias coming from one particular approach is not replicated in alternative approaches (Axinn, Fricke et al, 1991). The study was conducted in two phases focusing on business and consumers. This is illustrated in Figure 6.1.
Figure 6.1 Research design

**RESEARCH DESIGN**
- Qualitative

**RESEARCH STRATEGY**
- Consumer focus
- Business focus

**SAMPLING STRATEGY**
- Random and purposeful

**BUSINESS FOCUS**
- Interviews
- Documentation
- Archival records
- Observations

**CONSUMER FOCUS**
- Personal interviews
- Ethnographic Observations
- Focus groups

**DATA COLLECTION INSTRUMENTS**
- Interview guides
- Case study protocol

**SAMPLING STRATEGY**
- Random and purposeful

**DATA ANALYSIS**
- In-depth interpretation
- NVIVO

**VALIDATION**
- Methodological soundness
6.3 Choice of Collection Methods

6.3.1 Consumer Focus

i. Justification for Personal Interviews

Semi-structured personal interviews were conducted to collect data on BOP consumers in Zimbabwe using an interview guide to determine their buyer behaviour and how they interacted with firms. The consumer interviews collected data from consumers in all the four BOP categories in Zimbabwe and were useful for the following reasons:

- The research problem was exploratory and referred to a wide-ranging problem area of consumer decision making at the BOP
- Use of personal interviews is also recommended by Creswell (2007) for use in studies where the researcher seeks to understand the respondents’ world and their life, which was the case in this study.
- Further motivation for use of this method was the opportunity it gave the researchers to discover the BOP consumers’ meaning of experiences with regards to how they made decisions to buy products (Daniels and Cannice, 2004; Kvale, 1996).
- Interviews also gave the researchers an opportunity to actually listen to what the BOP consumers had to say about their experiences by hearing them express their views and opinions on the research issues under investigation. This is an argument for interviews in data gathering techniques advanced by Kvale (1996) and Polkinghorne (1989).

ii. Justification for Ethnographic Observations

Ethnographic observations were used in conjunction with the interviews. Ethnography has its origins in cultural anthropology developed at the beginning of the 20th century when researchers began to study social life and institutions on a scientific basis (Creswell, 2007). Ethnographic observations were used in this study for the following reasons:

- They enabled the researchers to engage the BOP consumers in their own terms and space.
• They enabled the researchers to study the respondents in their homes or community or workplace. In so doing the researchers captured details and nuances which might be overlooked by researchers when using other research methods (Kertzer and Fricke, 1997).

• They gave the researchers an opportunity to extend their understanding of consumers beyond what they said in the interview to what they actually did in their natural environment (Napier, Hosley et al, 2004; Piekkari-Marschan and Welch, 2004)

iii. Justification for Use of Focus Groups

Focus groups were conducted with the BOP consumers to expand the basis for exploring the research questions on their buying behavior, and to learn more about the diverse range of opinions consumers possessed on what influenced their buying behaviour and their interaction with firms (Merton, Fiske et al, 1990; Morgan, 1992 and 1993). A focus group interview is a qualitative research technique that includes 4–10 persons brought to a centralized location to respond to questions on a topic of particular interest (Greenbaum, 1988). These were conducted for the following reasons:

• They were useful in this study due to its exploratory nature, as little is known about the phenomenon of marketing to the BOP in Zimbabwe (Krippendorf, 2004)

• They enabled the researcher to interact directly with the respondents, which provided an opportunity to stimulate recall and opinion elaboration on how the consumers made purchase decisions, their drivers for buying products and their interaction with firms (Lofland and Lofland, 1984).

• They provided access to different levels of meaning and degrees of consensus, in addition to clarifying arguments and thematically revealing diversity in views and opinions as to respondents’ consumer decision making which had been raised during the one-on-one interviews (Denzin and Lincoln, 2008). Focus groups allowed the researchers to make important connections and identify subtle nuances in meaning which could be unique to these consumers (Stewart and Shamdasani, 1990)
• They enabled a synergistic effect of sharing ideas in a group setting which might result in the production of ideas and insights that might not have been uncovered in the individual interviews (Stewart, Shamdasani et al, 2007).

• They are useful in working with consumers from historically marginalized communities such as those at the BOP, who are not necessarily used to participating in research, and have low literacy levels which might have made the use of quantitative questionnaires difficult (Creswell, 2007).

iv. Data Collection Instruments

Failure to use valid and well defined instruments can result in researchers misinterpreting the phenomena under scrutiny. This is likely to be the case in the context of the BOP where an emic culturally sensitive approach is required to measure unexplored, intangible phenomena (Fletcher and Fang, 2006). The absence of measurement instruments for measuring constructs at the BOP often results in researchers using standardized instruments developed in ‘Western’ markets which are unlikely to be reflective of the different contextual circumstances that are to be found in BOP markets, such as those in Zimbabwe, as discussed in earlier sections of this chapter. Thus, interview guides were developed for use in the consumer interviews and focus group discussions (Appendices 3 and 5, respectively), and translated into the local Shona language (Appendices 4 and 6, respectively).

The interview guides clearly defined the constructs that were being investigated in order to identify the main phenomena of interest, in marketing to the BOP. These were derived from open ended pilot interviews conducted with groups of consumers and expert raters such as community leaders and from themes that had emerged from previous literature. The involvement of raters from the BOP enabled the researcher to capture the nuances of the real world of BOP consumers that were specific to Zimbabwe. The guides were then pre-tested with a different sample of BOP consumers with which mock interviews and focus group discussions were carried out. Section A of both interview guides covered demographic and other personal information on the interviewees, which were useful in providing background information and for creation and confirmation of profiles of BOP consumers. Section B focused on a series of themes which were linked to the research questions, and on key themes that had emerged from the literature review.
Both interview guides were respondent centered and allowed researchers to have open-ended discussions with the respondents so as to obtain in-depth detail on the issues under investigation. The questions used in both interview guides were influenced by the research questions and overall research agenda for the study. The next key theme was consumer decision making, which focused on issues such as the sources of income, purchase approach, consumer roles, and purchase drivers without leading interviewees to particular answers. The consumer interview guide had provision for the interviewer to illustrate questions by way of citing examples on what the question was looking at when covering purchase approach or consumer roles or constraints. This was the format used for the rest of the key themes, which focused on the role of social networks, constraints and coping strategies. Interviewees were asked to provide any extra information at the end of each thematic question.

While the focus group guide did not provide as much detail or illustration of examples as was the case for the consumer interviews, it still had some elements of structure since some interviewees need help in articulating a response, which is in line with Stewart, Shamdasani et al’s (2007) argument that less structure is not always better in focus groups. Hence, in some cases cues or key words are highlighted by the moderator. This was done in order to elicit as substantial an interaction as possible from participants. However, caution was exercised in use of these key words in order to limit the chances of the moderator leading the interviewees. Structured questions were avoided in order for the researcher to preserve an emic model of data collection. This allowed him to investigate how participants structured their purchase behaviour in their real world, instead of how participants responded to the researcher’s view of how they behaved. The quality of the interview guide was to be complemented by the quality of the moderator, which was enhanced through training and the pretesting. The focus group interview guide has a total of twelve questions, which is in line with the recommended number by Stewart, Shamdasani et al (2007).
6.3.2 Business Focus

i. Justification for Case Studies

Multiple case studies of FMCG firms that manufacture food and personal hygiene products were conducted to investigate how and why these firms conduct business at the BOP, and how they interact with BOP consumers. The use of multiple case studies yielded a better understanding of the concept of marketing to the BOP in Zimbabwe due to the depth of detail provided (Stake, 1994). Multiple case studies also allowed the possibility of direct replication, as analytical conclusions from two or more case studies are likely to be more powerful and authentic than those from a single case (Yin, 2003). The context from multiple cases is likely to differ and this can provide a sound basis for generalizability of findings as opposed to single cases. Case studies have been described “as studies that are usually qualitative in nature that aim to provide an in-depth description of research subjects” (Mouton, 2001). This was particularly relevant to this study for the following reasons:

- Case studies are generally regarded as being more rigorous and provide more compelling information about phenomena (Yin, 2003).
- There was little experience with case studies and little previous research of any kind in the area of marketing to the BOP in Zimbabwe (Yin, 2003). Case studies are particularly well-suited to new research areas or research areas for which existing theory seems to be inadequate.
- The method relied on multiple sources of evidence such as archival documents, observations and personal interviews, which enhanced validity in the sense that findings were drawn and corroborated from diverse sources (Patton, 1990; Yin, 2003).
- It involved an investigation of marketing to the BOP within the real life context of the firms (Yin, 2003). The data collected was then used to systematically compare the companies studied (Ghauri, Gronhaug et al, 1995).

A variety of sources of evidence were used to collect data for the case studies. Personal interviews with marketing personnel, documents, archival records and
direct observations were all used to collect data. Justification for the use of these methods is discussed below.

ii. Justification for Personal Interviews

Personal interviews are more targeted and focus directly on the research questions. In this case they were targeted at the marketing personnel who are responsible for handling the company’s marketing to the BOP. Interviews are more insightful than other methods since they follow a consistent line of inquiry, in this case firms’ marketing to the BOP. Yin (2003) also argues that personal interviews can provide insights on perceived causal inference, which was important for this study.

iii. Justification for Archival Records

Archival data in the form of industry survey data and organizational records were used for this study in conjunction with other data. Both sources could be reviewed repeatedly, were exact, were precise and covered a long span of time for the researcher to use (Yin, 2003). However, caution was practiced in using these records since some of them were compiled for specific purposes; thus, the researcher focused only on data which was relevant to this study.

iv. Justification for Documentation

Documents such as internal records, media clippings and studies on the firms were used to ‘corroborate and augment evidence from other sources' (Yin, 2003). Caution was also practiced in the use of these sources given their potential for bias and inaccuracy and the fact that they were compiled for specific purposes. Hence, the documents were scrutinized for their relevance to the issues under study.

v. Justification for Direct Observation

Field trade visits, which comprised retail visits, market research trips and attendance at promotion campaigns, were conducted by the researcher and created an opportunity for direct observations. Observational evidence was useful in providing extra information on firms’ engagement with the BOP. This enabled the researcher to cover events of the research in the context in which the firms operated (Patton,
103

1990). In order to minimize bias, multiple observations were undertaken using the research assistant.

vi. Data Collection Instruments

In order to enhance the credibility, reliability and rigour of the case studies, a case study protocol was developed. (Refer to Appendix 7 for a copy of the protocol). This was done in line with recommendations by Creswell (2007) and Yin (2003) on conducting credible and reliable case studies. The case study protocol used for this study outlines an overview of the study, providing background information and literature review on the BOP and its importance in the study of marketing. The protocol then details the procedures to be followed in gaining access to firms under study, the target interviewees and plans for the resources required to conduct the case study. Contingency plans are then outlined. This is particularly important in the context of Zimbabwe where challenges discussed earlier on could result in changes to plans for conducting research given the turbulent environment in the country.

The second part of the protocol outlines the questions to be covered in the case studies. These are meant to be reference points for the case investigator and not for the respondents. Part A covers general classification questions which provide information on the profile of the firms under study. Part B of the questions focuses on the research agenda of the study, and is linked to the research questions. These were derived from open-ended interviews carried out during the pilot study and also themes that emerged from previous literature. Part C covers the impediments faced by firms and the coping strategies they use to militate against these impediments, while part D focuses on firms’ motivation to continue doing business in this environment. In all four thematic questions, sources of data and sampling strategies are detailed. The third and last section of the protocol details the data analysis strategy and potential report structure to be used for the case studies. Explanation building using NVIVO to sort and arrange data is the technique used in this thesis.
6.4 Implementation of the Research Strategy

6.4.1 Consumer Interviews

i. Sample Size

There is no consensus among proponents of qualitative research on the number of respondents that researchers should use as a sample. Dukes (1984) suggests 3 to 10 subjects, Riemen (1986) up to 10 subjects, Creswell (2007) suggests 0 to 30 subjects for grounded theory research and Polkinghorne (1989) recommends that researchers should interview between 5 and 30 respondents who are exposed to the phenomena. The differences in numbers are attributed to the two key factors of (a) costs of conducting the research using a specific sample and (b) the time constraints posed by a larger sample. These were particularly important for this study and the implications involved in terms of the four BOP groups in Zimbabwe. A total of 55 interviews were conducted. A breakdown of these is outlined in Table 6.1. This was in line with recommendations by Polkinghorne (1989) and Creswell (2007) since the number of respondents from each BOP group was not more than 30.

<table>
<thead>
<tr>
<th>BOP GROUP</th>
<th>SAMPLE</th>
<th>%- (N=55)</th>
</tr>
</thead>
<tbody>
<tr>
<td>URBAN</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>RURAL - URBAN</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>DILUTED URBAN</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>RURAL</td>
<td></td>
<td>18</td>
</tr>
</tbody>
</table>

The rationale for this number was to arrive at a manageable data set given the cost and time constraints of covering BOP consumers in all the four groups, while at the same time retaining a representative sample (Polkinghorne, 1989). Of the total
interviews, 18% were from the diluted urban BOP, 36% were from the urban BOP, and 28% from the rural BOP based in urban areas. Collectively, these three groups are the ones that are more involved in the purchase of food and personal hygiene products compared to the rural group who depend on donor agencies and support from the urban groups for their food and personal hygiene provisions (MPSLSW, 2006). The sample was drawn from the high-density residential areas of Budiriro, Glen View, Glen Norah, Highfield and Mbare which are the most populous in the commercial capital city of Harare.

Only 18% of the interviewees were drawn from the rural based BOP from the Zvishavane rural area. Although this is the largest group in terms of numbers, the majority rely on food aid for their food and personal hygiene products, and are therefore less likely to be involved in decision making to buy the products (MPSLSW, 2006). However, some have direct and indirect links with relatives from the urban areas who either provide or supplement their food and personal hygiene products, and therefore have involvement in some level of decision making in the purchase of products. An example of this would be housewives who receive provisions from their husbands who work in the urban areas.

ii. **Unit of Analysis**

The unit of analysis for the qualitative consumer interviews was the individual BOP consumer in Zimbabwe as categorized in Chapter 4.

iii. **Sampling Strategy**

Random purposeful sampling was used for this study in order to improve credibility of the sample as the potential purposeful sample was very large. Random purposeful sampling involves random selection of ‘respondents for study who can purposefully inform an understanding of the research problem and central phenomenon in the study’ (Creswell, 2007, p.125). This was particularly relevant for this study because it was necessary to draw respondents from the actual BOP groups.

iv. **How Was the Data Collected?**

Consumer interviews were conducted over a period of eight months. A summary of the procedure that was followed to collect the data is shown in Figure
6.2. This can facilitate replication of the research by researchers in other BOP locations or be used as a basis for future longitudinal research on BOP consumers in Zimbabwe. A detailed discussion of the first three steps is provided because of the importance of the challenges of gaining access, trust and confidence when conducting research in developing and underdeveloped countries such as those at the BOP (Craig and Douglas, 2005). Direct ethnographic observations were made during activities such as shopping trips and social network meetings. This is detailed in a later section of this chapter.

- **Internal Preparatory stage**
  This involved internal processes including authorization from the University of Western Sydney Ethics Committee to conduct the research. Key issues that were taken into consideration were the ethical conduct of the research and protection of the respondents. These were classified as marginalized respondents who could be at the risk of being taken advantage of in a research study of this nature. This was addressed through development of information and consent forms which clearly articulated the objectives of the research, the confidentiality of the respondents and their right to participate or not to participate, or to withdraw at any point in time. Refer to Appendices 1 and 2 for the consent and information forms, respectively.

- **Field work preparatory stage**
  The next important step was to plan for the field trip to Zimbabwe since the chief researcher was based in Australia. The first trip was from June to July 2007 when the chief researcher went to Zimbabwe on an informal information gathering exercise. This was to establish the feasibility of carrying out the research study in terms of its relevance and the practicality of conducting the research since there was so much uncertainty in the country due to political and economic instability. Most of the focus was on establishing the potential to conduct the consumer interviews and case studies in this environment. The trip gave the chief researcher confidence to proceed with the research study and he returned to the country from November 2007 to March 2008 and from May to July 2008 to conduct the study. Interview guides for the consumer interviews and focus groups were developed and pretested. These have been detailed in earlier sections of this chapter. A local research assistant who belonged to the BOP market was identified. This was meant to mitigate the chief researcher’s limitation of not belonging to the BOP which had the potential to impact on him gaining access, trust and the confidence of the respondents.
The research assistant’s main task was to facilitate access to the respondents, to gain their trust and confidence and also to conduct interviews. The chief researcher also wanted to have as much input and exposure to the respondents as possible in order to limit the potential of bias from use of a research assistant. A training protocol was developed for the research assistant with a focus on the objectives of the study and importance of the consent and information forms. Of the total 55 interviews, the research assistant effectively conducted a total of 18 interviews which
were in the same areas as those of the chief researcher. The chief researcher had the opportunity to randomly observe the interviews conducted by the research assistant to ensure consistency.

Other areas of training that were covered with the research assistant involved issues such as developing rapport with respondents, motivating respondents, expansion of the understanding of respondents and time management. Although guidelines were provided on the above issues, the chief researcher did not adopt a prescriptive standardized approach because this would be in contradiction with the very reason why a research assistant was being used, namely his closeness to and understanding of the respondents’ norms and behavioural habits.

Dealing with one research assistant turned out to be very beneficial for the chief researcher in the sense that they had an open relationship involving mutual respect for each other. Ownership and control of the study remained with the chief researcher but the relationship created with the research assistant helped the chief researcher understand key issues in the preparatory stage and the actual field work stage. Lists of target BOP residential areas were then compiled. These also contained the names of community leaders such as councilors, church leaders and community elders who were going to be the first port of call for the field visits.

- **Introductory site visit**

  The introductory site visit was a crucial stage of the research since it determined whether the researchers were going to be able to gain access to the respondents. Hence, the process will be discussed in some detail as this can have implications for potential extension of future research in other markets. The rural and urban site visits will be discussed concurrently to minimize repetition of processes that were undertaken, with clarification on any variation between the two.

  The first site visits were done in the first week and a half of November 2007 targeting the residential areas of Budiriro, Glen View, Glen Norah, Highfield and Mbare, where the urban BOP, rural BOP based in urban areas, and the diluted urban consumers live. The rural site visit to Zvishavane was undertaken in the second half of the second week of November. Initial introductory visits were on Thursday,
Saturday and Sunday. Thursdays and Sundays are days when the residents attend church and Saturday is generally a day when they are likely to be found at home. Women’s groups also meet on Thursday, which is generally reserved as the day for women to meet either at church or at their other community groups. The research assistant introduced the chief researcher to the community leaders and local authorities such as the police and municipal administrators in the urban areas, whilst the village headmen and district council officials were important in the rural areas.

These introductions were important for a number of reasons. Firstly, the local police granted the researchers permission to conduct research in the areas given the tense pre-election political environment that was prevalent during the period in which the research was conducted. Hence, there was need to provide evidence and clarity on the fact that this was academic research. Authorization in both rural and urban areas was granted for the researchers to make reference to the officer-in-charge of the local police station when approaching other institutions, such as schools, clinics, local council and district councils in the rural areas. Interestingly, this was verbal authorization. Initially the chief researcher wanted to request some written authorization but the research assistant indicated that the verbal authorization was adequate enough and was less intimidating to people. Besides it would only be referred to when asked for and not necessarily volunteered at every interview.

The local municipal authorities were important because they facilitated access to the women’s clubs in urban areas whose meetings took place at community halls and were under the auspices of the community social welfare officer, while the district council officials were in charge of the women’s groups’ activities in the rural areas. The researchers requested a list of members of the community clubs and, surprisingly, in both cases the social welfare officer said that membership was open to all female residents and chances were every household that the researchers were going to approach either had a housewife or daughter who at some point in time visited the community clubs. In the rural areas the non governmental organizations were more active in the women’s groups’ activities; hence, they were also approached for permission to address their members. This was readily granted since they felt that research of this nature was important.
The next gatekeepers for the target groups in both the rural and urban areas were the church and community leaders, such as the priest, church elders and village headmen (in the case of the rural areas). Requests were made to the priest to attend the church service and be introduced to members of the congregation. This proved to be very important in facilitating access because it made it easier to actually identify and compile lists of potential respondents whom the researchers later contacted via the door-to-door visits to provide more details about the study. The same process was carried out for the other community gatherings in both rural and urban areas such as the women’s clubs at community centres and community development meetings where the community had both formal and informal discussions about issues facing their communities.

Also of critical importance was the researchers’ request to be accommodated by at least four families (one in each BOP group) during the period of the actual field work in order for the researchers to have first hand exposure to the experience these consumers went through when buying their products and the interactions they had with firms. The priest and community leaders were very helpful in explaining this request to their community members. They explained that there was no need for those families that volunteered to do so, to change their daily lifestyle or to make any special arrangements for the researchers during the stay.

Access to the portion of the diluted group who were still employed full time, such as the nurses and teachers, was initially difficult due the reluctance of headmasters and sisters-in-charge to allow the researchers to conduct interviews during working hours. The researchers resorted to using personal connections in their professional associations to arrange access to the people at their homes instead of their workplaces. Interviews with the other portion of the diluted urban group who were now self-employed were conducted at their premises of self-employment such as at market stalls and vending sites. Using the lists compiled from the church and community clubs the researchers then went on a door-to-door visit to explain the research study in more detail to the target respondents.

The next task was to expand coverage of the rural BOP based in urban areas beyond the exercise just outlined above. The above identification and gaining of
access process largely applied to the urban, diluted urban and rural consumers and to some extent the rural BOP based in urban areas. Due to their profile (as discussed in Chapter 4) this latter group was likely to be males who were self-employed in the informal sector. They were also unlikely to be at home during visits at their homes and some of them worked during the week-ends, making it difficult for them to attend church or community gatherings. Therefore, it was important to visit them at their workplaces which were in the informal sector and in home industry zones close to the suburbs. This was also a big challenge since it involved asking respondents for their time while they were either prospecting for customers or were working on jobs. Patience was a critical prerequisite to garner the support of this group. Unlike respondents interviewed at home, where the researchers managed to set dates for spending time with them, it was particularly difficult to get members of this group to commit to a specific time, and they would only agree on the day, rather than in advance, as to when we could spend time with them.

The process of approaching the respondents on a one on one basis and formally inviting them to participate in the research study enabled the researchers to complete a comprehensive schedule of interviews. It provided a basis for the field work schedule and for developing a timeline for conducting the field research. The time line set for conducting the interviews was 12 weeks. This was largely determined by time and resource constraints. It was decided to avoid the election period that was pending. Of the total of 75 potential interviewees approached through the various ways outlined above, 55 agreed to participate in the interview, which represents a 73% acceptance rate.

- **Conducting the field work**

  This stage involved the actual field work to collect the data. Preparatory work included sorting consent and information forms and organizing recording equipment. The actual fieldwork commenced with visiting authorities and community leaders to officially notify them of the commencement of the research in their area. This was the case in both the rural and urban areas. Respondents on the list were then visited and the consent and information forms were administered. There was a mixed response to the options to either sign or verbally agree to the consent, with the majority opting to verbally agree. The reason advanced for this by the research
assistant was that the verbal contract was viewed as a demonstration by the respondents of trust and confidence in the researchers. On the other hand the formal and rigid signing process could be viewed as lack of trust and confidence in the degree of commitment by the respondents.

The standard set time for each interview was an hour and half, but due to the fact that the researchers were conducting the interviews whilst living with the respondents, at times the full interview was spread over a whole day with instances of interruptions. The interruptions took various forms such as when respondents were either doing some work or when they had visitors.

Interviews with the rural BOP based in urban areas took place both at home and at the workplace, depending on where the respondents were at the time of the interview. The interviews at the workplace took longer because of interruptions but they were important in the sense that they gave an opportunity to observe the respondents engage in discussions on the issues that were being investigated.

- **Ethnographic observations**

In order to augment the one on one interviews, an interpretative ethnographic observation approach was used. This was made possible by the decision to conduct the interviews while living with BOP consumers in their natural environments, instead of the researchers coming to just conduct the interviews as advocated by Wolcott (1999) who encouraged researchers to live with interviewees when conducting ethnographic observations. This helped the researchers get a more textured view of BOP consumers as they engaged in their consumer purchase decision process and in their interaction with other consumers in social network meetings where information was shared. The ethnographic data collection was undertaken in two ways.

The first was through observations while staying with respondents and going on shopping trips with them, and the second through observations at social network meetings. The researchers attended a total of 16 such meetings (e.g. the women’s community club meetings and church meetings). Sitting in the meetings provided an opportunity to observe how these consumers shared information about a variety of
issues relating to their day to day lives – in particular, those that related to their purchase decision making (Napier, Hosley et al, 2004). It also provided an opportunity to see how opinion leaders often took control of such meetings and the potential of such leaders to shape the other consumers’ opinions on product purchase.

There is no consensus on the length of time that ethnographers should spend at a site (Creswell, 2007). The emphasis is on the exposure and ability of the researchers to be actively involved in observing target respondents in multiple sites. This is a condition which was met in this study through visits and participation in multiple social gatherings, and spending time with interviewees in their natural setting over a period of twelve weeks (Lecompte and Goetz, 1982). This prerequisite was augmented by shopping trips which the researchers undertook with the consumers. The researchers were able to observe the respondents search for products from various formal and informal distribution channels such as village markets and local shops, where they engaged in negotiations with the sellers and compared prices.

Listening to the informal conversations among the consumers in this set-up was also important, since this was a source of information and potential influence on the consumers’ decision making. However, unlike the traditional approach of observation which assumes there is a distance between the researcher and the participants, we adopted the modern collaborative approach where there is dialogue with participants in the process of observing them (Mariampolski, 2006). The researchers would not have been able to gain these insights if they had not been living with these consumers in their environment and engaging with them in their natural world. Given the chief researcher’s limitation of not being a member of the BOP, this ethnographic approach enabled him to get insights on these consumers’ cultural practices, myths and aspirations which he would not otherwise have been able to do.
6.4.2 Focus Groups

i. Sample Size

Greenbaum (1988) recommends the size of a focus group to be between 8 and 10, while Creswell (2007) recommends that they be between 6 and 10. There are variations on the number of focus groups recommended to be conducted in order to achieve methodological soundness. Morgan (1993) recommends 4 to 6 groups, while Stewart and Shamdasani (1990) recommend 8 to 10 groups. A total of 4 focus groups were conducted for this research in line with Morgan’s recommendation, taking into consideration that these were being undertaken in conjunction with the personal interviews and ethnographic observations. Each focus group had 8 participants. Cost and time constraints were also a consideration. One focus group was conducted in each BOP category in Zimbabwe.

ii. Unit of Analysis

The unit of analysis for the focus group was the group as opposed to the individual in the one to one interviews.

iii. Sampling Strategy

Random purposeful sampling was used to identify participants in the focus groups in line with the argument for using this method for the individual one to one interviews. Participants were recruited through community groups such as churches and other social networks in the research sites.

iv. How Was the Data Collected?

Although focus groups required more planning than one to one interviews, the procedure to gain access and conducting the fieldwork was the same as that for the personal interviews outlined in Figure 6.2 with variations on a number of issues. The focus group interviews were undertaken during the same period and at the same sites as the personal interviews. Hence, the challenges and issues that were encountered with focus groups were dealt with in the same manner as had been the case with the one to one interviews. For example, when introductions and
authorization were being sought from the authorities and community leaders, it was for both the personal interview and the focus group.

The key difference in the process was the use of the research assistant as a moderator in the focus groups while the chief researcher only sat in on the group discussions. This helped bridge the gap that existed between the chief researcher and the respondents. The focus groups were conducted at the community centres in the urban areas and at a church in the rural area. The presence of others intensified the interaction and enhanced the richness of the data collected. There was intense interaction among respondents in the focus groups. This was unlike the personal interviews, where the focus was on the interaction between the respondent and the researcher (Hedges, 1985). Another key difference compared to the personal interviews was the length of the focus group. The four discussions were carried out on Thursdays and Saturdays and took an average of two and half hours. Light refreshments and food were served during the session which is in line with the general trend of having something to eat and drink when there is a community gathering.
6.4.3 Case Studies

i. Sample Size

Multiple cases studies of manufacturers of food and personal hygiene products were conducted. There are no general rules for sample size and number of cases studies (Patton, 1990; Yin, 2003). The number is largely determined by the issues that need to be investigated, the time frame of the study, the practicality of doing the study and the cost of the research (Patton, 1990). Various authors suggest different ranges of ideal numbers of cases studies. For example, Yin (2003) suggests two or three cases for literal replication and four to six cases for theoretical replication, while Perry (1998) recommends between two and four as a minimum, and ten to fifteen as maximum in line with Creswell’s (2007) recommendation.

A total of four case studies were conducted, two from the locally owned companies and two from the subsidiaries of foreign owned multinationals. The number of cases used for this study was determined by the overall contribution to manufacturing output, costs, time constraints and the feasibility of conducting the research given the circumstances under which firms were operating in Zimbabwe. The four firms chosen are information rich and account for more than 72% of the food and personal hygiene products produced in Zimbabwe. They were selected from the 11 firms deemed to be currently operating on a consistent basis in Zimbabwe (CZI, 2008).

ii. Unit of Analysis

The unit of analysis for the case studies was the firm, while the target respondents were the heads of marketing and sales personnel in the companies, i.e. marketing and sales director or manager, depending on the size of the firm.

iii. Sampling Strategy

Purposeful sampling of the firms was used to enable the researcher to collect data on the most important issues in marketing to the BOP in Zimbabwe (Patton, 1990). Variation was provided by the different characteristics of firms (i.e.
subsidiaries of MNCs and locally owned firms). This is considered a critical element for collecting case study data (Stake, 1994).

iv. How Was the Data Collected?

In order to facilitate replication of the research, a summary of the procedure that was followed in conducting the case study interviews is provided in Figure 6.3. This procedure will enable other researchers to conduct case studies in other BOP research locations. A brief discussion on the key stages of the case studies follows so as to highlight some of the challenges faced that either confirm or disconfirm previously held assumptions about conducting case studies among BOP groups.

Pilot Study

The chief researcher went to Zimbabwe in June 2007 for two months to carry out a preliminary feasibility study for conducting case studies on manufacturers of food and personal hygiene products. The purpose of this preliminary study was to establish the feasibility of conducting the research given the changing dynamic environment that firms in Zimbabwe were being exposed to. This included assessing the number of firms that were still operational in manufacturing food and personal hygiene products and investigating whether these firms would be interested in participating in the study. Using the Confederation of Zimbabwe Industries’ index of companies deemed to be operating regularly (which stipulates a minimum capacity utilization of 25%), a total of eleven firms were identified as potential targets for the case study.

- Preparatory stage

Further scrutiny of the companies’ capacity utilization and production output contribution to overall industry output was done to reduce the sample to four companies with representation of both local and foreign owned firms. The justification for choosing four firms has been previously discussed. A case study protocol outlining the detailed guidelines for conducting the case studies was then developed. (Refer to Appendix 7 for the Case Study Protocol). Official letters inviting the four companies to participate in the study were sent in September 2007 by email and these were then followed up by telephone calls. A detailed schedule for
visits was compiled by the end of October 2007, targeting the second week of January 2008 for the commencement of interviews.

**Figure 6.3 Procedure used to conduct case studies**

- **Pilot Study**
  - Initial visit to research location-Zimbabwe
  - Established contacts with nine of the firms in the food and personal hygiene sector
  - Purposeful sector analysis to identify information rich firm
  - Identified the 4 firms based on their information richness

- **Preparatory Stage**
  - Identified heads of marketing in the firms and established contact
  - Developed case study protocol
  - Formal request for introductory interview
  - Finalized field work schedule

- **In-depth Interviews**
  - Commenced field work
  - Went through introduction, purpose of study, interview time and sought formal consent
  - Sought permission to record interview and commence interview
  - Phase 1 interviews
  - Phase 2 Interviews

- **Document Analysis and Field Visits**
  - Reviewed archival records and documents
  - Went on trade visits for observation
  - Attended promotional activities

- **Analysis**
  - Transcription and translation of interviews
  - Validation of interview and interpretation of translations with sample interviewees to confirm content
  - Within-case analysis
  - Cross-case analysis
• **Personal interviews**
  
  These commenced in January 2008 and were completed in July 2008. A detailed case study protocol and multiple interviews were used to minimize the effect of response bias and inaccuracies due to poor recall. The first phase of the interviews involved the formal introduction, signing or verbal consent and requests for recording (Appendices 8 and 9). Background information about the company was covered in the first interview, which was with the head of marketing. The second interview covered the core issues under study. The case study protocol provided details of the issues being studied. This was not necessarily used during the interview because the chief researcher wanted the interviews to be as open-ended as possible in order to get as much detail as possible. The introduction letter had highlighted the core issues that were being covered by the study and the interviewees used this as a reference. For all four companies the target respondents were the heads of marketing.

• **Archival records and documents**
  
  Publicly available archival records such as industry surveys were reviewed in order to expand the sources of evidence. Data from documents such as press cuttings, confidential company records and in-house communications were used as contextual reference information to expand the sources of evidence for the case studies. Some internal archival records such as marketing plans were also used although these were confidential and were difficult to access. Common challenges posed, such as accessibility, were minimized by use of the researcher’s personal networks to gain access.

• **Direct observation**
  
  Observation was largely done through trade visits to the market and study of promotional activities undertaken by the companies. For example, the researcher had the opportunity to attend roadshows where promotional groups performed theatre which dramatized products to communicate product benefits to consumers. These were performed at shopping malls in BOP residential areas and at community group meetings. In order to manage the time constraints, the visits to observe promotional activities were structured around the time the interviews were conducted, thereby reducing costs.
6.5 Data Analysis Strategy

Kvale (1996) identifies five main approaches to interpretation of qualitative data which are centered on whether the interviewees or interviewer interprets the data. The fourth approach, which involves interpretation of the transcribed data by the interviewer, was used for this study. This approach allows development of meaning of the text by ‘bringing the interviewees’ own understanding into perspective as well as providing new perspectives from the researcher (Kvale, 1996, p.190).

Analysis of meaning of text was achieved through condensation, categorization, narration, interpretation and ad hoc approaches. Condensation involved reduction of the huge texts into succinct summaries where long statements were compressed, while categorization involved the reduction of the data to simple categories, figures and tables. Narrative structuring involved creation of a coherent structure and plots of the data and expanding new potentialities of meaning. Interpretation of the text involved a re-contextualization of the statements within a broader framework of reference, such as previous literature. Generation of meaning through ad hoc methods involved use of figures and flow charts to bring out the meaning of texts and to show relationships. These approaches are all interrelated, just as the whole process of data analysis was interrelated to the other steps in the research process.

6.5.1 Summary of Data Analysis Approach

The personal interviews and focus groups were conducted in the local dialect of Shona while the case studies were carried out in English. Translation was undertaken using the Zimbabwe Labour Centre. This is a research institute which specializes in social research and has experience in conducting both qualitative and quantitative research among BOP consumers. The chief researcher was able to be involved in the process of translation since he has a good understanding of the local language as it is his first language. Of the 55 interviews translated, versions of the interviews were taken back to a sample of 20 to verify and confirm the translations which is in line with the recommendation by Creswell (2007). At least 16 of the 20 respondents asked to complete the process confirmed the translated versions of the
interviews while the other four had variations in their levels of conformity. An interactive model adapted from Miles and Huberman (1994) which summarizes the data analysis was developed and is shown in Figure 6.4.

**Figure 6.4 Data analysis summary**

![Data analysis summary diagram](image)

Input data for consumer interviews, focus group discussions and case studies was in word format after transcripts had been constructed. A data mining and visualization software tool called NVIVO 7 was used to manage the data because it is user friendly, provides security by storing the database and files together in a single file, and displays graphically the codes and categories. Transcripts were read three times in order to get a general overview of the interviews and develop core categories or themes. Notes and memos from the fieldwork were added. Descriptions for each category were derived from a combination of ad hoc analysis from the text, the interviewer’s perspectives and insights from previous literature.

Detailed description was critical to capture the ethnographic dimensions of both consumer interviews and cases studies. Sets of what Creswell (2007) describes as families of themes were then derived. One example of a family of themes is consumer decision making processes, whose subthemes are income source and budgeting. For the case studies, one family of themes was the impediments of doing business, whose subthemes are economic, financial, political, governance, social,
natural and human. There is limited use of counts or frequencies of counts in the study because this approach ‘conveys a quantitative orientation of magnitude and frequency contrary to qualitative research’ which is the approach used for this study (Creswell, 2007, p.153). This is different to the approach of Miles and Huberman (1994) who advocate counting of codes and establishing frequencies. Lessons learnt were from the interpretation: drawing insights from a combination of the persuasive personal views and relevance to previous research. The data is simultaneously presented in various visual forms to illustrate relationships or links where they exist.

Cross-case synthesis was used for the case studies in order to enhance the findings from the case studies (Gomm, Hammersley et al, 2000). Hence the main focus of the interpretation of the findings was more on the development of solid, plausible and fair arguments ‘that are supported by direct evidence from the data’ (Yin, 2003, p.137). The strength of this interpretation does not lie in numeric tallies but on argumentative interpretation which makes reference to multiple sources of evidence such as archival records, interviews, internal records and observation.

6.5.2 Methodological Soundness and Trustworthiness of the Study

Establishing methodological soundness and trustworthiness is a critical component of any research study which brings authenticity to the process of collecting data and the subsequent findings (Creswell, 2007).

6.5.3 How is Credibility Achieved in this Study?

i. Validation

There is evidence of qualitative equivalents to quantitative approaches to validation which assist in justifying the validity of qualitative research (LeCompte and Goetz, 1982; Lincoln and Guba, 1985 and 2000). Creswell (2007) presents a summary of different perspectives and terms used in qualitative validation to justify the trustworthiness and methodological soundness of qualitative research. These are viewed as “naturalist’s equivalents for internal validation, external validation, reliability and objectivity” (Lincoln and Guba, 1985, p. 165). Creswell (2007) outlines eight strategies for validation, of which he recommends researchers to
implement at least two strategies in order to enhance the validity of the qualitative research. The following strategies were used to enhance the validity of this study:

- Prolonged engagement and persistent observation of participants
- Use of multiple sources of data
- Participant feedback on translation and interpretation
- Rich detailed descriptions

Prolonged stay and engagement of consumers in their natural domains enabled the researcher to live and experience their day to day exposure to the phenomenon under study: namely, their buying decision making processes when buying products and the subsequent interaction with the companies that manufacture these products. This engagement involved the conduct of the in-depth consumer one to one interviews, focus groups and ethnographic observations. The researcher built trust among participants through understanding their cultural sensitivities, participating in networks such as church gatherings and observing their activities (Creswell, 2007).

This was also applied in the case studies, where the researcher conducted multiple interviews over a long period of time with the marketing executives to gain insights as to their engagement of the BOP. Use of multiple data sources such as the interviews, archival data and documents enhanced the credibility of the research (Merriam, 1988; Miles and Huberman, 1994; Patton, 1990). Feedback on interpretations from the consumers and firms was conducted, and this is regarded as the best form of establishing credibility by Lincoln and Guba (1985). The credibility of the chief researcher and research assistant in the research location also enhanced the credibility of the research. A total of three field visits were conducted over a period of two years, each lasting on average ten weeks, which enabled a prolonged stay for the researchers.

**Reliability**

Reliability was enhanced by the good quality of recording, translation and transcription of the data. This is in line with Silverman’s (2005) propositions on how to achieve reliability in qualitative research. Translation was done by an established...
research institute, the Zimbabwe Labour Centre (ZLC), which has experience in conducting research at the BOP.

6.5.4 Research Methodology Limitations

There were methodological limitations to the collection of data, some of which have been highlighted during the discussion on how data was collected. Issues of researcher and participant bias and ethical issues are some of the main methodological limitations that require discussion. Further limitations of the study are covered in Chapter 10 of this thesis.

i. Researcher Bias

Researcher bias is often highlighted as one of the key challenges of conducting qualitative research where the researcher can impose their own feelings, values and pre-conceived opinions on the phenomenon under study (Creswell, 2007). The use of a research assistant assisted in minimizing the researcher’s bias and the use of independent translators assisted in reducing bias in the data analysis. The cross-referral feedback from a sample of respondents also minimized bias. The decision to live with consumers in their real world with a research assistant also assisted the chief researcher in managing potential bias, especially on observations made. Observations were recorded in the form of a diary and constant reflection was done with respondents while living with them. For the case studies, constant feedback and reflections from other industry experts that were not in the case studies, complemented by the comprehensive protocol, helped the chief researcher minimize bias on the findings.

ii. Participant Bias

Potential for participant bias lay in two key areas, namely response bias through an intentional or unintentional response which was not representative of their actual opinions or behaviour due to a desire to give socially desirable responses (Creswell, 2007). These were challenges that were likely to be common at the BOP in Zimbabwe, given the limited previous experience in participating in research and potential negative attitude towards academic research by firms. However, both biases were effectively minimized by the ethnographic approach and amount of time spent
with participants, in particular, by living with BOP consumers, which enabled researchers to continuously observe them in their real world and also to verify responses where there were inconsistencies. In the case of firms, observations from the visits to channels of distribution, BOP groups and promotional activities minimized these biases.

iii. Ethical Issues

Ethical issues surrounding the protection of consumers (in this case marginalized BOP consumers) were safeguarded through an application to the University of Western Sydney Ethics committee. An information letter and consent form were used in all interviews as outlined in earlier discussions, in order to give participants all the information about the study, and consent was sought in all the interviews, although, as indicated earlier, in some instances consent given was verbal, which was a sign of the trust participants had developed with the researchers. Confidentiality of participants was guaranteed through anonymous identification.

6.6 Conclusion

The chapter has outlined the qualitative mixed method research methodology used to conduct research at the BOP in Zimbabwe. The method used took the circumstances prevalent in Zimbabwe into consideration. Procedures for implementing the research strategy were outlined for potential replication in other countries with large BOP markets.
Research Results – BOP Consumer Decision Making
7.1 Introduction

The literature review detailed in Chapter 2 identified key gaps in our knowledge of how BOP consumers make decisions to buy products. The purpose of this chapter is to present findings from the qualitative consumer interviews, ethnographic observations and focus group interviews conducted among the four BOP groups.

The research study set out to answer the following key questions in order to understand BOP consumer decision making in Zimbabwe.

Research Questions

- RQ1 What are the sources of income for Zimbabwean BOP consumers and how do consumers allocate it across their needs?
- RQ2 How do Zimbabwean BOP consumers make decisions to buy food and personal hygiene products and who makes the decision to buy the products?
- RQ3 What drives Zimbabwean BOP consumers to buy food and personal hygiene products?
- RQ4 What constraints do Zimbabwean BOP consumers face in accessing food and personal hygiene products and how do they cope with these constraints?

Sections 7.1 to 7.4 analyze the findings related to each of the research questions using categories derived from the interview transcripts using NVIVO, and making reference to previous literature themes that were captured in the interview guide used to conduct the interviews. The data analysis procedure outlined in Chapter 6 is used to analyze the meaning of the text through condensation, categorization, narration, interpretation and ad hoc approaches. Figures and tables are used to enhance the narrative in order to create a coherent structure and expand new potentialities of meaning. Reference is made to the following codes used for the BOP groups: BOPDU, BOPU, BOPRU, and BOPR, where BOPDU refers to the diluted urban group, BOPU refers to the urban group, BOPRU refers to the rural-urban based group and BOPR refers to the rural based group.
Appendices 10 and 11 summarize profiles of respondents from the consumer interviews and focus groups. The majority of the respondents were female and married (64% and 74%, respectively). The most common family size was 6 to 8 family members, which reflects the large family sizes common at the BOP (Viswanathan, Sridharan et al., 2008). Other key demographic characteristics, such as accommodation, employment and income patterns, are discussed in later sections of this chapter.

7.2 Consumer Decision Making

In order to investigate how BOP consumers in Zimbabwe make their decisions to purchase food and personal hygiene products (FPHPs), it was important to investigate their sources of income, how they allocated their income to expenses given their low income, what drove them to make the purchase, and the constraints they faced. Findings from the consumer interviews, ethnographic observations and focus group discussions which could provide insights on how these consumers make purchase decisions are detailed in the next sections.

7.2.1 Income Source and Budget Planning

Limited disposable income has been identified as a common feature of consumers at the BOP and is at the centre of defining the BOP (Ersado, 2006). The World Bank’s classification of the BOP, expanded by Rangan, Quelch et al. (2007), identifies this market as consumers who live on less than $2 a day. All fifty-five interviewees and focus group participants across all four of the BOP groups in Zimbabwe confirmed that their income was below the Total Consumption Poverty Line (TCPL), which translates to daily income of between US$0.20 and US$0.95 per day and is within range of the World Bank-based BOP classification of US$2 per day used in this thesis.

Interviewees in all four groups engaged in a planning and budgeting process which linked their income to prioritization of expenses. This was confirmed in the focus group discussions in which participants emphasized that the process was informal and was done subconsciously but was a critical aspect of their lives. Observations made by the researchers while living with the interviewees, during the
shopping trips and discussions held in the household and at social network meetings, also confirmed that interviewees engaged in this planning process.

i. Income Sources

There were three key sources of income that interviewees relied on for their livelihood: formal employment, informal employment and remittances. These are shown in Table 7.1. Interviewees and participants in all four groups indicated that they always had an income deficit because their income was not enough to cater for their needs. The informal sector was the main source of income for the urban and rural-urban groups who engaged in a variety of self-employment activities such as vending and semi-skilled manufacturing. Income generation was not restricted to one activity per individual but covered a number of projects in order to maximize potential income. This point was more prominent in the focus group discussions of the diluted urban, rural-urban and urban consumers, in which participants indicated that multiple jobs were a prerequisite for survival. It was also evident in the researchers' observations of the participants engaging in multiple income generation activities per day. The diluted urban group relied mainly on their formal employment in the civil service or private sectors.

Interviewees from the diluted urban group revealed that although their salaries were very low, they still continued to go to work in the hope that there would be a turn around of the economy. They also noted that workplaces gave them an opportunity to interact with different people which helped them get information about where to find products, given the product shortages which they cited as being common in their environment. However, informal income-generating projects were not prominent among the diluted urban group. A few interviewees in this group revealed that they engaged in extra income-generating projects, such as selling scarce products, since their salaries were no longer adequate to meet their needs and were eroded by hyperinflation. The researchers had an opportunity to visit participants at their projects where they observed them conducting business. Discussions in the focus group for the diluted urban group indicated the willingness of these consumers to engage in extra income-generating projects, but there was lack of knowledge and information on how to engage in them. For the urban and rural-urban groups, the focus groups confirmed the dominance of self-employment activities as the main
sources of income. This was mentioned by twenty-eight of the thirty-five interviewees.

**Table 7.1 BOP income sources and contribution by activities**

<table>
<thead>
<tr>
<th>GROUP</th>
<th>FORMAL EMPLOYMENT</th>
<th>INFORMAL EMPLOYMENT</th>
<th>REMITTANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>DILUTED URBAN</td>
<td>• Civil service&lt;br&gt;• Middle management&lt;br&gt;• Trades people</td>
<td>• Vending&lt;br&gt;• Welding&lt;br&gt;• Tuckshop&lt;br&gt;• Panel beating&lt;br&gt;• Crocheting</td>
<td>• Overseas remittances</td>
</tr>
<tr>
<td>URBAN</td>
<td>• Civil service&lt;br&gt;• Shop floor&lt;br&gt;• Semi-skilled trades</td>
<td>• Vending&lt;br&gt;• Welding&lt;br&gt;• Tuckshop&lt;br&gt;• Panel beating&lt;br&gt;• Crocheting</td>
<td>• Overseas remittances</td>
</tr>
<tr>
<td>RURAL-URBAN</td>
<td>• Shop floor&lt;br&gt;• Semi-skilled trades</td>
<td>• Vending&lt;br&gt;• Welding&lt;br&gt;• Panel beating&lt;br&gt;• Touting&lt;br&gt;• Carpentry</td>
<td>• Overseas remittances</td>
</tr>
<tr>
<td>RURAL</td>
<td>• Civil service</td>
<td>• Subsistence farming projects&lt;br&gt;• Crocheting</td>
<td>• Overseas remittances&lt;br&gt;• Local remittances</td>
</tr>
</tbody>
</table>

The rural group largely derived its income from the informal sector, with eight of the ten interviewees mentioning that they relied on proceeds from informal activities. The primary income-generating activity was subsistence farming, which involved cultivation of crops such as cotton, maize and other vegetables. These projects were the key sources of food, although the interviewees indicated that the persistent droughts had affected their harvest which resulted in them relying on provisions from non-governmental organizations. However, the interviewees were also active in other projects which the researchers observed, such as crocheting, honey making and furniture making, although these were at a smaller scale compared to the vegetable projects in which all interviewees were actively engaged.

Participants in the consumer interviews and focus group in the rural area mentioned that the bias towards subsistence projects was influenced by supply and
demand factors. They mentioned that, unlike the urban areas where there was some demand for furniture or welding services, in the rural areas such services were deemed luxuries due to the extremely low levels of disposable income. Thus, proceeds from subsistence farming were still the main source of income for the rural BOP.

Remittances from overseas had become a key source of extra income for interviewees in all four groups. The diluted urban, rural-urban and urban groups received the highest proportion of remittances, and in focus group discussions these groups emphasised the point that urban consumers now relied on remittances as a key source of income for their survival. The situation was different with the rural group, who were the least likely of the four groups to benefit from overseas remittances. This was confirmed by results from the focus groups, in which the rural participants explained that they did not get many remittances due to a number of factors, such as the fact that only a limited number of their children or relatives had received the opportunity to migrate. They also highlighted the absence of banks and money transfer companies in their areas as another factor which prevented them from receiving remittances from overseas, in the case of the few who had relatives who could send them money. This was unlike the situation in the urban areas where there were multiple money transfer agencies.

Interviewees in the diluted urban, rural-urban and urban groups were observed standing in long winding lines at transfer agencies waiting to get their remittances from friends and relatives overseas. Twenty-three of the thirty-four consumers in these groups, who had acknowledged that remittances were a key source of income, admitted spending an average of two days in queuing at money transfer agencies to collect their money. Due to cash shortages and the overwhelming demand for transfer agencies’ services, clients ended up sleeping overnight in the lines in order to be served first the next morning. Participants in focus group discussions confirmed the importance of remittances as a key source of income. However, unlike the urban and rural-urban based group participants, those in the diluted urban group expressed their ambition to migrate overseas to work instead of just relying on the remittances sent by friends and relatives.
ii. **Prioritisation of Expenses**

The second element in budget planning was allocating priorities to various expenses. A key common finding across the four groups was the fact that their income from the various sources was not adequate to meet their needs. This was evident from statements of interviewees and focus group participants, such as:

*BOPDU2*: The biggest challenge for us is that our income is not even enough to meet our basic needs, we end up spending money on needs as they arise.

*BOPU5*: We have to be smart about how we spend the money because its not enough to meet our needs

*BOPRU7*: My income is very tight, and stretched, so I have to be very careful about how I spend it

*BOPRI*: Money is erratic and too little to meet our needs so we have to be very clever about how we spend the little money that we get.

Prioritisation of expenses was identified as the key starting point of the budgeting and planning process by interviewees in all four groups. The prioritisation was said to be motivated by the limited income these consumers had access to. Besides setting priorities on what to spend their income on, interviewees explained that they had to devise coping strategies to make up for the deficit. For the diluted urban, urban and rural-urban groups, rent was identified as the main priority for payment. This was in line with the evidence on accommodation ownership which showed that the majority of the interviewees did not own a house but were lodgers. Participants in the urban and rural urban groups were overwhelmingly lodgers, whilst the diluted urban group included some interviewees who owned houses that they bought before the economic crisis, when they still had access to mortgages.

Pressure for accommodation was highlighted as a key concern by focus group participants in the diluted urban, rural-urban and urban groups. The diluted urban group cited this as a major indication of how their status had been diluted, because

---

1 Bottom of Pyramid Diluted Urban  
2 Bottom of Pyramid Urban  
3 Bottom of Pyramid Rural-Urban  
4 Bottom of Pyramid Rural
before the crisis owning a house was a practical and affordable expectation. Rent was not a factor for the rural group since the majority of the interviewees owned the homesteads where they lived. However, discussions in the rural focus group indicated the pressure for more land to meet the needs of growing families. The pressure for and prioritization of accommodation was different to that faced by those in urban areas. Younger participants in the rural focus group did not have their own plots and felt that ownership or security of accommodation was a critical priority for them as it was not respectable to continue living with parents once they were married. Food was the next priority for the diluted urban, urban and rural-urban groups. For the rural group, food was the main priority given their lesser pressure to find accommodation.

**Relevance to Research Questions**

The preceding section has highlighted key findings on the diverse sources of income for BOP consumers in Zimbabwe. The findings show that consumers engaged in a defined process of linking their income with their expenses, which they prioritize in accordance with their needs. Food and accommodation are the main priorities for the diluted urban, urban and rural-urban groups, whilst food is the main priority for the rural group. The findings address research question 1 which sought to investigate the sources of income for the consumers and how they allocated their income to expenses – areas which are identified as gaps in the current literature.

**7.2.2 Consumer Purchase Decision Making Approach**

Interviewees were asked to describe and explain their approach to buying food and personal hygiene products in terms of the importance and value they placed on the purchase. The budgeting and planning process they highlighted had provided a general overview of how they allocated their limited income to their main expenses, but not necessarily the importance they placed on the purchase.

Every purchase was deemed to be important by interviewees in all groups, given their limited income. Because of this they had to make sure they were making the right purchase each time they bought food and personal hygiene products. The importance of every purchase was the main theme in all the focus group discussions,
in which participants reinforced the point that buying food or personal hygiene products was not routine or habitual but an important decision for them. The interviewees mentioned that the ever-changing dynamics in the environment, such as prices changing every day and product shortages, forced them to place considerable importance on purchases of food and personal hygiene products.

What emerged from the findings was a trend towards BOP consumers buying products as and when they were needed, as and when they were available and when they could afford them. This was more prevalent in the diluted urban, rural-urban and urban groups, who identified their inadequate income and the hyperinflation environment as key issues which encouraged them to structure their decisions to purchase around the three highlighted issues. The inadequate income resulted in them going through the prioritization process outlined earlier, and as a result they bought products as and when they needed them and in smaller quantities and as and when they found them, unlike before the economic crisis when they could buy huge quantities. Both focus group participants and personal interviewees further emphasized this point by commenting on the product shortages common in the formal channels of distribution and how these forced them to buy products as and when they found them. These points, which will be discussed in more detail in the section on the drivers for purchase, are reflected in the following statements:

*BOPDU*\(^5\): *These days I buy products as and when I need them and when I can find them because there is no guarantee of finding products in the shops*

*BOPU*\(^6\): *Food and other groceries are bought as and when they are needed and available since most of the times they are not readily available, so if we get an opportunity to buy them, we have no option but to grab what we can find at that moment.*

*BOPRU*\(^7\): *I restrict my requirements to as and when necessary, what I do is to buy products as and when I can afford and find them and just store them till I get an opportunity to send them to my family in the rural areas when I get the chance to do so.*

---

\(^5\) Bottom of Pyramid Diluted Urban  
\(^6\) Bottom of Pyramid Urban  
\(^7\) Bottom of Pyramid Rural-Urban
A common factor among all four groups was how they structured purchase occasions around the time when the interviewees had income. The urban and rural-urban groups, who were mostly self-employed, had more flexibility to buy products as and when they found them since they received their income at regular intervals, unlike the diluted urban group who had to rely on their salary which they received once a month. A key finding which emerged from all four groups, and was the subject of focus group discussions, was the tendency by these consumers to make sacrifices to buy products at times when they did not have the money to do so. This was done either because the products were readily available or in order to take advantage of value in price terms, given the constant changing of prices due to hyperinflation.

The rural-urban group also had a unique process of buying their products since they had two households to look after: their urban household and their rural household where their families stayed permanently. These interviewees had developed a dual buying system where they bought products concurrently for use in town and for the family in the rural areas. A key strategy used by the group was to buy products in bits and pieces until they had a full household set of groceries for their rural household. Examples given in both the personal interviews and focus group discussions described how a participant would buy cooking oil on one purchase occasion and then buy soap or salt on the next occasion until his or her required quantities were enough to make a full basket of basic products to take to their rural families.

The situation was different with the rural group, in which interviewees explained that they relied on food and personal hygiene provisions from non-governmental organisations such as Care which provided them with food aid on a monthly basis. Exceptions were those housewives who had husbands working in the urban areas and parents with adult children in urban areas who sent them provisions. This group of consumers was not given priority by the NGOs because they had alternative sources for their provisions. This was a source of tension in the focus group discussions, in which the group of participants who were accorded low priority by aid agencies complained that this was a form of discrimination, as not all of them...
were getting adequate supplies from their husbands or children living in the urban areas.

### i. Consumer Roles

The preceding section outlined findings on the consumer decision making approach used by BOP consumers in Zimbabwe when buying products. This section covers findings on who made the decision to purchase products and discusses the various roles the BOP consumers had in the purchase decision. Interviewees indicated that traditionally women had the overriding role in buying food and personal hygiene products in all four groups. Whilst the husband and children were also users of the products bought by the wife/mother, their participation in terms of purchasing roles such as initiating, deciding, influencing and buying of the products was said to be very minimal or insignificant. The different roles are shown in Table 7.2.

<table>
<thead>
<tr>
<th>ROLE</th>
<th>WIFE</th>
<th>HUSBAND</th>
<th>CHILDREN</th>
</tr>
</thead>
<tbody>
<tr>
<td>INITIATOR</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INFLUENCER</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DECIDER</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUYER</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USER</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

However, findings from the current study point to a change from this traditional gender-specific approach to the purchase of food and personal hygiene products. This was particularly the case among interviewees from the diluted urban and urban groups in which husbands and wives now shared responsibility for buying products. This is illustrated in Table 7.3. Purchases were made by whoever found the products and at a cheaper price, although price was said not to be the overriding factor given the product shortages common in the market. Thus, this shared responsibility was meant to militate against the high uncertainty of product
availability. The researchers had the opportunity to observe both the husbands and the wives searching for and buying products.

Table 7.3 Shared gender roles among diluted urban and urban BOP consumer groups

<table>
<thead>
<tr>
<th>ROLE</th>
<th>WIFE</th>
<th>HUSBAND</th>
<th>CHILDREN</th>
</tr>
</thead>
<tbody>
<tr>
<td>INITIATOR</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>INFLUENCER</td>
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<tr>
<td>DECIDER</td>
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<td>BUYER</td>
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<tr>
<td>USER</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

That this shared responsibility was motivated by the interviewees' drive to ensure access to products at the cheapest possible prices, and their need to minimise the time spent on searching for products, is shown by the following statements:

*BOPDU2*: It’s still predominantly my wife who buys food although I am also increasingly being more involved since I work in town in an office and I often meet people with various supplies which I buy when I have money

*BOPDU8*: It used to be my wife who bought all the food but now we collaborate to see how best we can save money

*BOPU2*: Both of us buy the products although of recent it’s been more of my husband since he works in town where the products are often cheaper than they are here in the tuckshops.

*BOPU6*: Buying food and soap is now a shared responsibility with my husband although I play a more leading role depending on where we find the products since they are often not readily available.

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8 Bottom Of Pyramid Diluted Urban
9 Bottom Of Pyramid Diluted Urban
10 Bottom Of Pyramid Urban
11 Bottom Of Pyramid Urban
Although the phenomenon of the husband being more responsible for purchase in this shared gender role set-up was an interesting observation from the focus group discussions of these two groups, there was no consensus on the issue since other participants argued that men were only dominant where products were bought in the city, whilst women remained dominant in looking for products in the informal channels of distribution in the interviewees’ residential areas. The knowledge and willingness of males participating in this process was confirmed in the focus groups, where participants reiterated the importance of joint ownership of the process of buying these products, as it could enhance the chances of getting the products and getting them at an affordable price. Collective decision making was identified as a critical success factor for purchases in the focus group discussions.

The situation was different for rural-urban interviewees where the husband was resident in the urban areas and took the major responsibility for making the decisions on which products to buy in terms of initiating, influencing, deciding and buying of the products (see Table 7.4). Whilst interviewees mentioned that there was still a level of sharing the decision, as the husbands often consulted their wives in the rural areas on what to buy, this was no longer a priority given the challenges of finding the products and changing prices. The husband ultimately decided what to buy taking the wife’s views into consideration where possible. The husbands, wives and children used the products even though the husband was the one who bought the products.

**Table 7.4 Shared gender roles among rural-urban consumer groups**

<table>
<thead>
<tr>
<th>ROLE</th>
<th>WIFE</th>
<th>HUSBAND</th>
<th>CHILDREN</th>
</tr>
</thead>
<tbody>
<tr>
<td>INITIATOR</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>INFLUENCER</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>DECIDER</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>BUYER</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>USER</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
The interviewees in this group mentioned that before the economic hardship, the wives in the rural areas would go to town at the end of the month to do their shopping, but this had become difficult due to the high costs of travelling. Products were said to be more readily available and affordable in urban areas than in rural areas, which provided more motivation for the husbands to take a leading role in buying the products. However, the interviewees explained that in some cases the housewives in the rural areas often bought products from the local shops or informal markets when available.

For the rural group there was a mixed pattern of behaviour in terms of gender roles. In cases where the rural interviewees received income from their harvest and engaged in buying products, the process and decision were still undertaken by the wife in fulfilment of the strict traditional conservative gender roles. This was confirmed in the focus group discussions in which both the male and female participants explained that, in their opinion, the purchase of food and personal hygiene products was the responsibility of the wife or women in the household, and they shunned what they perceived to be cultural contamination from the urban areas which advocated sharing of responsibilities.

Besides gender, other members of the family such as children played an important role in the purchase decision of food and personal hygiene products. Findings from interviewees in all four groups point to variations in the roles of children in the purchase decision although the general pattern was that at a young age, children did not play an important role in determining which products were bought. A dimension of the different roles of children which emerged from this study involved their role in the later stages of the family life cycle when they became responsible for buying their parents' basic food and personal hygiene products. This was identified by all four groups who mentioned that the absence of pension schemes and support systems for the elderly at the BOP resulted in children having to take the full responsibility for the entire upkeep of their parents who were old or in retirement.

The multiple roles of children in the purchase decision process were more evident in the urban, rural-urban and rural groups, where adult children were
responsible for the upkeep of their parents and siblings. They tended to assume multiple roles in the process where they decided, influenced and did the actual buying of the products, as shown in Table 7.5. The parents often jointly initiated the process with the children, although this was no longer paramount to the decision on what was bought given the challenges of getting and buying these products. Ultimately the children decided what was bought. Usage of the products was by the children, parents and other dependents (mostly minors). The motivation for this pattern of roles, as expressed by interviewees, was to cut costs of purchase, transportation and better availability of products, especially for those children buying products for parents in rural areas.

Some interviewees in the urban diluted group wanted to consider their children’s preferences when buying products, although this point was disputed by the focus group participants who argued that this was not possible in the tough economic environment in which they lived. Another variation highlighted by the urban and rural-urban interviewees and focus group participants was the involvement of children in looking for products due to shortages in the market and in situations where grandparents were looking after orphans left behind by parents who had been victims of AIDS.

Table 7.5 Shared family roles among rural-urban and urban consumer groups

<table>
<thead>
<tr>
<th>ROLE</th>
<th>OLDER CHILDREN</th>
<th>PARENTS</th>
<th>MINOR SIBLINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INITIATOR</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>INFLUENCER</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DECIDER</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUYER</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USER</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Relevance to Research Questions

Findings from the consumer interviews, ethnographic observations and focus groups indicated that the BOP consumers in Zimbabwe did not engage in a habitual purchasing approach when buying food and personal products. The purchase was found to be more involved, and importance was placed on each purchase due to the challenging environment in which they had to make these decisions. The findings also demonstrated the diversity and changing roles of BOP consumers in the different groups. The main trend identified was the involvement of husbands in the purchase decision which was contrary to the traditional model where the women performed the overriding role in the purchase. The above findings provide insights for research question 2, which sought to investigate how the consumers made their purchase decisions and to identify who made the decisions to buy products.

7.2.3 Determinants of Consumer Decision Making

This section presents findings on the various issues relating to research question 3 which asks what motivates BOP consumers to buy products, taking determinants of consumer decision making into consideration.

Purchase Drivers

Having established the planning process, the decision making approach and having identified who made the decisions to purchase products, the focus of the study shifted to investigation of what motivated the consumers to buy products. The majority of interviewees from all four groups (fifty-one) identified three inter-linked key purchase prerequisites which formed a core base of what motivated them to buy products. The key purchase prerequisites identified by the consumers were availability of product, affordability of the product and acceptable performance of the product. This is summarized as the 3As model which is shown in Figure 7.1.

Interviewees in all four groups indicated that product availability was not guaranteed, especially in the formal channels of distribution in Zimbabwe, due to the product shortages. This was combined with the unaffordability of products given the income shortfalls they experienced. Product performance was also linked to these two drivers, given the fact that making these purchases was not just a routine matter but an important decision, as highlighted in earlier findings. Participants in the focus groups emphasized that they had an expectation of acceptable performance of
products purchased, and that failure of a product to deliver had serious repercussions since they could not readily replace the products with their limited income. As an example, washing soap had to remove dirt found on clothes and also had to be usable for personal bathing.

Figure 7.1 3As model of product prerequisites at the BOP

Participants in all focus groups emphasized the importance of the link between these three prerequisites, which they cited as being the basis for the core drivers for their purchases. These were then translated into specific purchase drivers which motivated them to buy products. A summary of the drivers is shown in Table 7.6. These were divided into first and second tiers based on the identification of the three core prerequisites mentioned above.

First Tier Drivers

The interviewees and focus group participants were asked to identify and rank the drivers in terms of importance. A key finding across all the groups was the clustering of three key drivers which were said to be interlinked and complementary in terms of importance to their purchase of products. Forty-eight of the fifty-five interviewees highlighted this link. Focus group participants in all groups also emphasized the importance of this clustering of drivers in relation to the three purchase prerequisites they had highlighted earlier. This also confirmed findings from the personal interviews about the linked importance of these drivers to the
interviewees. The three key drivers identified (and grouped into one group) were physiological needs, uncertainty of product availability and price.

Table 7.6 Key purchase drivers and their components

<table>
<thead>
<tr>
<th>CORE PURCHASE DRIVERS.</th>
<th>COMPONENTS</th>
<th>RANKING OF DRIVERS %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRST TIER DRIVERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PHYSIOLOGICAL NEEDS</td>
<td>• Hunger</td>
<td>93*</td>
</tr>
<tr>
<td></td>
<td>• Personal hygiene</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Acceptable performance</td>
<td></td>
</tr>
<tr>
<td>UNCERTAINTY OF PRODUCT AVAILABILITY</td>
<td>• Product shortages</td>
<td>93*</td>
</tr>
<tr>
<td></td>
<td>• Black market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Speculation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• No option</td>
<td></td>
</tr>
<tr>
<td>PRICE</td>
<td>• Income availability</td>
<td>93*</td>
</tr>
<tr>
<td></td>
<td>• Market distortions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Hard currency pricing</td>
<td></td>
</tr>
<tr>
<td><strong>SECOND TIER DRIVERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEER &amp; SOCIAL NETWORK</td>
<td>• Source of information</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>• Source of product access</td>
<td></td>
</tr>
<tr>
<td>FAMILY</td>
<td>• Family roles</td>
<td>78</td>
</tr>
<tr>
<td>NEW PRODUCTS</td>
<td>• Cheaper alternatives</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>• Product performance</td>
<td></td>
</tr>
<tr>
<td>FIRMS' PROMOTION ACTIVITIES</td>
<td>• Direct marketing</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>• Branding</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• In-store promotions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• General above the line promotion</td>
<td></td>
</tr>
<tr>
<td>ENVIRONMENTAL HAZARDS</td>
<td>• Economic</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>• Political</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Literacy levels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Consumer rights</td>
<td></td>
</tr>
<tr>
<td>CONVENIENCE</td>
<td>• Location &amp; availability of channel</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>• Product size</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Multi-purpose use</td>
<td></td>
</tr>
</tbody>
</table>

* interlinked and dependent on each other
i. **Physiological Needs**

The importance of physiological needs was expressed by interviewees from the perspective of their link to the other two drivers of uncertain product availability and price. Hence consideration for meeting these needs was mentioned as being paramount in making a decision to buy the products. However, there were some variations in the type and product mix of products that were purchased to meet these needs. Examples of product variations used by interviewees, highlighted in Table 7.7, included buying soya chunks instead of meat, using cheaper forms of cooking oil to cook, or using washing bar soaps for bathing. Affordability was an important element in this connection. The soya chunks contained higher protein supplement than the grades of meat previously used, but were cheaper because they were processed from soya beans and their production did not involve the same degree of processing as meat. The cooking oil was cheaper and of lower quality because the product was a by-product of the slaughter of animals for export, unlike vegetable based cooking oil. As far as bar soap was concerned, this was traditionally used for washing clothes and as such contained harsher chemicals that were not skin sensitive, unlike toilet soap which contained skin sensitive ingredients and perfume.

**Table 7.7 BOP product substitutes**

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>SUBSTITUTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>COOKING OIL</td>
<td>• Pork and beef dripping based oil.</td>
</tr>
<tr>
<td></td>
<td>• Soya based oil</td>
</tr>
<tr>
<td>PROTEINS</td>
<td>• Soya chunks</td>
</tr>
<tr>
<td></td>
<td>• Soya mince</td>
</tr>
<tr>
<td></td>
<td>• Relish aids</td>
</tr>
<tr>
<td>BATHING SOAP</td>
<td>• Multi-purpose soap bar</td>
</tr>
<tr>
<td>BEVERAGES</td>
<td>• 3 in 1 sugar, tea and milk</td>
</tr>
</tbody>
</table>

Interviewees in all groups were either cutting down on the number of meals they had or were using substitute products as a way of ensuring that the basic physiological need was met regardless of the challenges they faced. Discussions in the focus groups provided a wider spectrum of examples of product substitute...
strategies such as substitutes for cooking oil. Participants in the diluted urban focus group confirmed findings from the personal interviews which indicated that the group had little experience in adjusting their lifestyle by way of finding product substitutes. This was different in the other three groups of rural, rural-urban and urban consumers who demonstrated a wider use of product substitutes to meet their needs.

The urban and rural-urban groups were the most innovative in terms of finding new products and ways of meeting their physiological needs. The rural group relied on the substitute products that they got from NGOs and, to some extent, those that they got from their relatives in the urban areas. This was an issue which was prominent in the focus group where the participants expressed their concern of not being in control of the products they used because of their dependence on the NGOs.

Single servings were common among all the substitutes identified by all groups to enhance affordability of the products; examples mentioned included sachets of toothpaste, cooking aids and some which were improvised such as buying beans, cooking oil, flour and sugar in cupfuls as opposed to packets.

ii Uncertainty of Product Availability

Uncertainty of product availability was cited by interviewees across all groups as a key driver whose importance was linked to the other two drivers of physiological needs and price. Interviewees explained that there were instances when they had a need for a product, but the product was not available or was available at high prices which under normal circumstances they would not pay. The interviewees highlighted the fact that product availability was not guaranteed in Zimbabwe, especially through the formal channels of distribution. This resulted in consumers giving availability virtually equivalent ranking to physiological needs and price of products. A common example mentioned in the personal interviews and focus groups was the purchase of salt, which normally was a low priced product. Due to shortages, resellers were charging high prices for the product when it was available, which resulted in the consumers sacrificing other expenses to buy the product regardless of the high price. Hence, uncertainty of product availability determined whether consumers made purchases or not, in conjunction with price and physiological needs.
Price

Interviewees in all groups revealed that they evaluated the price of products in conjunction with the other two drivers of physiological needs and uncertain product availability. This was confirmed in the focus group discussions in which participants highlighted the fact that price alone was not the core driver of their purchase due to the harsh environment in which they lived which in turn impacted on product availability. The rural group noted that it had little leeway to compare prices locally and that products were always priced at higher levels than in urban areas. However, an interesting observation was made in the rural focus group, where participants argued that due to the limited number of purchases they made, as they relied on handouts, they would expect prices of products to be low in their areas due to low demand. However, this was not the case, as in reality prices in rural areas generally remained higher than those in urban areas. Retailers in rural areas were said to blame the high prices they charged on the high transport costs they incurred in transporting products from towns. Interviewees from the diluted urban, urban and rural-urban groups explained that the individual importance of price as a driver was diluted by the constant changing of prices that took place in the market. Evidence from both the personal interviews and focus groups emphasized the inter-linkedness of price to the other two core drivers. This was reflected in the following statements:

BOPDU5\textsuperscript{12}: My basic needs determine what I buy but I also jointly consider whether I can find the products and at what price since I do not have a lot of income to meet my needs, although at times I end up buying products just because I would have found them readily available even though this might be at very high prices, but what can I do?

BOPU2\textsuperscript{13}: When it comes to what drives me to buy food or soap, I look at my family’s needs and whether the product is available at a price that I can afford, these are three important issues which I have to seriously consider together before any other concern

BOPRU9\textsuperscript{14}: There are number of issues that influence my decision to buy these producst of which my needs for food, and whether the products are

\textsuperscript{12} Bottom of Pyramid Diluted Urban
\textsuperscript{13} Bottom of Pyramid Urban
\textsuperscript{14} Bottom of Pyramid Rural-Urban
readily available at a good price are important to look at as a set, it’s difficult to say which one of these three is more important because you have to look at them all.

*BOPR4*: For us in the rural areas we do not have much choice because besides the need to eat and bath we have to look at the price and whether we can get the products since there are product shortages which is why at times we just buy what we find if we have money.

**Second Tier of Key Purchase Drivers**

Besides the set of three interlinked core drivers outlined above, the interviewees in all the groups went on to identify other key purchase drivers which they said helped to determine their purchase decision. Unlike the first set which was said to be linked and complementary, interviewees and focus group participants indicated that this second tier of drivers were not necessarily dependent on each other in the way they determined their purchases. Hence, they actually ranked them in terms of their importance in determining the decision. The second tier drivers are listed in Table 7.6. They are: social networks, new products, firms’ promotion activities and convenience.

**Peer and Social Networks**

Forty-six of the fifty-five interviewees were members of at least one social network which they mentioned as being influential in determining their purchase decision making. The types of social networks varied, and their impact on their members' purchase decisions also varied across the groups. The networks could be classified as informal or formal. Within the formal networks, there were two categories of social networks: social and economic. Under each of these network categories there were a number of different types of networks, as listed in Table 7.8. In general, there were multiple memberships of networks by the interviewees as the various networks offered different services.

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15 Bottom of Pyramid Rural
Table 7.8 Social networks at the BOP in Zimbabwe

<table>
<thead>
<tr>
<th>FORM</th>
<th>NETWORK</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFORMAL</td>
<td>• Familial</td>
</tr>
<tr>
<td></td>
<td>• Kinship</td>
</tr>
<tr>
<td></td>
<td>• Friends</td>
</tr>
<tr>
<td></td>
<td>• Community</td>
</tr>
<tr>
<td>FORMAL SOCIAL</td>
<td>• Burial societies</td>
</tr>
<tr>
<td></td>
<td>• Community clubs</td>
</tr>
<tr>
<td></td>
<td>• Non-governmental organizations</td>
</tr>
<tr>
<td></td>
<td>• Professional associations</td>
</tr>
<tr>
<td></td>
<td>• Religious groups</td>
</tr>
<tr>
<td>FORMAL ECONOMIC</td>
<td>• Buying clubs</td>
</tr>
<tr>
<td></td>
<td>• Franchise</td>
</tr>
<tr>
<td></td>
<td>• Micro-finance and self help groups</td>
</tr>
<tr>
<td></td>
<td>• Professional associations groups</td>
</tr>
</tbody>
</table>

*Informal networks*: across all groups, informal networks were based on informal relationships connected by family and kinship ties. The main actors in these informal bounded networks were families, friends, kinsmen/women and neighbours. The interviewees from the urban, rural-urban and rural groups were more active in informal networks that were family and kinship driven, unlike the diluted urban group whose informal network was made up of friends and work colleagues. A key network, of which interviewees from both the urban and rural-urban groups were members, was the kinship rural village association, which was made up of people who came from the same village. Interviewees used this network to keep in touch with their rural folks, and it also acted as a support group for them in the urban areas. Family, friends, kinsmen and neighbours were found to be the first port of call for urban, rural-urban and rural interviewees and focus group participants for advice and information on which products to buy or where they were to be found. This was reflected in the following statements:
BOPU7: Friends and family help so much so I am always on the lookout to hear what they say about which products to buy or on hints about new products or where to find products

BOPRU5: I am at work most of the time so I don’t get to see know about products or where to find them so I get this information from friends and relatives.

BOPRI: For me friends and relatives are an a important support group to get information on which products to buy when one gets a chance to buy the products.

The diluted urban group of interviewees relied more on friends and professional colleagues for information on the product choices available and for information on products. This was in contrast to the other groups which relied on their familial networks. However, some participants in the diluted urban group indicated in the focus group interviews that they were now also consulting relatives when looking for products and making decisions on which products to buy.

Formal networks: The common networks that were based on social activities, which interviewees across all groups were members of, included religious groups and non-governmental organizations. There were a broad range of actors in these networks, such as the interviewees, who were ordinary BOP consumers, as well as priests, civic leaders and employees of agencies like the NGOs. Interviewees in the diluted urban and urban groups were also active in two other critical networks based on social activities, namely, the community clubs and professional associations. Interviewees and focus group participants suggested that the urban group was the most active in these networks, as the rural-urban group was largely made up of males who were self-employed and spent most of their time at work. Hence they did not have time to participate in these networks as most of the networks held meetings during the week. This was reflected in the following statements:

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16 Bottom of the Pyramid Urban
17 Bottom of the Pyramid Rural-Urban
18 Bottom of the Pyramid Rural
**BOPRU3**19: I am not a member because I am always on the road and come back at night

**BOPRU6**20: I only go to church when I am off duty because the other groups convene during the week during my working hours

**BOPRU7**21: I just don’t have the time because of my two jobs although I go to church on Sunday

**BOPRU11**22: I work during the week-ends so I just don’t have time to be doing any of these group activities

Male members of the urban group were reluctant to participate in these clubs which they perceived to be for women. The main actors in the community clubs were BOP housewives from the urban group who interacted with city council social workers and company representatives. The diluted urban group interviewees were active in the professional associations, such as teachers, nurses and trades associations. Interviewees in all groups were active in economic networks which were dominated by self-help groups and micro-finance groups. Both formal economic and social networks had male and female members, although in rural areas women were more dominant in terms of membership of the networks.

Interviewees and focus groups participants indicated that social networks played an important role in determining their purchase decisions for products. However, different networks had a different impact on the four groups. For example burial societies (savings clubs for the purpose of assisting kinsmen with funeral expenses) and religious groups had an insignificant influence on the diluted urban group because they were not very active in these networks, in contrast to the rural-urban group interviewees who were very active in these networks because they helped them keep in touch with their kinsmen. The product choices of the diluted urban group interviewees were more influenced by members of their professional associations (e.g. teachers’ association) than any other social network. The urban group interviewees relied on the community clubs for information about which products to choose. The impact of social networks on the rural group interviewees

19 Bottom of the Pyramid Rural-Urban
20 Bottom of the Pyramid Rural-Urban
21 Bottom of the Pyramid Rural-Urban
22 Bottom of the Pyramid Rural-Urban
was minimal as the NGOs distributed specialized food and personal hygiene products for free that were not available on the local market.

Interviewees and focus group participants from the urban and rural-urban groups used formal economic networks in the urban areas such as buying clubs and self-help groups as a key source of product information and also as a source of products. The buying clubs were an extension of community clubs; women formed groups based on their area of residence to pool their financial resources, and then approached companies to be allowed to buy groceries in bulk at discounted prices. Interviewees indicated that they trusted and believed information on products which they received from their colleagues in these networks, because they had long-established and trusted relationships with them in which they shared problems and solutions to problems. Hence, they expressed their strong belief that members always acted in the interests of their fellow members in the network and would give information on products which protected the interests of other members. This was confirmed in the focus group, where participants emphasized the strength of numbers in decision making on purchases, and explained that since they collectively bought products in bulk from firms using their networks, they had to make collective decisions on which products to buy, which further consolidated their spirit of working together.

Those from the diluted urban group used their professional associations as a key source of product information and availability. Participants in the focus group discussion emphasized the fact that their professional associations gave them an opportunity to discuss issues concerning products which had the potential to determine their decision making. They trusted the opinions of their colleagues in these networks since they had long-established relationships with them which were based on mutual respect and trust. This was particularly the case for the public servants such as nurses, police and teachers.

Multiple memberships of various networks, especially in urban areas, was used by all groups as an opportunity to have a wider pool of resources from which to get information on products and on where they were to be found.
ii. **New/Alternative Products**

Availability of new products was identified across all groups as a critical purchase driver for the interviewees. The interviewees mentioned that the availability of new or alternative products to meet their needs, such as fridge-free margarine, multi-purpose soap, animal-fat-based cooking oil and flavoured soya chunks, was an important determinant of their purchasing. New products such as fridge-free margarine were created for BOP consumers that did not have access to refrigeration, and unlike traditional margarine, it had a higher salt content. New or alternative products were selected with both availability and affordability in mind as previously discussed. Interviewees always made an effort to look for new or alternative products in the marketplace as part of their purchase decision making process. The attraction of these products was that they were cheaper and/or multipurpose and/or more readily available than better known established products in the marketplace. The drivers of the search for the new or alternative products were the deteriorating economic conditions and declining incomes.

Interviewees undertook a search for new, cheaper alternatives for products while in the process of buying or looking for established products that they were used to. Interviewees pointed out that they resorted to their social networks for references as to which new products to buy. This was said to be particularly important when they looked for substitutes for products such as cooking oil, meat and soap. Discussions in the focus groups emphasized the importance of the participants getting some reference on the certainty of performance of new products. Participants highlighted the fact that they could not afford to blindly try new products because if they failed to deliver, they did not have the extra income to go and buy replacement products. Hence social networks were found to play a key role in providing information on new products. This was reflected in the following statements:

*Bottom of Pyramid Diluted Urban*: "References from friends who would have tried the new products are important so we share this information"

---

23 Bottom of Pyramid Diluted Urban
BOPU3\textsuperscript{24}: I rely on friends and to some extent relatives to get information on new products. Most of the information on new products is shared at church gatherings and the various clubs where people share their experiences

BOPRU2\textsuperscript{25}: I rely on information on new products from my homeboys group, friends and relatives

BOPR2\textsuperscript{26}: Some women with husbands in urban areas talk about new products at our community meetings and we use these as references if we ever get to look for new products.

However, when asked if companies consulted them on new product ideas, interviewees pointed out that they felt that the companies did not engage with them to find out about their changing needs or to seek their opinions about their products. Participants in the focus group discussions of the diluted urban and urban groups believed that firms just developed substitute products without conducting research among consumers to establish their needs. They highlighted the need for companies to engage with them more to determine their needs and develop new products that meet these needs. This was reflected by the following statements:

BOPDU6\textsuperscript{27}: It would be nice to see the companies come to me and check whether I am happy with their products or not and to see if there could be any new opportunities for them to develop new products

BOPU2\textsuperscript{28}: Companies should visit us and ask us questions for example on possible cheaper new products because we know our needs and these are changing

BOPRU10: They should find out what our needs are and whether we are happy with their products

iii. Firms' Promotion Activities and Branding

Interviewees and focus group participants across all groups noted that promotion activities and branding determined their purchase decision to a lesser extent than other drivers due to the challenges of product shortages which they now faced. There was variation among the groups as to the extent to which these activities

\textsuperscript{24} Bottom of Pyramid Urban
\textsuperscript{25} Bottom of Pyramid Rural-Urban
\textsuperscript{26} Bottom of Pyramid Rural
\textsuperscript{27} Bottom of Pyramid Diluted Urban
\textsuperscript{28} Bottom of Pyramid Urban
determined their purchase decisions. The diluted urban group interviewees expressed an interest in buying trusted brands, especially for products such as their bathing soap, although this was disputed by the diluted urban focus group participants who argued that branding or promotion activities such as advertising played a limited role in determining their decision to buy products due to the product shortages and high prices of established brands. The interviewees and focus group participants from the other three groups agreed that they did not pay attention to promotion activities, citing the regular electricity cuts which meant that they did not have access to the radio and television, and stating that they could not afford newspapers to see advertisements. However, some interviewees from these groups also suggested that given a choice they preferred branded products, especially for products such as cooking oil and soap because they trusted the performance of these products and they had a history of using them. However they explained that the harsh environment in which they lived made it impossible for them to prioritize brands when buying products.

In-store sales promotions were highlighted as being less influential on the interviewees from all groups; it was rare to find any promotions in the formal retail stores since most products were now predominantly available on the informal market.

iv. Convenience

Convenience of the location of channels of distribution, such as neighbourhood stores, was mentioned as a potential driver of purchase for interviewees in all four groups, although the dynamics of product shortages were said to diminish the importance of this driver. Hence, location had a minimal influence on the purchase decision of these consumers. This was most evident among the diluted urban, rural-urban and urban groups, where at times interviewees had to travel long distances in search of basic products such as cooking oil and sugar when these were not available on both the formal and informal channels of distribution in their neighbourhoods. This was reflected by the following statements:
**BOPDU1**

We are not really concerned about where we get our food and other groceries as long as we can get them so location is not that much of a factor although we would prefer to buy from local shops to cut down on transport costs.

**BOPUS**

Ideally it would be very important to get products from local shops but the reality these days is that you have to look around to get products which means travelling to different places to look for products.

**BOPRU5**

I don’t worry too much about the location of where I buy the products as long as I can get them is what is important to me because at times it is difficult to get the products from my local tuckshops or even at the market.

The importance of location was different for the interviewees from the rural group, who needed to walk long distances to look for products even before there were shortages on the market, due to the lack of retail shops in the rural areas. Unavailability of products also reduced the importance of location as a purchase driver in the other three groups. Interviewees in all groups cited store-keeping units or sizes as an important purchase driver for their purchase. Female participants in the focus groups in the rural group and urban group also indicated that they considered the convenience offered by the product’s packaging, demonstrating preference for products that were packaged in tins which they could re-use for storing products. However, the male participants in these focus groups disputed the importance of packaging, arguing that not many firms were using tin containers for their products and had resorted to using cheaper packaging in smaller units such as sachets. Interviewees now resorted to single servings since these were cheaper and addressed their immediate needs. Various terms were coined to describe these single servings such as ‘tutsawona’ or ‘kaemergency’ (which literally translated means emergency products). These took different forms such as re-packaging of salt, sugar, cooking oil or washing bars cut into smaller sizes, thereby providing not only affordability but also convenience for the consumers.
Relevance to Research Questions

Findings from the four groups indicated the influence of two sets of drivers on the BOP consumers’ purchase decisions. A core set of drivers – physiological needs, product availability and affordability, derived from three key prerequisites to purchase – were identified as being inter-linked in terms of importance. The second tier of drivers, comprising social networks, new products, firms’ promotion activities, and branding and convenience, were ranked in importance. These findings relate to research question 3, which sought to investigate the drivers for BOP consumers’ purchase decisions.

7.3 Constraints to Purchase

The interviewees were asked to identify the nature of constraints which they faced when making purchases. The main ones that emerged from all of the BOP groups were the economic, political, social, natural and infrastructure constraints. These are shown in Table 7.9.

<table>
<thead>
<tr>
<th>FORM</th>
<th>CONSTRAINT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMIC</td>
<td>• Cash shortages</td>
</tr>
<tr>
<td></td>
<td>• Unemployment</td>
</tr>
<tr>
<td></td>
<td>• Hyperinflation</td>
</tr>
<tr>
<td></td>
<td>• Foreign currency pricing</td>
</tr>
<tr>
<td></td>
<td>• High prices</td>
</tr>
<tr>
<td>POLITICAL</td>
<td>• Corruption</td>
</tr>
<tr>
<td></td>
<td>• Political instability</td>
</tr>
<tr>
<td></td>
<td>• Political patronage</td>
</tr>
<tr>
<td>SOCIAL, NATURAL AND INFRASTRUCTURE</td>
<td>• Family breakup</td>
</tr>
<tr>
<td></td>
<td>• Public utilities</td>
</tr>
<tr>
<td></td>
<td>• Health</td>
</tr>
<tr>
<td></td>
<td>• Drought</td>
</tr>
</tbody>
</table>

7.3.1 Economic Constraints

The harsh economic environment was cited by the interviewees in all groups as the main constraint faced; this was manifested by the hyperinflation mentioned as
the key obstacle to the purchase of food and personal hygiene products. The impact of the harsh economic environment was also reflected in high unemployment which meant they had little income with which to buy products, and the high prices for products was another key constraint for interviewees in all groups. However, the constant adjustments of prices of products to keep up with the hyperinflation was cited as the biggest challenge, which significantly impacted on the timing of product purchases and was complicated by the product shortages prevalent in their environment. Focus group participants in the diluted urban group believed they were more exposed to the impact of these regular price increases, since they relied on monthly salaries which were not adjusted on a daily or weekly basis to match the increase in the prices of products. They were therefore disadvantaged compared to the other groups who had flexible income sources.

Besides the high prices charged for products, interviewees identified a new challenge that had emerged for consumers in Zimbabwe. This was the extreme shortage of cash which was caused by the hyperinflation and had resulted in the government putting restrictions on the amount of money these consumers could withdraw from the bank on a daily basis. This was a topical discussion in the diluted urban, rural-urban and urban groups’ focus group discussions, where participants mentioned that traditionally they kept their money in banks for security purposes, but as they had now lost confidence in the formal banking system they had resorted to keeping their money at home. Interviewees reported incidences of spending days in lines to withdraw their money from the banks and being only able to withdraw an amount that would not even meet their basic needs. For example, the interviewees stated that the maximum daily withdrawal they were allowed was not enough to buy a loaf of bread or to pay for a bus ride to their residence.

Participants in the diluted urban group were of the opinion that they were more exposed to this constraint since most of them were employed formally, mostly by the government, which paid their salaries through the banking system. Interviewees from the urban and rural-urban groups now resorted to keeping their takings from their self-employment activities in cash form rather than banking the money, as this gave them more flexibility and opportunity to buy products as and when they could find them, and also reduced their exposure to high prices. Another
emerging challenge cited by interviewees in the three urban-based groups was the pricing of products in foreign currency, which was introduced in 2008. This had the effect of putting products beyond the reach of these consumers even though they received remittances, they were only permitted to receive 25% of the remittances in foreign currency and the rest in local currency.

7.3.2 Political Constraints

In their discussion of the economic constraints, hyperinflation in particular, interviewees from all groups attributed the economic collapse to political instability in the country. Corruption and political patronage were identified by interviewees from the diluted urban, rural-urban and urban groups as the key political constraints which affected consumers’ ability to buy products. They alleged that corruption was common in many facets of their day to day lives. Focus group participants cited examples such as payment of bribes to shop attendants to get scarce products or to be informed when supplies of products were due for delivery, or to be allowed to buy more quantities than those the restrictions permitted.

However, participants indicated that these problems were not confined to the formal channels of distribution such as retail shops, but were also manifested in different forms in the informal distribution channels. Examples included favoritism shown to friends or relatives or fellow kinsmen when it came to selling products. Another related constraint identified by interviewees in all of the four groups was what they viewed as greedy and corrupt behaviour by retailers and manufacturers, who increased prices at rates that were not sustainable under the claimed guise of tracking hyperinflation. Examples cited in the personal interviews, and confirmed in the focus groups, included daily and hourly price increases which the consumers found very difficult to justify even in a hyperinflation environment such as the one that Zimbabwe was experiencing.

Focus group participants in the diluted urban group also cited the corruption which was prevalent in the banks, where bank employees allegedly solicited bribes to allow clients to withdraw more money than the restricted daily limits. Another political constraint highlighted by the three urban-based groups was the government’s attempt to introduce some centralized distribution of basic products such as cooking oil, maize-meal, and soap at affordable prices through government
structures set up in residential areas largely occupied by BOP consumers. However, the interviewees in the urban areas criticized this activity for being corrupt since only members of the ruling party were able to patronize these shops, resulting in further political tensions. However, interviewees in rural areas applauded this move since it complemented the provisions they obtained from NGOs although they were reluctant discuss political constraints for fear of victimisation.

7.3.3 Social, Infrastructure and Natural Constraints

Remittances from friends and relatives living abroad were perceived to have become a source of conflict among families, as the demands of the families left at home could often not be met by the providers overseas which resulted in the latter attempting to determine which products should be purchased. Interviewees in the diluted urban group were particularly aggrieved by this as they were not used to being dependent on relatives for their upkeep. This was unlike the situation of the other three groups who, even before the hardships, had always had some form of reliance on these remittances.

Lack of reliable public utilities such as electricity and transport were constraints faced by the interviewees in the diluted urban, rural-urban and urban groups in Zimbabwe. Intermittent supplies of electricity, water and fuel posed challenges for the interviewees since these could determine the type of products they bought. This was particularly prevalent among the diluted urban group who had access to household items such as refrigerators which they could use to store products, although some of them were disposing of these. The persistent droughts were cited as being of impact on the rural group since they partly relied on the returns from their agricultural output to buy food and personal hygiene products.
7.4 Coping Strategies

Consumers in all four groups devised coping strategies to minimize the impact of constraints outlined in the preceding section. A summary of the coping strategies devised by the BOP consumers is shown in Table 7.1.1.

Table 7.10 Coping strategies

<table>
<thead>
<tr>
<th>CONSTRAINT</th>
<th>COPING STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMIC</td>
<td>• Asset stripping</td>
</tr>
<tr>
<td></td>
<td>• Expense management</td>
</tr>
<tr>
<td></td>
<td>• Keeping cash at home instead of banking</td>
</tr>
<tr>
<td></td>
<td>• Multiple income-generating</td>
</tr>
<tr>
<td></td>
<td>• Remittances</td>
</tr>
<tr>
<td></td>
<td>• Social networking</td>
</tr>
<tr>
<td>POLITICAL</td>
<td>• Social networking</td>
</tr>
<tr>
<td></td>
<td>• Political activism</td>
</tr>
<tr>
<td>SOCIAL,NATURAL AND INFRASTRUCTURE</td>
<td>• Non-governmental organizations</td>
</tr>
<tr>
<td></td>
<td>• Communal sharing of facilities</td>
</tr>
<tr>
<td></td>
<td>• Crop diversification</td>
</tr>
</tbody>
</table>

7.4.1 Economic Coping Strategies

Common economic coping strategies adopted across the groups included engaging in multiple income-generating projects, expense management and relying on remittances. There were variations on the use of these strategies. For the diluted urban group, income deficit was a new experience for them since their income used to be sufficient for their needs and if they needed any extra income they had access to loans from formal financial institutions, but this had since changed with the economic collapse. Hence their main source of extra income was through selling of some of their assets which they could not afford to maintain, such as vehicles and other luxuries. This was confirmed in the focus group discussions.

Loans from professional associations such as teachers clubs were also popular although the interviewees mentioned that this had become unsustainable due to the high interest rates. Asset striping was the main coping strategy to make up for income shortfall used by interviewees in the diluted urban group. Focus group
participants provided varying opinions on this strategy, with six out of the eight participants indicating that although these assets were their hope for a better life in the event that the economy was resuscitated, they had no option but to sell them in order to make up their income deficit.

Teachers and nurses who were in the diluted urban group had resorted to income-generating projects such as selling food and sweets to patients and pupils at their workplace. The researchers had an opportunity to observe the interviewees participating in these activities. The option to engage in extra income-generating projects was confirmed in the focus group discussions, where participants indicated that such projects were often done clandestinely due to the stigma attached to such activities, which are often linked to poor people and are a sign of someone struggling – a stigma which this group is still trying to avoid. However, this was becoming less of an issue given the need to raise extra income.

Interviewees in the rural-urban and urban groups were more experienced in engaging in multiple income-generating projects as coping strategies, as this was their main source of income. The two groups also used expense management and remittances as coping strategies. This was a finding which was confirmed in the focus group discussions, where the consensus was that without resorting to these two strategies, it would be difficult for them to survive. For the rural group, income was always ad hoc and erratic due to their dependence on proceeds from harvest, so the issue of income shortfall was more of a permanent status quo. Remittances from overseas were identified as being critical in meeting the income shortfall and minimising the effect of unemployment across all of the four groups. The rural group had the least benefit from this source, as discussed earlier. The rural interviewees received remittances from both local and overseas relatives, although the overseas component was very minimal.

A key economic coping strategy used by all of the groups, which was identified by interviewees, was managing expenses by forgoing expenses which were deemed not to be necessary or important. These included a variety of expenses such as clothes, entertainment, and medication. The diluted urban group experienced a more extreme adjustment of their lifestyle in order to try and live within their new
income compared to the other groups. This was evident in the intense focus group discussions where participants acknowledged their limited knowledge on how to adjust their lifestyle to suit their current circumstances, and this echoed their reflections in the personal interviews. Participants mentioned that previously this group could afford to spend on entertainment and a variety of food and clothes, while medical insurance was an assumed basic provision. Now they could not afford to pay the premiums for medical aid or to buy new clothes or to use their vehicles to go to work because of the high costs of meeting these expenses. This was best reflected by the following statements:

\[32\] BOPDU\(^3\): We have really changed the quality of our lifestyle to be in line with our income, for example we don’t have any form of entertainment anymore neither can we buy new clothes for the kids and ourselves.

\[33\] BOPDU\(^4\): We have adjusted our lifestyle drastically for example clothes and some food have become a luxury for us yet these are things which we could easily afford before

\[34\] BOPDU\(^8\): We cannot buy clothes or even change furniture, we are even extra careful on the food and other groceries that we buy, that is how difficult our lives have become.

The urban and rural-urban group had forgone a wider variety of expenses as a way of dealing with their income shortages. Focus group participants attributed this diversity to their having been exposed to the tough economic conditions for a longer period than everyone else, which resulted in them devising diverse strategies. Interviewees in this group used strategies such as exploiting weaknesses in the governance systems to delay paying water and electricity rates, cutting down on meals or walking to their places of work, or substituting meat with cheaper alternatives such as soya chunks. They also cut down on buying new clothes and had resorted to buying second hand clothes which were readily available at informal markets.
The rural group also had experience in forgoing expenses, as they had a subsistence basic lifestyle which had already eliminated expenses such as clothes before the other groups started doing the same. Both the personal interviewees and focus group participants in this group indicated that they depended on their relatives in urban areas for provisions and on international non-governmental organizations; thus, their needs were not as diverse as their urban counterparts. Interviewees in the diluted urban, urban and rural-urban groups resorted to converting revenue from their income-generating projects from cash form to products in order minimize the effects of hyperinflation and to avoid banking the money, since it was difficult to withdraw the money from the banks.

7.4.2 Political Coping Strategies

Although the interviewees acknowledged the impact of political constraints such as corruption on their purchase of products, they were reluctant to discuss their coping strategies for these constraints. However, interviewees in the urban and rural-urban groups utilized their social networks as a way of protecting themselves from malpractices such as corruption. Social networking enabled them to get information about product availability, and some of the networks had direct access to products. Participants in the diluted urban focus group argued that their counterparts in the urban and rural-urban groups were partly to blame for corrupt practices such as hoarding and eventually selling products on the black market, as they spent most of their time looking for products while the diluted urban group was at work.

Interviewees from the urban and rural-urban groups denied accusations of hoarding, and explained that they only hoarded products to guarantee themselves supplies. Interviewees in the diluted urban, urban and rural-urban groups had joined the ruling political party so that they could get access to the Basic Commodities Supply Side Intervention (BACOSSI) scheme, under which subsidized products were distributed by the government using ruling party structures and were only available to card-carrying members of the party. The rural group was the major beneficiary from this scheme as the majority of them belonged to the ruling party.
7.4.3 Social, Infrastructure and Natural Strategies

Interviewees from all four groups acknowledged the importance of non-governmental organizations (NGOs) in alleviating their social and infrastructural constraints. International NGOs such as CARE were providing portable equipment such as power generators and boreholes which the consumers shared in their areas of residence. Interviewees from the rural group also benefited from NGO interventions such as helping them to diversify the crops they cultivated to include drought resistant crops, which they did not traditionally focus on. A wider variety of seeds was also made available by these NGOs, and this helped in some way to minimize the negative impact of the drought.

Relevance to Research Questions

The preceding section has outlined findings from the consumer interviews, focus groups and ethnographic observations on the diverse constraints – manifested by economic, political, social, infrastructural and natural challenges – which the BOP consumers faced when purchasing products, and the subsequent coping strategies which they used to mitigate against these constraints. These findings relate to research question 4 which sought to investigate the constraints faced by BOP consumers in Zimbabwe when making purchases of food and personal hygiene products, and the strategies they used to cope with these constraints.

7.5 Conclusion

The findings from the current study provide a number of diverse insights that together contribute to an understanding of how BOP consumers make decisions to buy products in Zimbabwe. These findings have been summarized and discussed in relation to the research questions outlined at the beginning of this chapter, thereby addressing this study’s first objective of understanding BOP consumer behaviour.
8 Research Results – Firms’ Conduct of Business at the BOP
8.1 Introduction

The literature review in Chapter 3 outlines key knowledge gaps on how firms conduct business at the BOP. Chapter 5 provides a detailed analysis of the research destination of Zimbabwe. Having presented in Chapter 7 the research results as they relate to BOP consumer decision making, the purpose of this chapter is to present findings from four case studies conducted in Zimbabwe to investigate firms’ conduct of business at the BOP in Zimbabwe.

The research set out to answer the following key questions in order to understand how and why firms conduct business at the BOP:

Research Questions

RQ5 How do firms conduct business at the BOP in Zimbabwe and what is the contribution and importance of the BOP market to their performance and overall strategic objectives in Zimbabwe?

RQ6 What are the impediments that firms face when serving the BOP in Zimbabwe and how do they cope with these impediments?

RQ7 Why do firms conduct business in an environment such as that found at the BOP in Zimbabwe?

The chapter commences with a summary of the context of each case study, which provides background information on each case. The individual case studies serve as the evidentiary base for the study and were used in the cross-case analysis. There is no individual presentation of each case; instead a descriptive and explanatory approach was used, in which each established and evolved theme from previous literature was devoted to an independent cross-case issue using information from the individual cases. The data analysis procedure outlined in Chapter 6 was used to analyze the meaning of text. The research findings were then analyzed using categories derived from multiple sources: archival documents, direct observations, personal interviews and internal documents. These were re-contextualized making reference to previous literature which was captured in the case study protocol.
Cross-case synthesis was undertaken in order to enhance the robustness of the findings (Gomm, Hammersley et al, 2000). Limited use of counts or frequencies of counts was applied in the cross-case synthesis, making the strength of the interpretation the argumentative approach. However, some numeric tallies and frequencies were used to consolidate the interpretation. The main focus of the interpretation of the findings was on the development of solid, plausible and fair arguments on the issues under research that are supported by direct evidence from the data, making reference to multiple sources of evidence such as archival records, interviews, internal records and observations (Yin, 2003, p137).

8.2 Case Contexts

A summary of key classification variables of the individual case studies is outlined in Table 8.1. Details are provided on each case in the next section which provides a background summary of each case.

Table 8.1 Summary of key cross-case general classification variables

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
</tr>
</thead>
<tbody>
<tr>
<td>TYPE OF FIRM</td>
<td>Local</td>
<td>Local Conglomerate Subsidiary</td>
<td>MNC subsidiary</td>
<td>MNC subsidiary</td>
</tr>
<tr>
<td>YEAR ESTABLISHED</td>
<td>1981</td>
<td>1944</td>
<td>1943</td>
<td>1959</td>
</tr>
<tr>
<td>PRODUCT CATEGORY</td>
<td>Food and personal hygiene</td>
<td>Food</td>
<td>Food and personal hygiene</td>
<td>Food</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>168</td>
<td>180</td>
<td>232</td>
<td>200</td>
</tr>
<tr>
<td>CAPACITY UTILIZATION (%)*</td>
<td>25-45</td>
<td>55-85</td>
<td>35-78</td>
<td>40-80</td>
</tr>
</tbody>
</table>

*Source-Internal records, interviews and industry surveys.

8.2.1 Case A

Case A is a company that was created in 1981 as part of one of Zimbabwe’s biggest publicly listed conglomerates. The conglomerate was established in 1935 and has wide interests in various parts of the economy such as manufacturing, mining, insurance and tourism. The company was unbundled from the conglomerate in 1998
and is now a private group made up of three companies which are leading food processors, producing a wide variety of strategic products such as staples like cooking oil, maize meal, flour and salt. The company is now owned by a management consortium and foreign shareholders from South Africa. The company also manufactures beans, rice, soups and gravies, biscuits and stock feeds.

The company prides itself on being a key player in the nation’s food sufficiency since it produces products that are consumed by the majority of the population, i.e. the BOP. The company has heavy capital investment in manufacturing plants, boasting some of the biggest mills in Southern Africa with two main mills where maize meal and flour are milled. It also has a few mills located around the country in the smaller towns of Mutare and Chinhoyi. There is a division which manufactures personal hygiene products such as bathing and washing soap, petroleum jelly and lotions. Other divisions manufacture products such as high protein drinks for various relief and development agencies and government departments. It also imports beans and sunflower for repackaging for agencies and consumers.

The company is still developing its export markets to augment its local sales. The company currently employs about 168 people in its different subsidiaries. Capacity utilization has been fluctuating since 2006, varying between 25% and 45% depending on availability of raw materials such as maize and wheat. This compares favourably to the industry average which can be as low as 15% for small companies (Confederation of Zimbabwe Industries, 2008). Orders from non-governmental organisations (NGO) have helped the company improve its capacity since these NGOs are very active in providing food aid to BOP consumers in Zimbabwe, especially those in rural areas.

8.2.2 Case B

Case B is a company which is a subsidiary of a locally owned diversified group of agro-industrial and fast-moving consumer goods businesses with many synergies that are involved in the production, processing and distribution of protein foods, particularly beef, chicken, fish and pork. The company was established in
1944 as a farmers’ co-operative, with a core business in the slaughter of pigs and production of pork products. The company was bought by one of Zimbabwe’s biggest conglomerates in 2002 but has retained its identity and continues to be listed separately on the Zimbabwe Stock Exchange (ZSE).

The company has since evolved to be the country’s largest and leading producer of meat products. The company experienced significant growth during the pre-liberation era when there were international sanctions and it had a virtual monopoly on supplying protein-based products. Its core products include sausages, bacons, pies, canned goods, cheap beef, chicken, fish, pork and their substitutes. The company has since diversified its operations and product range to cover a broad spectrum of food products such as meat substitutes and cooking aids. Its product range is targeted at both the high and low income consumers, and it also exports its products to countries in Africa and Europe. It has two world class abattoirs for both beef and pork in Harare and Bulawayo and also operates its own retail chain of outlets to distribute its products nationally. The company owns a subsidiary which supplies it with its raw materials of pork and beef. It is regarded as one of the most sophisticated farming operations in the country.

The company currently employs more than 180 people in its various locations and operations. The company has tried to maintain capacity utilization between 55% and 85% because of the nature of their business, it is uneconomical to keep cattle, pigs and poultry as stock if they are due for slaughter because of the high cost of stock feed. The company has long-term contracts with beef, pig and poultry farmers, so the number of cattle, chickens and pigs coming through the abattoir has remained steady over the last 2 to 3 years. Aggressive export marketing has also helped the company to sell its products to growing export markets such as Mauritius and South Africa.

8.2.3 Case C

Case C is a subsidiary of one of the world’s biggest multinationals which manufactures bath soaps, petroleum jelly, washing soap and powder, cooking aids, soups and margarine. It also manufactures industrial products in the same categories. The company’s aim is to be part of every Zimbabwean household in one way or the
other. The company’s brands are some of the biggest in Zimbabwe and have international recognition. The company is not listed on the ZSE and operates as a private company. It is part of the MNC’s South East Africa regional hub which is made of four subsidiaries in Malawi, Mozambique, Zambia and Zimbabwe. All of the subsidiary companies changed their names to embrace the MNC’s global identity in 2002. Each country entity operates as an independent business although it reports to the regional hub. The Zimbabwe company started operations in Zimbabwe in 1943 as part of the global MNC’s investment in Africa. The operation has some of the company’s biggest investments in plant and equipment in Africa.

The political stability and economic prosperity of Zimbabwe after independence in 1980 through the 1990s encouraged the MNC to invest in the country and use it as a regional manufacturing hub to supply other surrounding countries which did not have the same level of prosperity and public utilities infrastructure. Investment in manufacturing plants continued even in 2002 when the country’s economic crisis had started; the MNC still had confidence to continue investing in its operation in Zimbabwe. The Zimbabwean company was second only to the South African operation in terms of revenue and size of plants and machinery. This plant and equipment is still intact although the political and economic circumstances have changed. The company’s main operation is from the capital city Harare but this is connected to a web of regional branches across the country.

The company currently employs 232 people. The company has retrenched employees over the years since business output declined, but the company has managed to keep a core group of employees which has allowed it to continue to do business. Capacity utilization fluctuates between 35% and 78% depending on availability of raw materials. The company needs a minimum capacity of at least 30% to maintain their plants and to operate them as a going concern. There have been times when the capacity has risen to as high as 85% when the company has undertaken exports and contract manufacturing for its sister companies in the South East Africa region.
8.2.4 Case D

Case D is a subsidiary of one of the world’s leading food multinationals. The company was established in Zimbabwe in 1959 and commenced manufacturing operations in 1961. It is a leading manufacturer of food products such as culinary products, powdered milk, coffee, infant supplements and cereal. Its brands are internationally recognized. The company has made significant investments in its manufacturing plants with technologically advanced milk and culinary processing plants at its Harare base. It has a network of branches across the country which it uses to distribute its products. The company is actively involved in developing the dairy industry in the country through its partnership with dairy farmers who are contracted to supply the company with milk. It also supports and encourages the expansion of other primary agricultural products such as grains and vegetables through various support schemes for farmers involved in these areas of operation.

The company is active in the export market, where it exports products to various markets in Southern Africa to independent buyers and also to its sister companies. It currently employs 200 people. The company’s heavy investment in plant and equipment means the company has to keep the plant running all year round except for maintenance at the end of the year. It also has contractual obligations to accept and pay for all the milk that is supplied by their contracted dairy farmers with whom they are in partnership. Hence their capacity utilization is between 40% and 80%. The company aims to have a minimum capacity utilization of 35–40%. The high capacity of 80% is only achieved if there are regional contract manufacturing orders with sister companies in Botswana and South Africa who have capacity constraints at their plants.

8.3 Firms’ Decision Making and Engagement of the BOP

In order to establish how the firms conduct business at the BOP in Zimbabwe, it was important to investigate firms’ decision making approaches in terms of how they engaged the BOP and to assess the importance and contribution of the market to the firms’ overall performance. Table 8.2 outlines the key indicators of decision making and engagement with the BOP. This is discussed in detail in the following sections.
Table 8.2 Summary of firms’ indicators of BOP engagement

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTANCE OF BOP MARKET</td>
<td>Main market</td>
<td>Key market</td>
<td>Strategic market</td>
<td>Key market</td>
</tr>
<tr>
<td>BOP SALES CONTRIBUTION (%)*</td>
<td>86</td>
<td>56</td>
<td>62</td>
<td>47</td>
</tr>
<tr>
<td>GROWTH PROSPECTS</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>MANAGEMENT COMMITMENT</td>
<td>In theory</td>
<td>CEO driven</td>
<td>CEO driven</td>
<td>CEO driven</td>
</tr>
<tr>
<td>ORGANIZATIONAL RESOURCES</td>
<td>• Sales team</td>
<td>• Channel management</td>
<td>• Trade representatives</td>
<td>• Channel management</td>
</tr>
<tr>
<td></td>
<td>• Informal strategic plans</td>
<td>• Van sales</td>
<td>• Distributors</td>
<td>• Van sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Informal strategic plans</td>
<td>• Informal strategic plans</td>
<td>• Franchising</td>
</tr>
<tr>
<td>MARKET RESEARCH &amp; INFORMATION SHARING</td>
<td>Informal</td>
<td>Informal</td>
<td>Formal</td>
<td>Informal</td>
</tr>
</tbody>
</table>

*Source: Estimates from interviews, internal records, industry records and other financial statements.

8.3.1 Importance of BOP Market

The importance and contribution of the BOP market to the business was discussed in the context of the firms’ assessment of the importance and growth prospects of the market to the firms. This was derived from the interviews and archival internal documents of the firms where available and accessible. There was consensus on the overall importance of the market to all the firms. In Case A, the BOP comprised its major market and its business model had always been structured around serving this market. In the other three cases, firms acknowledged the importance of the BOP although they qualified or elaborated on its importance. Cases B, C and D stressed that whilst they acknowledged the importance of this market, they did not know how to adequately serve the market. All four firms indicated that it was a complicated market whose dynamics were constantly changing and which marketers were still learning to understand. This was reflected by the following statements from company marketing executives:

Case A Informant: The BOP market is the main customer group for this company which keeps evolving posing new challenges for us.
Case B Informant: We definitely identify the BOP as a key market but I don’t believe we truly know how to serve the market at the moment.

Case C Informant: It’s not a simple market to deal with, a lot of marketers do not adequately understand this market although it is now the main customer base for our products.

Case D Informant: We acknowledge the importance of this market and we try to focus on its needs. But we are still getting to grips on how to serve this market.

### 8.3.2 BOP Sales Contribution and Growth Prospects

In terms of turnover contribution, the BOP market accounted for an average 59% of total sales for the four firms. Case A obtained almost 75% of its revenue from this market by virtue of the staple products that it manufactured which were consumed by the BOP. Case D had the lowest contribution from the BOP, but still acknowledged the importance of the market to the company. This could be attributed to the type of products it supplied, the majority of which were not staples. However, the company had now started to develop more new products to specifically serve the BOP. In all the case studies, contribution to turnover from the BOP had increased between 2000 and 2007. This is illustrated in Table 8.3. Interviews with marketing personnel, internal archival records and industry reports were used to compile the historical contribution of the market.

All the firms in the case studies revealed that the growth rates of the BOP market had been very significant since 2000 when the economic crisis in the country began. However, they all indicated that prior to the crisis, the BOP still constituted a key contributor of sales to the firms which were then concentrating on getting higher margins from the high-end market. Hence, the viability or shift to the BOP was not a short run event but a shift which the firms had forecast would take place, although this was expedited by the economic crisis. For example, although Cases B and D had been focusing on the high income market with products such as coffee and bacon, they had started a re-alignment of their product portfolio to cater for the BOP before 2000 as part of their long-term strategic planning given the growth in numbers of the BOP market.
Table 8.3 BOP turnover contribution

<table>
<thead>
<tr>
<th>CASE</th>
<th>2000 % CONTRIBUTION</th>
<th>2005 % CONTRIBUTION</th>
<th>2007 % CONTRIBUTION</th>
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<tbody>
<tr>
<td>A</td>
<td>62</td>
<td>74</td>
<td>86</td>
</tr>
<tr>
<td>B</td>
<td>56</td>
<td>65</td>
<td>74</td>
</tr>
<tr>
<td>C</td>
<td>48</td>
<td>57</td>
<td>62</td>
</tr>
<tr>
<td>D</td>
<td>32</td>
<td>40</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: Internal records, CZA Manufacturing surveys, 2000-2007

Cases B and D, who previously derived their major revenue from high-income consumers, now derived significant revenue from the BOP. All the firms in the case studies acknowledged the high growth prospects of the market, citing its growth patterns over the years and the increase in numbers of BOP consumers.

*Case A Informant:* I think it can only grow given the fact that the majority of consumers in Zimbabwe are virtually living on less than the $2 a day and for us this is where our growth is going to be given the products that we manufacture which are staples for this group of customers.

*Case B Informant:* Five years ago our biggest sellers were bacons and sausages targeted at the high end market, but this has since changed, the top three sellers are now the cheap pork pies, chicken, cooking fat, offals and cheap sausages which we sell to the BOP.

*Case C Informant:* The BOP is where the future growth of this company is and our strategies have to reflect this potential growth and increasing contribution of this market to our turnover. Population growth rates have been and are forecasted to outstrip those in the high income groups.

*Case D:* Whilst our main categories have not been traditionally targeted at the BOP, this has changed over the years, we now focus on developing products for this market or extending our current products to this market because that is where growth is given the increases in the numbers of consumers in this market. However, we are still learning how to tap this market.
In all the case studies there was an acknowledgement of the fact that population growth trends in Zimbabwe had started to change from 1995, growth rates were forecasted to be higher in the BOP population compared to a decline of growth in the high income groups which they had been previously focusing on in order to get high margins for their products. Hence, the challenge to address the BOP as a growth market had become evident for the firms before the crisis had started in 2000. This is summed up by Case C and D informants who indicate that the future of the business was closely tied to the BOP given the population growth rates in this market.

8.3.3 Management Commitment to BOP

Although all the firms in the case studies acknowledged the strategic importance of the market, there were varying opinions on the overall management commitment to focusing on this market. Top management commitment was identified by all the marketing personnel in the case studies as a key prerequisite for successful penetration of the BOP.

Although Case A had basically been serving the BOP for a long time by virtue of its staple products, the marketing and sales manager believed that there was limited commitment by the rest of the top management to serve this market since by default it was the only market they really served. For example there were no structured programmes of trade market visits by top management to BOP residential areas and shopping areas. Trade and market visits in Case A involved visiting both formal and informal channels of distribution such as grocery shops and open market stalls to interact with both sellers of the firms’ products and with final BOP consumers. This was to gain first hand information about any new developments in the buyers and sellers markets.

In contrast, in the other three cases, the vision to serve this market was driven by the chief executives (CEO). Ideally, this should have enhanced the rest of the management’s commitment to the BOP market. However, evidence from the case studies did not point to this scenario. For example in Case B, although the CEO had a keen interest in the BOP market and believed the firm’s strategy should be aligned to serve this market, the attitude and message was not transferred to or adopted by the
rest of the top management. Trade and market visits by top management were still confined to high income markets instead of the BOP.

Case C had an informal monthly schedule for all management to conduct trade and market visits to the BOP market although these were often left to the channel managers and sales representatives and not top management. Case D was an even more interesting example, where the Group CEO and Chairman of the MNC visited Zimbabwe in 2007 and insisted on spending the majority of his two week visit undertaking trade and market visits to both formal and informal channels of distribution in BOP residential areas. He also attended the firm’s direct marketing activities such as road-shows and meetings at women’s clubs in BOP residential areas. Since then the company had mandatory trade and market visits to the BOP market for all top management and reports of this activity were compiled on a monthly basis. Marketing personnel were required to spend a minimum of one week per month conducting these visits.

Evidence of top management commitment in theory was evident from the internal public relations newsletters for all the cases where the CEOs articulated the company's strategic vision as being focused on the BOP. However, as mentioned in the discussion on Case B, this rhetoric was not converted to actual action across all functions in the organisations.

8.3.4 Organisational Resources to Serve the BOP

Besides establishing the level of top management commitment to serving the BOP market, it was important to establish the type of resources the firms allocated to serve this market, since this could indicate the importance they placed on the market and its impact on firms’ decision making. The nature of organisational resources allocated to the BOP market was also identified by all the firms in the case studies as a critical aid for the firms’ decision making process on how to serve the BOP effectively. The organisational resources could be classified as either the human resources specifically allocated to serve the BOP market, or the supporting systems such as strategic plans and budgets. The types of human resources put in charge of serving the BOP varied between the case studies. These have been outlined previously in Table 8.2. Sales teams were used to serve the market although
different terms were used to describe them in each of the case studies. For example
Case A and C used sales representatives, Case B and D used van sales, while in
Cases B, C and D there were channel managers to serve the BOP market.

In all of the case studies there were no marketing personnel such as a brand
manager to serve the BOP market, although there were brand managers to serve the
high-end markets. This was despite the evidence of a shift in turnover contribution in
favour of the BOP market and the acknowledgement of lack of understanding of the
market by all four firms in the case studies. This was also reflected by the lack of
specific brand or marketing plans for the BOP market. All the firms in the case
studies acknowledged the importance of strategic planning in their organisations,
although they mentioned that this needed to be constantly changed in order to
respond to the dynamic economic environment. However, current marketing plans
used by the firms in the case studies only accommodated the BOP market as part of
the broad organisation’s brand. All four firms indicated that they had changed their
planning cycle from being annual to monthly in response to the ever-changing
circumstances.

8.3.5 Marketing Research and Information Sharing

Whilst all the firms in the case studies acknowledged the challenges of
serving and understanding the BOP market which have been highlighted earlier,
there was little evidence to demonstrate their use of marketing research and
subsequent sharing of information on the market within their organisations, with the
exception of Case C who used formal marketing research to gather data about BOP
consumers. The firm had developed what it called consumer emergencies which
were ethnographic field visits to BOP consumers with market researchers to observe
the consumers using products or looking for products from the formal and informal
channels. The company executives were part of the research team but their identity
was not revealed to the interviews. The researcher had an opportunity to accompany
executives on three consumer emergencies to observe how these were used to collect
marketing information on the consumers.
The other three firms used informal methods such as the trade and market visits and promotion activities to collect data about the BOP market. The researcher also had an opportunity to go on four such visits with the marketing personnel from each of the four firms, and was able to observe how they interacted with consumers and with channel intermediaries. In the other three cases (A, B and D), marketing personnel were more comfortable interacting with consumers at formal retail channels instead of the informal channels which were actually busier than the formal channels.

Besides collecting data on BOP consumers, firms had the challenge to share the data collected among the various departments in order to enhance a joint focused approach to serving the BOP market. Information sharing was generally informal among the studied firms, with the exception of Case D where it was more formal and structured. Management was required to distribute their trade and market visits reports to other departments on the day they returned from the visit. Further discussion took place in the production planning meeting which brought together the marketing, finance, and procurement and production teams to plan for production and to discuss planning strategies for the firm.

**Relevance to Research Questions**

Findings from this study discussed in the preceding section have provided insights on the importance and contribution of the BOP market to firms in Zimbabwe, outlining key indicators of the decision making which firms used in order to serve the market. Key to this was the acknowledgement by all firms of the strategic importance, growth prospects and sales contribution of the BOP market. There were variations in terms of management commitment, organisational resources and use of marketing research by all four firms in the case studies although they all acknowledged the importance they placed on serving the BOP market. These findings relate to research question 5, which sought to investigate how firms conduct business at the BOP, investigating the importance and contribution of the market to the firm.
8.4 Impediments Faced by Firms Conducting Business at the BOP in Zimbabwe

All of the firms in the case studies identified diverse impediments which impacted on the manner in which they conducted business at the BOP. These are outlined in Figure 8.1 and are categorised into four main groups of impediments. However, all the firms mentioned that these impediments were intertwined and connected to each other such that ranking them by importance would not reflect their importance and impact. The level of exposure to these impediments differed among firms and will be discussed in detail in sections for each impediment.

Figure 8.1 Impediments faced by firms at the BOP in Zimbabwe

8.4.1 Economic Impediments

The main economic impediment identified by all firms in the case studies was the general economic decline and dilapidation of key infrastructure which started in 2000 and whose effects had become more severe by 2008. Hyperinflation was
regarded as the symbol of the economic crisis with its impact on the day to day running of the firms, which, according to the firms, ultimately affected their capacity utilization which has been discussed in detail in the case summary section. This was confirmed by the annual industry surveys which were carried out by the industry organisation. Examples mentioned by firms of how hyperinflation affected firms’ conduct of business included the unpredictable cost estimates of raw materials and high cost of borrowing money to run their operations because of the high interest rates charged.

Lack of investment in new public utilities such as energy and water generation and maintenance of existing facilities was mentioned as an impediment which affected the firms’ operations. There was evidence across all the cases of the disruptions that had been caused by power cuts, and fuel and water shortages which had become a regular event in Zimbabwe. These were confirmed by the numerous reports which appeared in the local media warning the firms of pending cuts (The Herald, 21 January, 2008; Financial Gazette, 30 October, 2008; Zimbabwe Independent, 21 September, 2008).

Electricity and clean water supplies were cited by all of the firms in the case studies as being critical for their operations given the type of products which they manufactured. For example, Case B had abattoirs and meat processing plants which used a lot of water. Case D also used a lot of water in its milk processing plants, so these shortages had a serious impact on their operations. Shortage of fuel was also cited in all four case studies as a key issue which affected the distribution of their products, and in Case B’s situation their pie ovens used paraffin which was also used for energy by BOP consumers and was thus in constant shortage. This was particularly important for the firm since the pies were the company’s top revenue earner and required regular production in order to meet demand.

8.4.2 Financial Impediments

Lack of access to international capital from local and offshore banks, which would have allowed the firms in the case studies to get foreign currency, was also identified as a key impediment by all firms. They indicated that this was a major obstacle for them since they imported the majority of their packaging and raw
materials. Whilst all cases acknowledged their exposure to this threat, Cases C and D still had access to some form of offshore capital through their MNC regional network. This is discussed in detail in the section on coping strategies. The Central Bank controlled all export earnings and allowed firms to access only 65% of their earnings in foreign currency, and the bank still determined when and how much companies accessed. The bank allocated foreign exchange to the manufacturing sector due to the importance of their products. All four firms in the case studies were in a priority category for access, but still struggled to get foreign currency.

A new impediment which emerged from each of the case studies was the shortage of cash and restrictions on the amounts of cash which the firms could withdraw from the banks. There was a shortage of the local currency from 2007, which made it difficult for the firms to conduct business in an environment where most suppliers now insisted on cash payments to protect themselves from the effects of hyperinflation. The Central Bank had not been able to print enough currency due to the hyperinflation. This was because its sole supplier of paper for printing notes was a German company which was put under pressure by its own government to stop supplying the Zimbabwean government as part of the sanctions imposed on the government (Zimbabwe Independent, 30 June, 2008). Foreign currency pricing by suppliers had also emerged as a new challenge for all the firms in the case studies given the shortages of foreign currency.

8.4.3 Governance and Political Impediments

Governance and political issues cited in all four case studies included corruption, political instability, the land reform programme, poor industrial policy, imposition of price controls, unattractive export retention policy, government intervention in allocation of raw materials and arrest of managers. However, there was variation in the impact of these impediments on the four cases. All the case studies relied on agriculture for their core raw materials because of the products which they manufactured. For example, maize meal required maize, flour required wheat, cooking oil, beans, margarine, and soap all depend on soya beans, milk was from dairy farmers, and beef, chicken and pork was from livestock and poultry farmers. These were supplied by the farming sector, but the chaotic land reform programme introduced by the government in 2000 affected the agricultural output,
which in turn resulted in shortages of agricultural raw materials for these firms, which resulted in them importing raw materials. To compound this problem, the government controlled the allocation of all agricultural produce by only allowing state corporations to buy the produce from the farmers and then distribute it to manufacturers.

The inefficiencies of the state agro-corporations were identified by all firms in the case studies as being responsible for the poor distribution of the produce to firms. Also highlighted were the high levels of corruption among the civil servants who were in charge of the distribution. Unfair intervention by the government in the manufacture and distribution of products through the state corporation was also cited as a key impediment. The state corporation, a subsidiary of one of the agricultural marketing boards, received preferential treatment in allocation of raw materials and was subsidized by the central bank to minimize the impact of hyperinflation on its operations.

Government participation in the sector was also through sub-contracting smaller locally owned firms with political connections with the ruling party to manufacture and pre-pack basic foodstuffs for re-sale at subsidized prices to BOP consumers under a programme called the Basic Commodity Supply Side Intervention (BACOSSI) facility. All the firms in the case studies cited how this programme virtually resulted in them being side stepped or ignored for allocation of raw materials because the government was promoting firms under the BACOSSI facility. However, the firms that were favoured did not have the capacity and skills to produce enough products for the market. Cases A and B were receiving some preference on getting raw material such as maize and wheat, although this was minimal and did not meet all their needs.

Price controls introduced by the government in 2005 were cited in all case studies as a major impediment for the firms. The firms mentioned that the recommended gazetted prices were way below the cost of producing the products and made it difficult for firms to replace their stock, which resulted in product shortages. There was selective exposure to this impediment which was reflected in the different time lags it took the four firms in the case studies to get approval for
price increases. On average, Cases A and B’s applications for price increases took between one and two weeks for approval. In contrast, Cases C and D’s applications took as long as six weeks, which, according to the executives, made a key difference in the hyperinflation environment, where a delay in decision making by a day could make a significant difference to the firm’s cash flow.

The same selective treatment was evident in the access to foreign currency from the companies’ export earnings. Cases A and B reported shorter waiting periods of an average of ten to twenty days to access their foreign exchange, as opposed to Cases C and D who reported waiting periods of as long as three months. Cases C and D reported not receiving preference from the government, who alleged these MNC subsidiaries could get foreign currency from their sister companies.

A key impediment mentioned in case studies was the threat of arrest of all senior management for failure to comply with legislation such as price controls. The government enacted legislation which extended corporate liability to management. As a result, management could be held directly responsible for the firms’ actions in their personal capacity. Top management, comprising the managing director, finance director, marketing and sales directors of Cases A and B, were arrested and spent days in prison on different occasions in 2007 and 2008 for flouting price controls (The Herald, 11 March, 2008; Financial Gazette, 13 March 2008; Zimbabwe Independent, 14 March 2008). They were charged and fined for these offences. This was cited as a key fear by all executives in the four case studies. Another key impediment that emerged in 2008 was the enactment of legislation which required foreign-owned firms to have majority local shareholding; otherwise the government would nationalize them. This was cited as a key constraint by Cases C and D who are private companies in Zimbabwe and have 100% foreign ownership. Both cases had taken the potential impact of this legislation seriously because they had seen how the government moved swiftly to nationalize agricultural land in 2000 and feared this could happen to them too.
8.4.4 Social, Human and Natural Impediments

All the firms in the case studies reported an increase in the number of employees who had died from AIDS related diseases between 2000 and 2008. Absenteeism levels were also cited as having increased due to illness and cost of transport. This in turn affected the firms’ production planning since some workers did not turn up for their shifts as planned. Prior to the crisis, cases C and D had the most preferred and competitive graduate management training programmes in the country. They trained and developed a core group of the country’s skilled people, who had gone onto to work in other local and international firms where they had excelled. All the firms in the case studies had experienced a skills flight especially in the technical fields.

The low capacity utilisation experienced in all the case studies had forced them to make some workers redundant and those left were on short week contracts. This has resulted in employees looking for employment in neighbouring countries such as Botswana, Mozambique and South Africa. For example, Case D lost almost 30% of its refrigeration mechanics in 2007 to recruiters from Australia, New Zealand and South Africa where their skills were in demand. All the firms in the case studies admitted not being able to compete with the foreign companies who offered foreign currency-based remuneration and a better living environment. Hence, skills retention was cited as a key challenge in all four case studies. However, Cases C and D still had a better appeal to the few skilled personnel left in the country because of the training they offered and potential for secondment in the firms’ sister companies where they could earn foreign currency. Attracting personnel to serve the BOP market was also mentioned as a challenge because of the negative perception that potential employees had about serving this market. Serving the BOP was not regarded as a desirable job compared to, for example, managing high-income brands which often involved prestigious integrated marketing communications activities.

All the firms in the case studies indicated that the poor yields caused by the persistent droughts had a negative impact on their raw material supply. Cases A, C and D relied directly on agricultural produce such as maize, wheat, coffee, soya bean and tomatoes which were all dependent on good harvests. Case B’s stockfeed product relied on maize and wheat which were also dependent on the harvest. Given
the control of agricultural produce marketing and distribution by the state corporation, access to the raw materials became a key impediment for all the firms. Although cases A and B had some leverage, since they received preference from the state corporation, this was minimal.

8.5 Coping Strategies

Having identified the nature of impediments the firms faced in their effort to conduct business at the BOP in Zimbabwe, the next challenge was to establish the coping strategies used by firms to militate against the impact of these impediments. All the firms in the case studies used diverse coping strategies for the different impediments they faced. These are outlined in Table 8.4. All the firms mentioned that the key challenge they faced was to be proactive and innovative in the way they conducted business in this environment. This is reflected by the following statements:

*Case A Informant: Survival in this environment is not guaranteed unless if you adapt a dynamic management style and be proactive in responding to the constraints prevalent in the environment.*

*Case B Informant: The only solution to the challenges we face as a business is to be creative and proactive when dealing with the environment*

*Case C Informant: You have to be proactive in your planning and ability to respond to these shocks in order to survive in this environment*

*Case Informant: We have become experts in crisis management by being creative and innovative in the way we manage the constraints that we face when doing business in this tough environment.*
Table 8.4 Coping strategies used by Zimbabwean firms to contain impediments

<table>
<thead>
<tr>
<th>CONSTRAINT</th>
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<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
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<td>• Money markets</td>
<td>• Money markets</td>
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<td>• Regional intra-company exports</td>
<td>• Regional intra-company exports</td>
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<tr>
<td>GOVERNANCE &amp; POLITICS</td>
<td>• Industry lobbying</td>
<td>• Industry lobbying</td>
<td>• Corporate social responsibility</td>
<td>• Corporate social responsibility</td>
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<td></td>
<td>• Old boy networking</td>
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<td>• Industry lobbying</td>
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<td></td>
<td>• Political connections</td>
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<td>• Old boy networking</td>
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<td></td>
<td>• Product diversification</td>
<td>• Product diversification</td>
<td>• Political connections</td>
<td>• Political connections</td>
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<td></td>
<td>• Use of informal distribution channels</td>
<td>• Use of informal distribution channels</td>
<td>• New Products</td>
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<td></td>
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<td></td>
<td>• Use of informal distribution channels</td>
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<tr>
<td>SOCIAL, HUMAN &amp; NATURAL</td>
<td>• Benefits</td>
<td>• Benefits</td>
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<td></td>
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<td>• Regional secondment</td>
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8.5.1 Economic Coping Strategies

The economic impediments were identified as being at the hub of business operations in all the firms in the case studies, and there were common coping strategies that were used by the firms. Cost cutting measures such as resorting to cheaper packaging, and modifying products by substituting imported raw materials with local ones where possible, were common among all four cases. However, Cases C and D were more reluctant to modify their packaging and product formulation because of the standardisation requirements for their products which was required by their MNC head offices. Short working weeks were also a common strategy used by...
all the cases. However these were said to have a negative repercussion on skills retention since employees who were put on short weeks often terminated their employment and migrated or engaged in income-generating jobs in the informal sector.

Sub-contracting farmers for supply was a key strategy used by all firms in the case studies to safeguard supply of raw materials. However, this had not been entirely successful due to the droughts that had been ravaging Zimbabwe in the last five years. This ended up being an added cost and loss to the firms because of the investment they had made in inputs and training for the contracted farmers.

All the firms in the case studies invested in generators and boreholes to ensure uninterrupted supply of electricity and water. However, Cases C and D had invested more in this equipment than Cases A and B, who mentioned that they had limited resources to undertake similar investment levels. Case D obtained used, but reliable, big capacity generators from its sister company in South Africa. All the cases imported their own fuel which provided them with some security in terms of their ability to distribute their products as there was a serious shortage of fuel.

Cases C and D indicated that they often accessed lines of international credit through their MNC network. Cases A and B engaged in some form of sharing facilities with other smaller local companies, especially those under the BACOSSI facility who did not have the capacity to manufacture products even though they received raw materials from the government. This was important in both cases to keep their plants running. Cases C and D did not engage in sharing facilities with local companies but did contract manufacturing for their sister companies in the region. For example Case D manufactured coffee, culinary products, infant cereal and milk products for its sister companies in Botswana, South Africa and Zambia. Case C manufactured washing powder for its sister company in Kenya because of the huge capacity of the Zimbabwean plant. Putting customers on cash-on-delivery terms was also a common strategy used to manage cash flow, although some of the big clients like wholesalers and retailers remained on weekly payment cycles.
8.5.2 Financial Coping Strategies

There was evidence of firms in all the case studies using alternative methods to raise capital for their operations, chief of which was through participation on the money markets, in particular the Zimbabwe Stock Exchange (ZSE). The ZSE had been a consistently high performing exchange in Africa for the last five years with share prices tracking hyperinflation, and it had become the preferred option for investment to safeguard against hyperinflation. Case B’s annual financial figures indicated that money market activities contributed at least 45% of the total revenue for the business in 2007. The other three cases also confirmed a similar trend although access to their figures was not possible since they were not publicly listed. All four case studies reported placing customers on cash trading terms to militate against hyperinflation.

Cases B, C and D exported products to regional markets in Southern Africa which helped the firms generate some foreign currency, although the policy framework was not very conducive as indicated in the discussion on foreign currency impediments. All of the cases had rationalised their product range by cutting down on the number of store keeping units (SKUs) and changing the packaging used. Cases C and D were more aggressive in this effort since they had a wider range of product lines. The majority of the packaging used by all the firms was imported, which, given the foreign currency shortages, became a key challenge. Hence, cases A and B resorted to using cheaper and often inferior local packaging to cut down on costs of producing the product. Cases C and D used their MNC network to get packaging since they were strict on standardising their packaging across markets. However, the firms indicated that local packaging was used where possible and where it did not alter the product appearance or quality.

8.5.3 Governance and Political Coping Strategies

Governance and political impediments posed challenges which required all the firms in the case studies to devise situational coping strategies. Although there were some common forms of coping strategies in all the cases studies, there was some reluctance to discuss strategies in detail especially in areas such as dealing with corruption. All the firms in the case studies condemned the practice and indicated
that it was official company policy to dismiss any employees involved in corrupt practices. On the surface, this appeared to be a fair position, but a problem arose when all firms in the case studies did not disclose the full nature of their political connections and how they used them as a coping strategy.

The researcher observed rampant distortions of price controls for the products manufactured by all the firms in the case studies which pointed to some form of preferential treatment and lack of implementation and supervision by the civil servants tasked to do so. All the firms in the case studies were members of industry organizations such as Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Affirmative Action Group (AAG) and Food and Personal Hygiene Manufacturers Association (FPMA). These were used to lobby for raw materials, foreign currency and price increases because the firms believed it was beneficial to carry a united voice when approaching the government.

Use of connections was both at an organizational and individual basis, where firms entered into working arrangements which were driven by the relationships among the individual executives. The networks that were used were diverse, although common ones included the old boy alumni network, and in some cases ethnic grouping networks often referred to as the ‘homeboy’ networks, which were based on the rural areas which the executives came from. These were prevalent in all of the case studies and were augmented by new networks created at social events such as at golf clubs.

Price controls were cited as a key governance impediment and all the cases used multiple coping strategies to avoid them. These included industry lobbying and product diversification, whereby the firms concentrated on manufacturing products which were not on the controlled price list. However the government was beginning to impose quotas for production of the controlled products which made it difficult for firms to divert their scarce raw materials to producing products which were not controlled. Cases A and B as local companies, had some leeway from these governance impediments as discussed earlier where it was noted that they had shorter waiting periods for raw materials and foreign exchange compared to Cases C and D. As a result, Cases C and D capitalized on their regional networks by increasing their
exports and contract manufacturing orders or bartered for raw materials from their sister companies.

Case D regularly received supplies of milk from its South African sister company. There was evidence of innovation in use of multiple channels of distribution in all of the case studies, in particular the informal channels. Cases A and B were more active in using the informal channels of distribution, which they said enabled them to charge market prices and evade price controls since it was difficult to monitor them, unlike the formal retailers. Cases C and D used these channels as well, although they still focussed on the formal channels for fear of reprisal by the government for evading price controls. This will be discussed in detail in Chapter 9.

8.5.4 Social, Human and Natural Coping Strategies

The main form of coping strategies used in all the cases to retain staff and to cut down on absenteism was through extending non-monetary benefits to them. This took different forms such as fuel coupons which were denominated in foreign currency and had become a key form of currency in place of the local currency. Employees were also given food hampers consisting of basic products. A form of barter trade took place between the firms in the case studies, for example Case A supplied Case C with maize meal, sugar beans, and salt for its employees in return for Case C supplying bathing and washing soap and margarine in return. This made product availability for the firms’ employees easier. Employees were also provided with transport to and from work in order to cut down on their transportation costs which varied on a daily basis due to the shortage of fuel.

Other benefits that were targeted at top management included payment of school fees, house rentals and share options since shares were the most hyperinflation-resistant instruments. Monetary salary on average constituted only 35% of the total cost of employment. Cases C and D continued to attract most of the remaining qualified skilled personnel because of their capacity to offer better packages. Besides the prestige of associating with a prestigious company which conferred status they also offered some employees opportunities for secondment to sister companies. Cases C and D provided medical facilities to help employees and their immediate families who had HIV complications. This involved importing anti-
retroviral drugs, something which these two were better placed to do than local companies. The medical facilities were part of the companies’ standard global programmes to assist employees with HIV. Subcontracting farmers was used as a coping strategy for raw material supply where the firms supplied contracted farmers with inputs that could help minimize the impact of droughts.

**Relevance to Research Questions**

Sections 8.4 and 8.5 have presented findings on the diverse impediments that firms faced when conducting business at the BOP in Zimbabwe and the subsequent coping strategies used to mitigate against these impediments. The findings indicate a diverse set of impediments were faced and coping strategies were used in Zimbabwe. These findings relate to research question 6 of this study, which sought to investigate these two issues in the context of how firms served the BOP in Zimbabwe.
8.6 Motivation to Stay in Business

Despite the multiple impediments to their operations mentioned by all of case study firms conducting business at the BOP in Zimbabwe, none of them indicated any intention of ceasing to conduct business in this environment. They identified a number of reasons for this motivation to continue to do business. These are shown in Figure 8.2 and discussed in detail in the next sections of this chapter.

Figure 8.2 Key motivating factors for conducting business

8.6.1 Market Potential, Experience, Entry Barrier and Profit Orientation

All the firms in the case studies acknowledged the market potential that existed at the BOP in Zimbabwe, given the fact that almost 85% of the market was now made up of BOP consumers and population growth was forecast to increase among this group of consumers, whilst that in the high income group was shrinking. The firms in the case studies regarded the BOP as constituting a viable market if firms understood the market and made an effort to adapt their approach to serving it, taking into consideration the impediments imposed by the environment. This was best reflected by the following statements:
Case A Informant: There is still potential for good returns in this environment as long as the firm adapts to the changes and understand the mindset of the consumers in the market.

Case B Informant: The assumption that such an environment is totally unviable for business is not true. As long as you are proactive and manage the business within the framework of the constraints there is always an opportunity to make good returns in the long run.

Case C Informant: The reality of the matter is that such markets have a market for products such as food and personal hygiene products as long as a firm can be proactive and change its business model of serving the market taking into consideration the growing importance of markets such as the BOP.

Case D Informant: We believe we know the environment and understand the obstacles inherent in the system, we have been in this environment for a long time and have the benefit of experience which has enabled us to develop internal coping strategies.

Experience in doing business in this market was mentioned in all of the case studies as one reason for their motivation to continue conducting business in this environment. The case study firms had been operating in this market for an average of 35 years. They also indicated that they had experience in dealing with the harsh economic and political environment, having experienced similar harsh challenges during the Unilateral Declaration of Independence era between 1968 and 1978 when the country faced international isolation. The firms viewed the crisis as a point in a cycle which was expected to change at some point in time, and all the executives interviewed believed they were part of the solution to turning the cycle around.

Entry into the Zimbabwe market by potential new entrants was identified as the real challenge for conducting business by all cases and a more likely situation than the possibility of them ceasing operations. They believed that their experience in operating in this environment created entry barriers for other potential competitors instead of motivating them to exit. The political and social connections or networks which the firms had created over the years were highlighted as an incentive for continuing business in this environment, as these connections cushioned the firms.
from the impact of some of the constraints and created goodwill with some key stakeholders such as the government.

All the firms in the case studies indicated that the challenge of conducting business at the BOP lay in how they managed the impediments they faced in the harsh environment. In all four cases, there was evidence of a cultural shift towards long-term profit orientation instead of a short-term profit goal, whereby the firm’s main objective was not just to make profits through margins but through volumes, taking into account the limited disposable income of these BOP consumers. Hence their business model was structured around making profits through maximizing volumes of products, whilst managing costs of producing these products using the various coping strategies that have been discussed. The model was also based on a long-term approach to doing business instead of a short-term focus. This was evident from the long periods for which all the firms in the case studies had been in business in Zimbabwe during which they had encountered different political and economic challenges.

8.6.2 Plant and Capital Investment

Investment in plant and equipment was cited as one of the main reasons for continued presence in Zimbabwe. In all four case studies there was investment in plant and capital equipment over a long period of time and most of this took place at a time when Zimbabwe’s economic fundamentals were second only to those of South Africa. Cases C and D’s investments were undertaken with an objective of utilizing these facilities for the benefit of other regional sister companies, as was evident in the contract manufacturing arrangements between the firms.

Investment continued in all of the case study firms. For example in 2007, there was an investment of more than US$2 million in a soap plant in Case C, demonstrating the global MNC’s commitment to operations in Zimbabwe. In 2008, Case B invested in its piggery project to increase its pig production from 45000 to 95000 in three years by improving slaughter capacity by 32%. (www.Pigsite.com). This was done in order to meet both local and export demand which the current slaughter capacity of 1500 pigs per week could not meet. Case D invested in the biggest and most sophisticated culinary processing plant in Africa in 2006 for soya
mince which was used to process regional orders. The importance of the investment made in this country by these firms is reflected by the following statements:

Case A Informant: Investment that has been put in the manufacturing plants also makes it difficult to abandon ship when there is still potential to make money.
Case B Informant: We have invested in world class facilities such as our abattoirs and the breeding farms because we are confident that we are in this for the long run
Case C Informant: Our investment in plant and equipment have been done with a long-term intention of doing business in this country, so we can not anticipate closing shop
Case D Informant: We have been in this country for so many years and have invested in manufacturing plants and brands over the years

8.6.3 Goodwill and Corporate Social Responsibility

All the firms in the case studies engaged in various forms of good corporate citizenship which they believed made them a part of the society and gave them an obligation to assist in bringing about change and improving the livelihoods of the local community. The firms viewed themselves as architects in providing solutions to the problems faced by the country. This was reflected by the following statements:

Case A Informant: Our company is a key player in the economy of this country especially in manufacturing sector, therefore we take responsibility for being part of the solution to the problems the country faces.
Case B Informant: We are also part of the society and we feel it is our responsibility to be part of the solution to the problems this country faces
Case C Informant: As a global company it is part of our values to help improve the economic livelihood of markets that we operate in since they are likely to constantly face challenges.
We are part of the economic machinery of this country and, we also have a corporate social responsibility as a global company to improve the livelihoods of communities they live in.
Case D Informant: We believe there is always an opportunity to manage the constraints that we face in this country and we have a moral obligation not only to protect the investments we have made over the years but to the general population who have supported us as a business for all these years that we have been operating in this country.

All the firms in the case studies had some form of corporate social responsibility programmes that were tied to their operations. For example, investment by all of the case study firms into partnerships with contracted farmers was critical to improving agriculture in the country and at the same time provided employment for thousands of people. In each of the case studies there were different forms of corporate social responsibility, such as education scholarships for the underprivileged and donations of food hampers to old people’s nursing homes.

Relevance to Research Questions

The findings from this study indicate a wide spectrum of reasons for firms’ motivation for continuing with business operations at the BOP in Zimbabwe, despite the impediments they faced. These findings relate to research question 7 which sought to establish the reasons why firms in Zimbabwe continue to conduct business in that environment.

8.7 Conclusion

The findings from the study indicate the growing importance of the BOP market in firms’ operations in Zimbabwe. A diverse number of insights into the impediments and coping strategies faced by firms conducting business in Zimbabwe have been highlighted. The chapter concludes by discussing the reasons for firms’ motivation to continue doing business at the BOP in Zimbabwe. The relevance of the findings to the research questions has been demonstrated, thereby addressing this study’s second objective of understanding firms’ conduct of business at the BOP.
9 Research Results – Consumer and Firm Interactions
9.1 Introduction

Chapters 7 and 8 presented findings on how BOP consumers made decisions to buy products, and how and why firms conducted business at the BOP. The purpose of this chapter is to present findings on the interactions that occurred between consumers and firms in order to facilitate exchange and consumption of products. The findings are based on the two intertwined aspects of firstly marketing challenges and forms and secondly drivers of the interactions, as outlined in Chapter 4. The study set out to answer the following research question in order to understand the forms of interaction taking place between consumers and firms.

Research Questions

RQ8 What are the marketing challenges and subsequent forms and drivers of the interactions that occur to facilitate exchange between the BOP consumers and the firms in Zimbabwe?

In order to fully understand the nature of interactions between consumers and firms, the findings from interviews with consumers, focus group discussions, ethnographic observations and cases studies which related to the interactions will be explored using the data analysis strategy used in Chapters 7 and 8. The findings as to the interactions that occurred between consumers and firms will be discussed from the broad perspective of their definition, which was established from the literature review in Chapter 4, and the subsequent themes which emerged in Chapters 7 and 8. These indicated that the interactions were multiple and were reflected in the marketing challenges faced by consumers and firms.

9.2 Market Exchange at the BOP

The findings from interviews with consumers, the focus groups, ethnographic observations and case studies suggested that a diverse range of interactions occurred between consumers and firms. These were reflected in the marketing challenges faced by the two, and extended beyond the facilitation of the physical exchange of products between consumers and firms to other elements of the marketing mix such as promotion. The four forms of exchange, i.e. structured, networked, pure and
centralized were all present at the BOP in Zimbabwe. However, pure exchange was less evident. These forms of exchange were manifested mainly through interactions that occurred through distribution.

9.3 Marketing Mix and Interactions

Marketing mix challenges were cited in all of the case studies as being central to the success or failure of firms in effectively exploring the opportunity at the BOP. This was also reflected by the BOP consumers’ concerns on the importance of the marketing mix elements in enabling them to obtain products. The forms and drivers of these interactions were found to be reflected in the distribution and promotion elements.

9.3.1 Interactions Manifested Through Distribution

Product availability was cited in the consumer interviews and focus group discussions as a key determinant of BOP consumers purchase decision making, due to the uncertainty of supply of these products in Zimbabwe. All four BOP groups and the four firms used both formal and informal channels of distribution to access and distribute products. The formal channels that were used included neighborhood grocery shops, supermarkets and wholesalers. The informal channels included buying clubs, open market stalls and tuckshops. These interactions were largely representative of centralized, networked and structured exchange, although there were limited cases of pure exchange that took place between the firms in the case studies.

The primary objective for all of the consumers was to gain access to products given the uncertainty of supply which was mentioned by all in both consumer interviews and focus groups, hence the use of either the formal or informal distribution channels. The firms mentioned that their primary concern was to have their products readily available in the market in order for their customers to get access to the products. This was confirmed by the findings from consumer interviews and focus groups where consumers stressed that availability of products was a key prerequisite for making a decision to purchase products. This was reflected by the following statements from interviewees:
BOPRU3\textsuperscript{35}: I look for products from all places, tuckshops, markets and shops at times

BOPUS\textsuperscript{36}: I look for products from all over the place depending on where we get them, going to shops, markets and other informal traders

BOPDU8\textsuperscript{37}: I look for products from anywhere we can find it be they formal shops informal traders markets or even from individuals

i. Informal Channels

Findings from the consumer interviews, ethnographic observations and focus groups suggested that BOP consumers were now using more informal channels of distribution instead of formal channels of distribution. Forty-six of the fifty-five interviewees mentioned that they now relied more on the informal channels of distribution for accessing products. The informal channels that were used were diverse and embedded in the consumers’ social networks, thereby reflecting networked exchange.

The main forms of informal channels that consumers used were the community corner shops called tuckshops, the general market stalls and buying clubs. These were said to have become the key sources of products for the BOP consumers in all the groups, especially those in the diluted urban, rural-urban and urban groups who tended to be more involved in the purchase process compared to the rural group. The rural group interviewees used the informal shops to a lesser extent because they did not buy most of their provisions, as they either got them from their relatives working in town or from the NGOs. This was reflected by the following statements:

BOPDU2\textsuperscript{38}: I now buy products from all over the place it can be from tuckshops or individuals selling or from market stalls in the neighbourhood where we never used to really buy products from but now days we don’t have any option.

\textsuperscript{35} Bottom of the Pyramid Rural-Urban
\textsuperscript{36} Bottom of the Pyramid Urban
\textsuperscript{37} Bottom of the Pyramid Urban
\textsuperscript{38} Bottom of the Pyramid Diluted Urban
BOPRUS: I buy from the tuckshops and informal market where there are cheaper and readily available

BOPU7: I get my products mainly from tuckshops, informal traders and at times from shops

All the firms in the case studies acknowledged using the informal channels as a key distribution channel for their products although Cases A and B were more active in using informal channels. The following statements reflected the firms’ position on using informal channels:

Case A Informant: A lot of our products are also being sold on the informal channels such as the tuckshops in high density areas

Case B Informant: We also use informal outlets such as tuckshops to sell our products.

Case C Informant: We use informal tuckshops who are supplied by our local distributors

Case D Informant: We also distribute through independent grocery shops and informal channels such as tuckshops although these are serviced by our distributors

Table 9.1 shows the main forms of informal channels used by firms in the case studies, with estimates of their total contribution to volumes of product distributed. The findings indicate that Cases A and B had diversified their distribution to informal channels more than Cases C and D. However, it is important to note that whilst the informal channels made products available to BOP consumers, the informal channels actually accessed products from the formal channels that were directly controlled by firms, such as van sales and distributors. This is discussed in detail in the section on formal channels.

BOP consumers cited the convenience and availability of products that informal channels provided as their main motivation for using the channels. Both the

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39 Bottom of the Pyramid Rural-Urban
40 Bottom of the Pyramid Urban
consumer interviewees and focus group participants also noted that these channels were not subjected to intense supervision by government price control inspectors, which made it easier for them to stock products. The researchers never saw the price control inspectors during their visits to the informal channels although they did see them in the formal channels.

Table 9.1 Informal channels used by firms and BOP consumers in Zimbabwe

<table>
<thead>
<tr>
<th>CHANNEL</th>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
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<tbody>
<tr>
<td>NETWORKS USED</td>
<td>Women’s Clubs</td>
<td>Women’s Clubs</td>
<td>Women’s Clubs</td>
<td>Women’s Clubs</td>
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<td>Buying Clubs</td>
<td>Buying Clubs</td>
<td>Buying Clubs</td>
<td>Buying Clubs</td>
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<td></td>
<td>Tuckshops</td>
<td>Tuckshops</td>
<td>Tuckshops</td>
<td>Tuckshops</td>
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<tr>
<td></td>
<td>General market stalls</td>
<td>General market stalls</td>
<td>General market stalls</td>
<td>General market stalls</td>
</tr>
<tr>
<td>% CONTRIBUTION TO TOTAL DISTRIBUTION</td>
<td>62</td>
<td>58</td>
<td>53</td>
<td>51</td>
</tr>
</tbody>
</table>

The downside of the informal channels that was cited by consumers was the high black market prices which some people in these channels charged. However, the interviewees indicated that this was mitigated by the convenience and variety of product sizes they provided, such as the single servings. Interviewees cited as examples the ability to buy single servings of cooking oil, single cup servings of sugar or salt or beans or maize meal, or pieces of washing soap. They mentioned that it was not possible to buy these products in the same sizes from the formal channels of distribution such as supermarkets.

All the firms in the cases cited informal channels as being critical to their distribution strategy due to their links with the BOP consumers’ social networks. However, there were variations as to the extent to which the firms used the informal channels. This will be covered in the section on the impact of social networks on the interactions between consumers and firms.
ii. **Formal Channels**

Zimbabwe, unlike some other African countries, has formal distribution channels such as supermarkets, wholesalers and independent grocery shops spread across the country. This structure of formal channels has been outlined in Chapter 5. All interviewees in all four BOP groups indicated that traditionally they used formal channels, especially those in their residential areas, as their main method of accessing products that were manufactured by firms. Their informal channels were only used as alternative complementary sources.

However, as discussed above, they mentioned that the situation had now changed since food and personal hygiene products were now more readily available in the informal channels than formal channels. Hence, consumers were now relying on the informal channels more than the formal channels to gain access to products. However, they stressed that where possible they continued to use formal channels to get products; this was reflective of structured exchange. This was illustrated by the following statements:

\[ BOPDU9^{41}: \text{It's difficult to get products in supermarkets these days, but they are available in tuckshops} \]

\[ BOPU10^{42}: \text{Shops don’t stock products as much as the tuckshops and markets so we don’t go there that much although we are always on the lookout for any stores stocking products since they are cheaper than the tuckshops.} \]

\[ BOPRU11^{43}: \text{Going to the shops is a waste of time, I go to the tuckshops and markets where products are available, I only go to the shops when there is word around of a pending delivery of products.} \]

A finding from the study mentioned by consumers in all BOP groups was the diminishing importance of location of distribution channels. This suggested that location of shops was no longer important; the scarcity of products made it

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41 Bottom of the Pyramid Diluted Urban  
42 Bottom of the Pyramid Urban  
43 Bottom of the Pyramid Rural-Urban
imperative for consumers to travel distances in search of products. This was reflected by the following statements by the interviewees:

*BOPDU1*\(^{44}\): We are not really concerned about where we get our food and other groceries as long as we can get them so location is not that much of a factor.

*BOPU9*\(^{45}\): As long as I can get affordable products location is not much of an issue

*BOPRU1*\(^{46}\): I don’t worry too much about the location of where I buy the products as long as I get them

*BOPR4*\(^{47}\): In the event that we get to buy products, we have to walk long distances in search of the products because we have no option since the products are no longer readily available.

All firms in the case studies still utilized the formal distribution channels for distribution of their products to the BOP, although this was changing in line with the trend for consumers to buy products from the informal sector where they were more readily available. The issue of stringent price control inspection in formal channels was cited as a reason for their decreasing importance in distribution, although this varied among the cases:

*Case A Informant:* We still use the formal distributors like OK and TM but we can’t meet their demand and consumers are also not necessarily buying their products from these outlets

*Case B Informant:* We also use the other traditional established retailers and wholesalers

*Case C Informant:* We still use the formal retailers and wholesalers where we can

*Case D Informant:* We still use the established retail and wholesale outlets although this is changing

\(^{44}\) Bottom of the Pyramid Diluted Urban  
\(^{45}\) Bottom of the Pyramid Urban  
\(^{46}\) Bottom of the Pyramid Rural-Urban  
\(^{47}\) Bottom of the Pyramid Rural
There were two distinct forms of formal channels used by firms in the case studies. The first group was made up of channels which were directly controlled by the firms such as factory shops and van sales operations, whilst the second group was made of those channels which the firms did not have direct control over such as retailers and wholesalers. These are shown in Table 9.2 and discussed below.

Table 9.2 Formal channels of distribution used by firms at the BOP in Zimbabwe

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRM CONTROLLED FORMAL CHANNEL.</td>
<td>• Factory shop</td>
<td>• Van Sales</td>
<td>• Van Sales</td>
<td>• Van Sales</td>
</tr>
<tr>
<td></td>
<td>• Van sales</td>
<td>• Retail outlets</td>
<td>• Distributors</td>
<td>• Distributors</td>
</tr>
<tr>
<td></td>
<td>• Distributors</td>
<td>• Franchise</td>
<td>• Franchisee</td>
<td>• Franchise</td>
</tr>
<tr>
<td></td>
<td>• Pie carts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% CONTRIBUTION TO TOTAL DISTRIBUTION</td>
<td>24</td>
<td>26</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>OTHER FORMAL CHANNELS</td>
<td>• Retailers</td>
<td>• Retailers</td>
<td>• Retailers</td>
<td>• Retailers</td>
</tr>
<tr>
<td></td>
<td>• Wholesalers</td>
<td>• Butcheries</td>
<td>• Wholesalers</td>
<td>• Wholesalers</td>
</tr>
<tr>
<td>% CONTRIBUTION TO TOTAL DISTRIBUTION</td>
<td>14</td>
<td>16</td>
<td>29</td>
<td>34</td>
</tr>
</tbody>
</table>

*Estimates from company sources

Distributors and van sales operations were the common formal channels which all four firms used. Van sales operations involved use of vans to sell and distribute products, mainly to informal channels such as tuckshops and buying clubs and in some cases to final consumers. All the firms in the case studies appointed distributors to distribute their products in BOP residential areas.

Case B had a chain of its own branded outlets that were located at its premises where BOP consumers could come and buy products direct from these shops. However, these outlets had stipulated minimum quantities of products which
customers could buy, and in most cases these were beyond the reach of individual BOP consumers. Hence, these shops largely conducted business with the BOP consumers’ social networks such as buying clubs since they could buy the required minimum bulk quantities. These were cash stores which sold cheap beef, pork and other protein products to BOP consumers.

Case A had a factory shop which sold products direct to BOP consumers and used the same minimum quantity requirement as used by Case B. Besides the refrigerated van sales operation which covered BOP markets, the company also had a team of carts with heated ovens which moved around selling pies and cheap sausages. The carts and refrigerated trucks were operated as a franchise run by ex-employees who had good knowledge of both the products and company policies. Case D had also started a similar franchise system using trucks and tricycles. All four firms in the case studies used traditional retailers such as neighborhood grocery shops, supermarkets and wholesalers. Case B also used butcheries to sell its meat products. All of these forms of distribution reflected continued use of structured exchange in each of the case studies.

Cases A and B also engaged in some form of centralised exchange through their participation in the government BARCOSSI scheme discussed in Chapter 8. All four case studies had different terms of trading with the formal channels which they did not control (i.e. retailers and wholesalers). All four firms in the case studies now placed customers on cash terms; this has been discussed in detail in Chapter 8. However, they still had some form of credit terms for customers. Cases A and B had more stringent trading terms with the retailers, to whom they offered a 7-day credit facility, than did Cases C and D, who offered a 15-day facility. Prior to the economic crisis all the firms in the case studies used to offer a 30-day credit facility, but this was no longer possible due to the threat of loss of value of money through hyperinflation. Cases C and D offered the longer credit period as a way of maintaining good relationships with the retailers who traditionally had always had the balance of power in the relationship and remained a key distribution channel for these firms. Cases A and B indicated that they were more constrained in managing their cash compared to C and D, who had bigger capital reserves to mitigate against loss of value of money by giving longer trading terms.
Various forms of point of sale material such as posters and shelf talkers and demonstrations were used in all case studies to promote their products. However, Cases C and D used more forms of point of sale material and they also used sales promotions to promote product lines whose prices were not controlled by the government.

9.3.2 Interactions through Marketing Communication

A diverse set of communication channels were used in each of the case studies to interact with consumers. There was a bias by firms in all case studies towards the use of direct marketing activities for interacting with consumers. Examples include product demonstrations which were mainly conducted at women’s clubs in the residential areas of the BOP consumers. The various forms of communication used and their contribution to the firms’ marketing communication channels are shown in Table 9.3.

Table 9.3 Marketing communication activities targeted at the BOP

<table>
<thead>
<tr>
<th>IMC ACTIVITIES</th>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABOVE THE LINE</td>
<td>• Minimal Radio</td>
<td>• Outdoor</td>
<td>• Television</td>
<td>• Minimal Radio</td>
</tr>
<tr>
<td></td>
<td>• Minimal print</td>
<td>• Minimal print</td>
<td>• Print</td>
<td>• Minimal print</td>
</tr>
<tr>
<td></td>
<td>21% of IMC budget</td>
<td>18% of IMC budget</td>
<td>38% of IMC budget</td>
<td>28% of IMC budget</td>
</tr>
<tr>
<td>BELOW THE LINE</td>
<td>• Wet sampling</td>
<td>• Mobile advertising</td>
<td>• Wet sampling</td>
<td>• Roadshows</td>
</tr>
<tr>
<td></td>
<td>• Women’s clubs</td>
<td>• Wet sampling</td>
<td>• Women’s clubs</td>
<td>• Wet sampling</td>
</tr>
<tr>
<td></td>
<td>79% of IMC budget</td>
<td>82% of IMC budget</td>
<td>62% of IMC budget</td>
<td>72% of IMC budget</td>
</tr>
</tbody>
</table>

Source: Interviews and company internal records
There were a variety of reasons mentioned in each of the case studies for this approach, chief of which were the unsustainable rates for television, radio and print advertising, all of which were now set to track the hyperinflation, which made them difficult to budget for. Apart from the escalating cost, the firms argued that investment in these activities was unlikely to enhance communication with the BOP consumers because of factors such as the constant power cuts, which limited access of BOP consumers to television and radio even for those who still had them. Cases A, B and D eliminated television advertising to target the BOP, and minimal radio and print advertising was used for mainstream media promotional activities. Case C still invested in some mainstream media promotional activities such as television and print due to long-term commitments it had made with the service providers. Firms in all cases indicated that the use of direct marketing communication tools was motivated by BOP consumers’ shift away from being influenced by mainstream media, as discussed in Chapter 7.

Marketing expenses in all case studies had been drastically reduced in response to the harsh economic environment. Firms in all the case studies now pursued innovative and cost effective methods of communicating with their customers.

Case A Informant: We still want to communicate with our customers but we have to find new innovative ways of doing so which are not mainstream because the current rates for TV or print or radio keep changing in line with the hyperinflation

Case B Informant: We have not been very active in promoting our products through mainstream methods due to budget constraints, we now use more direct marketing methods to reach out to our audience at the BOP

Case C Informant: It has become very expensive to use mainstream media due to hyperinflation, we have to be innovative in our communication strategy, we tend to get more mileage from direct marketing communication

Case D Informant: The cost of mainstream media is now very high and with hyperinflation it's difficult to track or keep up with the rates so we have increased our direct communication tools to reach out to the BOP.
Case D had initiated the concept of community roadshows where they conducted plays to dramatize their products either to demonstrate how the products were used or to introduce new products. The researcher attended three roadshows to gain a better understanding of the concept. The roadshows were conducted at schools, busy shopping malls and at markets that attracted huge crowds. On the spot sales promotions were also undertaken to encourage participation by the crowd. The strength of these roadshows was the direct communication and use of real life scenes to communicate with consumers.

The researcher also had an opportunity to attend product demonstration sessions at women’s clubs undertaken by firms in each of the case studies. At the demonstrations, company representatives provided information about their products and solicited feedback from the consumers about the products. The product demonstrations provided marketers from the firms with an opportunity to engage directly with consumers in smaller groups of about 25 women compared to the larger groups who attended the roadshows. There was feedback from the women on product use and to some extent on new products. Case B had a mobile product demonstration unit which moved around residential areas carrying out ad hoc demonstrations. The firm believed that this was very effective in extending the company’s reach to BOP consumers. All the firms in the case studies continued to invest in branding by way of support for the premium established brands and developing new affordable ‘fighting’ brands which were targeted at the BOP. These were cheaper brands which used cheaper raw materials and packaging.

9.3.3 Product Strategy

Findings from BOP consumers discussed in Chapter 7 indicated their concerns for the availability of products. In all of the case studies, firms acknowledged the importance of changing their conventional methods of providing products for the BOP market and assessing the degree of essentiality and potential for value addition for product offerings, in order to enhance product availability and affordability. Product availability was enhanced through the development of new affordable products that took the degree of
essentaility of the products into consideration. Examples are shown in Table 9.4

BOP consumers also considered availability of alternative new products as a key determinant of their purchase decision. Examples of product initiatives used in all case studies in order to implement this strategy are shown in Table 9.4. Acceptable product performance was also cited in all case studies as a prerequisite for any product initiative undertaken, and was also identified as a key prerequisite by consumers who indicated that they did not have the luxury to buy replacement products in the event of poor performance.

**Table 9.4 Product initiatives by firms**

<table>
<thead>
<tr>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Firm</td>
<td>Local Conglomerate Subsidiary</td>
<td>MNC subsidiary</td>
<td>MNC subsidiary</td>
</tr>
<tr>
<td>Single serve meat substitute soya chunks</td>
<td>Single serve cooking oil substitute using pork and beef drippings</td>
<td>Fridge-free margarine</td>
<td>Meat substitute soy mince</td>
</tr>
<tr>
<td>Single serve soya based cooking oil</td>
<td>Multi-purpose soap bar</td>
<td>Single serve relish aids</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Single serve washing powder</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 in 1 Sugar and powdered milk</td>
</tr>
</tbody>
</table>

Of the four case studies, the multi-national firms (i.e. Cases C and D) emerged as being leaders in changing the product mix to meet the needs of the BOP consumers. This was attributed to their advantage in having more resources to conduct research and develop new products compared to the local companies. The local firms, Cases A and B, copied the MNC’s product development strategies. For example, Case D introduced the soya mince meat substitute which was copied by Case A. The firms indicated that the development of new products outlined in Table 9.4 was largely driven by their quest to meet the needs of BOP consumers, taking the challenges they faced in their environment into account. An example cited was fridge-free margarine, a
product that was critical given the poor electricity supply in Zimbabwe. The creation of various affordable substitute products also highlighted the requirement to help consumers’ access basic food and personal hygiene products given the constraints of hyperinflation faced by BOP consumers.

9.3.4 Pricing Strategy

In order to increase the capacity of consumers to transact business and enhance interaction, all the firms in the case studies used to offer some credit facilities to organized social networks such as buying clubs and other community clubs who bought direct from the firms. However, they mentioned that this had become difficult to continue with in a hyperinflationary environment, although these groups still had the benefit of buying directly from the firms at lower prices than they would get from retailers.

All four firms acknowledged the need to strike a balance between the low income and high value-consciousness of BOP consumers so as to provide a product that these consumers could afford and obtain. Cases C and D used guidelines from their head office on their pricing strategies, in particular in the area of margin management. However, the firms emphasized that while in principle head office provided direction on margin management, the nature of the impediments faced by the MNC subsidiaries at the BOP had resulted in them adopting a more flexible approach where they reduced their margins by way of charging low prices to focus on volume, such that profitability was achieved through the high sales for the products. Cases A and B had already been using the high volume low margin strategy as a competitive tool to gain market share. In all case studies the pressure to adopt a high volume low margin approach was mainly driven by growth of the BOP market and its increased contribution to turnover, although its customers had low disposable income.

Different methods to deliver affordable prices to the consumers were used in all case studies, of which cost reduction was the main one cited. Cost reduction was mainly through product development of cheaper substitutes such as the soya mince substitutes for meat, cheaper cooking oil and multiple purpose soap bars as outlined in Table 9.4. Cheaper raw material alternatives
were used to produce these products, but all the firms remained cognizant of the need for the products to deliver acceptable performance for the consumers. Another key cost reduction strategy which was used in all case studies was modification of packaging. On average, packaging constituted the major cost for products produced by these firms, largely due to the packaging materials being imported. The firms substituted imported packaging with local packaging where practical, and as result Case A and B reported making overall savings of between 13% and 33% on some products.

9.4 Social Networks and Consumer-Firm Interactions

Findings from the study indicated that social networks played a key role in facilitating distribution of products between consumers and firms, thereby facilitating networked exchange. The key social networks that were identified by the majority of the interviewees and focus group participants as being critical for accessing products were the buying clubs, self-help groups, and professional associations.

9.4.1 Social Networks and Consumers’ Access to Products

The importance of social networks to purchase decision making was discussed in Chapter 7. Forty-three of the fifty-five interviewees identified social networks as key sources for accessing products from the firms. Consumers in all BOP groups in Zimbabwe joined social networks that facilitated access to products. This was reflected by the following statements:

*BOPDU3*\(^{48}\): Our professional association, the Zimbabwe Teachers Association has accounts with major suppliers where they sometimes buy products in bulk at low prices for distribution among the members.

*BOPU4*\(^{49}\): Our buying club can buy products such as food direct from companies which we share among ourselves and also sell at the market.

*BOPRU2*\(^{50}\): I am a member of the local buying club which buys products directly from companies for members to share and re-sell some.

---

\(^{48}\) Bottom of the Pyramid Diluted Urban
\(^{49}\) Bottom of the Pyramid Urban
\(^{50}\) Bottom of the Pyramid Rural-Urban
BOPR1\textsuperscript{51}: We get products from Care and HIVOS through the HIV group so it’s important to be a member of these groups in order to get food and soap

The buying clubs discussed previously in Chapter 7 were identified as key sources of products for consumers. Interviewees in the urban, diluted urban and rural-urban groups mentioned that their buying clubs had special accounts with leading manufacturers and suppliers of products. Groceries when purchased by these clubs were distributed equally among members.

The researchers had the opportunity to observe the interviewees participating in buying club meetings and purchasing products from all four firms in the case studies. Members used the groceries for both consumption and for resale through the tuckshops and at the general market stalls. Other buying clubs were based on other women’s clubs, churches and HIV-AIDS community groups. In the rural areas, social network groups such as HIV-AIDS groups and non-governmental organization (NGO) groups were a key source of products for these consumers as they distributed products for free. Some of the NGOs bought products from firms in the case studies. Case A had a division which specialized in manufacturing food packs for NGOs such as beans, energy drinks and porridge for children. Interviewees in the diluted urban groups used their professional bodies such as teachers associations and public servants associations to get products as these had preferential buying arrangement with firms to buy scarce products for their members.

(i) Motivation by consumers for using social networks to interact with firms

Social networks were highlighted in Chapter 7 as key coping strategies used by consumers in all four BOP groups to gain access to products that were in short supply. Discussions in the focus groups emphasized that product shortages in the formal channels were due to price controls and restricted availability from manufacturers. Preferential treatment, which some of the social networks such as the buying clubs and women’s clubs received from the manufacturers, enabled members to get access to products which provided them with some form of certainty and security for their basic needs. The interviewees also indicated that participation in social networks such as the buying clubs was also a form of income generation for

\textsuperscript{51} Bottom of the Pyramid Rural
members as they could sell some of the products they bought from the companies through their market stalls and tuckshops to generate income.

### 9.4.2 Social Networks and Firms’ Distribution Strategy

All the firms in the case studies acknowledged the importance of social networks as distribution channels, which they identified as being part and parcel of these consumers’ lives. The types of networks used and methods for facilitating distribution of products are shown in Table 9.5.

#### Table 9.5 Firms’ use of social networks for distribution

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>CASE A</th>
<th>CASE B</th>
<th>CASE C</th>
<th>CASE D</th>
</tr>
</thead>
<tbody>
<tr>
<td>NETWORK USED</td>
<td>Women’s Clubs, Buying Clubs, Professional association</td>
<td>Women’s Clubs, Buying Clubs, Ex-employee, Professional associations</td>
<td>Women’s Clubs, Buying Clubs, Professional associations</td>
<td>Women’s Clubs, Buying Clubs, Professional associations</td>
</tr>
<tr>
<td>PRODUCT ACCESS METHODS</td>
<td>Factory shop, Van sales, Distributors</td>
<td>Van Sales, Retail outlets, Distributors, Franchise, Pie carts</td>
<td>Van Sales, Distributors, Franchisee</td>
<td>Van Sales, Distributors, Franchise</td>
</tr>
</tbody>
</table>

Social networks were cited as a key conduit for distributing products in all case studies, and facilitated distribution of products between the consumers and the firms. The women’s groups and buying clubs were common among the urban and rural-urban consumer groups, whilst the professional associations catered for the diluted urban group. The only exception was Case B which used a network of retrenched workers as a franchise vehicle.

*Case A: Consumers now develop coping strategies such as creating their own buying clubs or using other community organisations to access products from us*
Case B: We are also using some women’s clubs and buying clubs to distribute our products

Case C: We have actively engaged networks such as women, community clubs and church cell groups.

Case D: Network groups such as community groups are critical for our distribution

All firms in the case studies suggested that formal channels such as retailers were reluctant to stock products in large volume because of their exposure to price controls, although Cases C and D still had a large proportion of their products going through the retailers because of their fear of reprisal from government for creating shortages. Hence, Cases C and D indicated a greater reluctance to rely on the social networks for distributing their products. This was different to Cases A and B who had the majority of their products being distributed through the informal channels using a variety of networks. These locally owned companies expressed confidence in dealing with the price controls better than their MNC counterparts and received preferential treatment from government when it came to obtaining authorization for price increases. Interestingly, however, it was executives from Cases A and B who were the ones prosecuted for price control infringement rather than executives from the MNCs, as previously discussed in Chapter 8.

Distributors and van sales operations were the common methods through which the social networks could buy products from all four firms. Case B also used its branded outlets to serve social networks, whilst Case A used its factory shop to serve the social networks. There were facilities in the factory shop for social network groups, which had accounts and were allowed to buy products in quantity. Distributors who served the social networks also purchased their products from these ‘cash and carry shops’. All sales were on a cash basis although the groups were given preference as far as supply was concerned.

(i) Motivation for firms using social networks to distribute products

A key challenge that was highlighted in all case studies was the need to understand and serve the BOP which had become their biggest market. Firms
resorted to using social networks for distribution in line with the trend of their target customers accessing products from the informal channels which were often controlled by social networks. This was reflected by the following statements:

*Case A Informant: We have to utilize the social networks because our customers use them and buy from them*

*Case B Informant: A lot of BOP consumers’ activities and life are centered on these networks, so we have to accommodate this.*

*Case C Informant: As for the informal outlets and social networks, these provide us with an opportunity to understand BOP consumers better and to make our product available in their domains.*

*Case D Informant: If we are to grow our business and serve this market we have to be able to deliver the products through channels which they can access the products*

All firms in the case studies indicated that the impediments they faced when distributing products, such as price controls and channel conflict with retailers, incentivized the manufacturers to use the informal channels of distribution dominated by social networks. Informal channels such as tuckshops and market stalls were said to be keen to stock products since they could evade price control supervision by virtue of their operating in the informal sector which was difficult to monitor.

Cases A and B were more upfront about their motivation for using the social networks for distributing their products. For example they cited as a benefit the passing of risk of price controls to these networks. Cases C and D practiced caution in using the social networks, limiting their interaction to a smaller number of the groups that were registered with them, such as buying clubs and community clubs. Fear of prosecution or accusations of fuelling the black market were cited as reasons for caution by these two firms. Hence, the social networks were indirectly used as a way of evading price controls whilst ensuring that the consumers gained access to products. This is reflected by the following statements:
Case A: Social networks ensure that these consumers get access to products at realistic prices which the consumers know is the real value of the products in this hyperinflation environment.

Case B: The social networks are an important way of evading price controls since it is difficult to control these informal outlets.

9.4.3 Social Networks and Marketing Communication

Besides expanding product availability, interactions with social networks were identified by all the firms in the case studies as an effective way of communicating with BOP consumers. BOP consumers relied on these networks for credible information on new products. Firms also indicated that using social networks was a key strategy for containing costs such as promotion and market research, which the firms mentioned as having become very expensive in the hyperinflation environment in which they operated. All the firms in the case studies used the social networks for demonstrating their products and getting feedback from consumers.

The various direct marketing methods used by the firms in the case studies, which were mentioned in the preceding section, were predominantly undertaken using social networks such as women’s groups. For example, Case B conducted its mobile promotion using established women’s groups as clusters for meeting the consumers. Case D used community halls where women’s clubs converged as venues for conducting its roadshows, and members of the clubs used word of mouth communication to inform people of forthcoming roadshows in their areas. Cases A and C also used the women’s club meetings for demonstrating their products.

9.5 Interactions through Franchising

Findings from the case studies indicate that three of the four cases had introduced franchises linked to social networks as key distribution channels. The researcher had the opportunity to visit the franchises operated by Cases B, C and D to observe their operations. Not only did these franchises enable firms to minimize the negative impact of the distribution challenges that were common at the BOP, but
they also enabled consumers to get access to products and provide employment and business ownership opportunities for these marginalized consumers. The key functions of the franchises are shown in Table 9.6.

### Table 9.6 Role of franchises for Cases B, C, and D

<table>
<thead>
<tr>
<th>CASE</th>
<th>FRANCHISE FORM</th>
<th>NETWORKS USED</th>
<th>SUPPORT MATERIAL</th>
<th>PROMOTION SUPPORT</th>
<th>RESEARCH ACTIVITIES</th>
<th>REPORTING SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>• Vending Unit</td>
<td>• Community Clubs</td>
<td>• Vending units</td>
<td>• Roadshows</td>
<td>• Test Marketing</td>
<td>Weekly</td>
</tr>
<tr>
<td></td>
<td>• Van sales</td>
<td>• Ex-employees</td>
<td>• Heated carts</td>
<td>• Demonstrations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Refrigerated Trucks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Uniforms</td>
<td>• Outdoors advertising</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Recipe leaflets</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Product catalogues</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Test Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>• Vending</td>
<td>• Community Clubs</td>
<td>• Vending units</td>
<td>• Roadshows</td>
<td>• Test marketing</td>
<td>Monthly</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Uniforms</td>
<td>• Demonstrations</td>
<td>• New product development</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Outdoor advertising</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Recipe leaflets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Product catalogues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>• Vending</td>
<td>• Community Clubs</td>
<td>• Vending units</td>
<td>• Roadshows</td>
<td>• Test marketing</td>
<td>Monthly</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Tricycles</td>
<td>• Demonstrations</td>
<td>• New product development</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Uniforms</td>
<td>• Outdoor advertising</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Recipe leaflets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Product catalogues</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cases C and D had similar approaches to using the franchise system. Case D had introduced a franchise system based on its association with local women’s community clubs who were appointed franchisees to exclusively distribute culinary products such as soya mince (a cheap alternative to beef) to BOP consumers. The franchisees distributed the products through tricycle salespeople and market stalls. They enhanced the affordability of products by extending credit to customers who belonged to their networks.
Case C developed a franchise arrangement also based on the women’s clubs to distribute its products aimed at the BOP using vending units. Examples of products were the 2 in 1 washing bar which could be used for both laundry and personal bathing, and sachets of washing powder. The social networks such as women’s clubs had a management committee which was in charge of running the affairs of the group with well defined guidelines and in some cases constitutions. They were also officially registered with the municipality and operated bank accounts. This defined organizational structure enabled all of the case study firms to enter into contracts with the social networks ranging from 1 to 2 years which stipulated both parties’ obligations. The firms indicated that the basis for these contracts was the mutual long-standing trust and relationship the two parties shared even though they contained basic legal provisions to protect the firm and its brand. Case D paid its franchises an average commission of 5% and also provided incentives for achieving sales targets.

Case B developed a dual franchise system to distribute its products to all four groups of BOP consumers. The company allocated exclusive distribution franchises for low value products (such as value-based meat products and pies) to three franchisees both linked to its partners in the women’s clubs and to former employees who had been retrenched. The franchisees extended credit to members of their networks although this was now more difficult due to hyperinflation. The contracts for these franchise arrangements were more structured and binding than those of Cases C and D due to the investment in support structure such as vehicles for handling perishable products. In B’s case, trust and historical relationships within the social networks and with ex-employees formed a core basis of the relationship between franchisor and franchisee. Case B paid lower commissions (2.5%) than the other two cases because the products involved had very low margins but huge volume potential.

9.5.1 Nature of Support and Information Flow

Case D provided branded tricycles and uniforms to the franchisees for distribution of the soya mince and stock cubes. It also provided branded vending units for the women who distributed products at the markets where the majority of BOP consumers purchased their culinary products. Promotion materials such as
recipe leaflets in the local language, demonstrations at clubs and shopping malls as well as outdoor media and banners were provided. Case C used similar promotion tools as did Case D, although their promotion was more heavily centred on the market stalls. In both cases, the franchisees provided sales reports on a monthly basis and on any other issues they might encounter. The companies also provided training and simple manuals on policies for the franchisees to refer to.

On the other hand, Case B provided branded small (half tonne) refrigerated trucks to distribute fresh meat products, and tricycles with ovens to distribute pies. These were on lease to the franchisees and operational costs such as fuel and maintenance were split between the company and the franchisees, with the company paying on average 65% of the costs since the company purchased the vehicles and tricycles. Part of the commission went towards buying the trucks over a period of 3 years depending on the sales achieved. The company had six such franchises covering all of Harare’s 18 high density residential areas for BOP consumers. All the three firms provided promotion support in the form of product demonstrations and roadshows. There were similarities in promotion methods between Cases B and C although Case B focused more on demonstrations and roadshows. Case B had more stringent reporting schedules such as weekly reports and made more unannounced trade visits to check progress and implementation of policies. They were very reluctant to give the franchisees their detailed product manuals except the basic standard manuals for product handling.

Relevance to Research Questions

Findings from this study discussed in the preceding sections relate to the study’s research question 8, which sought to establish the marketing challenges faced by consumers and firms, highlighting the forms and drivers of the interactions. These were reflected in the marketing mix elements, especially in distribution and communication.

9.6 Conclusion
Findings from consumer interviews, focus group discussions, ethnographic observations and the case studies have highlighted the interactions which take place between the consumers and firms, and these are reflected in the marketing mix elements. The findings have also identified social networks as a key conduit for the interaction between consumers and firms at the BOP in Zimbabwe. The relevance of the findings to the research questions has also been demonstrated, thereby addressing this study’s third objective of understanding the interaction between consumers and firms at the BOP.
10 Discussion and conclusions
10.1 Introduction

In Chapters 7, 8 and 9, findings from the consumer interviews, focus groups, ethnographic observations and cases studies were outlined. This chapter has two main objectives: first, to elaborate upon these findings, and second, to discuss the implications of these findings and suggest potential future directions of research in the areas of enquiry explored by this thesis.

The main purpose of this study was to investigate marketing to the BOP in Zimbabwe in order to:

(i) Investigate how BOP consumers make decisions to buy food and personal hygiene products.
(ii) Investigate how and why manufacturers of food and personal hygiene products conduct business at the BOP.
(iii) Investigate the interactions that occur between BOP consumers and firms.

Discussion of the findings is structured around these main objectives.

10.2 The BOP Market in Zimbabwe

The current study found that the BOP market in Zimbabwe is not a homogenous entity but is made up of four groups; namely, the diluted urban, urban based, rural-urban based and rural based. Each group’s characteristics were covered in Chapter 5 and their impact on BOP consumers’ buyer behaviour will be discussed in this chapter. A major variation of the market in Zimbabwe is the potentially temporary BOP status of the diluted urban group. This is a group made up of skilled professionals who now belong to the BOP due to the turbulent circumstances in Zimbabwe. However, the chances of them reverting back to middle class status in the event of an improvement in economic conditions is high because they are employed full-time in skilled professions which, under stable conditions, would guarantee them daily survival income of more than US$2 a day which could alter their purchase behaviour.
10.3 Understanding BOP Consumer Decision Making

10.3.1 Consumer Decision Making

The majority of consumer behaviour theories have their origins in disciplines such as psychology and have been developed and tested in the USA, with some limited comparative studies from Europe using restricted samples (Mitchell and Bates, 1998).

i. Income Source and Budget Planning

The importance of income to BOP consumers outlined in this study was not limited to income levels but also included investigation of income sources. The study found that BOP consumers relied on multiple sources of income, although this was less prevalent in the diluted urban group, whose main source of income remained their formal full-time jobs. The other three groups (urban and rural-urban based in particular) relied more on multiple income-generating projects. By investigating the sources of income, the current study was able to link the sources of income to how BOP consumers allocated their income to their expenses, and in the process addressed a gap identified by Banerjee and Duflo (2006), who advocated further research in this area in order to better understand BOP purchase behaviour.

The importance of the informal sector as an employment and therefore income source is reinforced by this study, thereby supporting previous findings by Scoones, Chibudu et al (2006). The thesis outlines numerous and diverse examples of income-generating activities that BOP consumers participate in. However, participation in the sector was often limited by lack of basic skills and capital. The research also found that BOP consumers in all four groups relied on remittances from overseas as a source of income. This is consistent with findings by Bracking and Sachikonye (2006), who argue that overseas remittances have become a key source of income for BOP consumers. However, the findings suggest that BOP consumers who lived in the urban areas had better access to these remittances through money transfer facilities which were readily available in towns. This was unlike rural areas where such facilities were scarce.
This study supports, to some extent, findings from previous research into the proportion of income that BOP consumers spend on consumer products, which is estimated to be between 50–75%, with food being the main expense (D’Andrea, Ring et al, 2006; Hammond, Kramer et al, 2007; Rangan, Quelch et al, 2007). However, food is ranked second to accommodation in this study, with the exception of rural BOP consumers who do not face the same challenges to secure accommodation as the urban-based BOP consumers. This supports to some extent findings by Austin (1990) which indicate accommodation is a critical challenge for citizens in underdeveloped countries due to the rapid urbanization and rural-urban migration pressure.

New insights

The research found that BOP consumers engaged in a budgeting and planning process when making purchases that was closely linked to their sources of income and needs. This addressed a gap in understanding the livelihoods of BOP consumers as raised by Banerjee and Duflo (2006). Accommodation shortages were found to be prominent among urban BOP consumers due to overpopulation caused by rural-urban migration, unlike rural BOP consumers who owned homesteads. The exception to this was a minority in the diluted urban group who had accessed mortgages prior to the economic crisis. Different BOP groups structured their budget planning differently. For example, the diluted urban group structured their budgeting around their monthly salary dates, in contrast to the other groups who were mostly active in the informal sector and received their income on a more regular basis and thus had more flexibility in making purchases.

ii. Consumer Purchase Decision Making Approach and Consumer Roles

Various scholars have highlighted the process which consumers go through when buying products and the varying importance they attach to these purchases (Engel, Kollat et al, 1973; Howard and Sheth, 1969; Nicosia, 1966). Food and personal hygiene products are categorized as habitual and low involvement purchases (Assael, 1998; Sheth, Mittal et al, 1999, D’Andrea, Ring et al, 2006). Findings from this study found that BOP consumers engage in a deliberation process when buying food and personal hygiene products, and the process and importance
they attach to purchases is not necessarily the same as that of consumers in Western markets.

Previous studies have categorized different consumer roles as being husband and wife dominated (Blood and Wolfe, 1960; Burger and Locke, 1960; Sproles and Kendall, 1986; Wolgast, 1958). However these studies focused on Western developed markets where the circumstances that consumers face are significantly different to those at the BOP. Findings on the different gender roles from the current study support to some extent those by Purvez (2003) and Viswanathan (2007), who highlight the dominance of women in the purchase of food in BOP markets in Bangladesh and India, which identifies with the traditional wife-dominant role. However, their findings are restricted to the rural BOP consumers and do not provide insights into the behaviour of urban BOP consumers. Findings from the current study demonstrate an increase in dual and shared responsibility between husbands and wives that was traditionally not the case. This shared responsibility is consistent with observations by Hess and Ferre (1987), although the patterns and forms evident at the BOP are different from those experienced in Western markets.

New insights

At the BOP in Zimbabwe, the research found that the limited income of consumers and other constraints resulted in them going through an intense budgeting and planning process which involved them approaching purchases at a high involvement level. This has been illustrated in the 3As framework outlined in Chapter 7. The challenges of product shortages, price volatility and the need for consumers to make a purchase when they had income, put pressure on them to ensure that they made the right decision when buying food or personal hygiene products when the products were actually available. Hence, there was little room for trial and error when making purchases.

Findings from this study indicate changing spousal roles among urban based BOP consumers in the three non-rural groups, where husbands were found to be increasingly involved in the purchase decision and in some instances assumed major responsibility. The different changing roles among the groups have been explained and shown in Tables 7.2 and 7.3 in Chapter 7. For example, the pressure of limited
income, uncertain product availability and price hyperinflation resulted in spouses making joint purchase decisions and at times speculative purchases.

The study provides new insights on the multiple roles undertaken by children in the decision making process at the BOP. These were different to those undertaken by children in Western markets whose influence is on choice of product and brand (Kim and Lee, 1997). Findings from this study suggest that at the BOP in Zimbabwe, elder children assumed significant responsibility for the upkeep of both their parents and siblings, which resulted in them assuming multiple roles. This was particularly the case in the three non-rural groups. For example, whilst their dependents might be the users or might attempt to initiate purchase, the main roles remained with the elder children who ended up deciding on and buying the products which they gave to their parents and siblings. This is not the case in the Western world where there are support systems for pensioners and minors that minimise the need for children’s support and their subsequent role in the purchase decision process for their parents.

### iii. Determinants of Consumer Decision Making

There is limited previous literature that specifically addresses what drives BOP consumers to buy products. Sridharan and Viswanathan (2008) attempt to cover this area in studies undertaken in India although they only pay attention to the influence of price. However, findings from the current study dispute this assertion and indicate a wider set of drivers. The current study reinforces previous findings by Bearden and Etzel (1982) on the influence of reference groups on the behaviour of BOP consumers.

The current study also reinforces the importance of social networks on the livelihoods of BOP consumers. Family, friends and fellow members of social networks were identified as the main sources for information needs, not just the promotion campaigns or shopkeepers. Findings from the current study suggest that BOP consumers were more likely to be influenced to try new products based on the references they received from their social networks, rather than from firms’ promotional activities. However, there has been little research into how these networks determine purchase decisions by BOP consumers beyond using them as a source of information. This is a gap which this study addressed.
Previous findings on the importance of the convenience of local formal shops by Viswanathan, Sridharan et al (2008) are also supported to some extent by findings from the current study, although their importance was found to be diminishing given the challenges of product shortages. BOP consumers preferred to buy products from their local shops when they had products in stock, but this was now infrequent since the products were mostly found in informal channels.

**New insights**

Previously held assumptions by Magrabi, Chung et al (1991), that price alone is the primary determinant of purchase at the BOP due to the low incomes of consumers, is not supported by this research. In this study, different dynamics were found to potentially alter the role of price. Whilst the interviewees from all four groups were unanimous on the high ranking of the three purchase drivers of price, physiological needs and product availability, they emphasized the inter-linkedness of these factors in determining their purchases. Specifically, the researcher found that BOP consumers jointly considered these three drivers when making purchases. Circumstances such as uncertainty of product availability and regular price increases due to hyperinflation resulted in speculative buyer behaviour which was not necessarily tied to immediate consumption to meet physiological needs. Uncertainty of product availability is cited by Devarajan (2008) as a common challenge faced by BOP consumers who constantly face food shortages.

Findings relating to social networks in this research found that the role of social networks extended beyond the traditional role of being a source of information for new products to that of determining product choice and providing information on the availability of scarce products. Multiple memberships of various networks, especially in the urban and rural-urban based groups, was found to create a wider pool of information to be shared among network members. This assisted BOP consumers to cope with hardships and facilitated collective decision making as to which products to buy and which new products to try.

Findings from this study indicate that availability of new products is an important driver of purchase since new products were found to be a critical vehicle
for coping with the hardships BOP consumers faced. New products for these consumers were seen as an alternative to expensive brands. The new products were used to bridge the gap between lack of product availability and high prices. The study reinforced findings on the influence of promotion activities at the BOP, highlighting the low impact of media-based promotion. However, interviewees in the study mentioned their interest in direct marketing activities which they said were not sufficiently available to them.

10.3.2 Constraints and Coping Strategies

The role of diverse macro-environmental constraints on consumer behaviour at the BOP, such as economic, political social and infrastructural challenges, are supported by findings from this study (Ersado, 2006; Johnson, Ostry et al, 2007; Ndulu, Chakraborti et al, 2007; Kauffman, Kraay et al, 2007; Loayza, Ranciere et al, 2007). These challenges include corruption, low income, unemployment and weak public utility infrastructure. The current study found that consumers resorted to some previously documented coping strategies, such as relying on remittances from overseas to augment their income.

New insights

Findings from the current study identified a diverse set of coping strategies not previously documented which BOP consumers used to mitigate against the constraints. These coping strategies, detailed in Chapter 7, were largely expense reduction strategies, such as cutting down on meals and eliminating clothes and furniture expenses, in order for them to live within their means. Findings from the current study reinforced the fact that income deficits were a reality for BOP consumers and self-employment in multiple income-generating projects was a key coping strategy. The current study also suggests that new products were used as a coping strategy to counteract product unavailability and high prices. This is unlike the situation in Western markets, where new products are likely to be a source of options and variety for consumers and not instruments for coping as is the case in at the BOP (Foxall, 1988; Singh, 2006).
10.3.3 Summary

The current study highlights the fact that the BOP in Zimbabwe is not one homogenous market but is made up of four distinct groups with both similarities and differences that impact on consumers’ purchase behaviour. Overall this study has supported and expanded findings from previous literature on how consumers make decisions to buy products such as food and personal hygiene items. The study has also provided new insights into research areas such as the budgeting and planning process that consumers with limited income such as those at the BOP undertake, and the purchase drivers for BOP consumers. The current study has also outlined insights into the consumer purchase decision approach used by BOP consumers and on changing spousal and family roles in the context of the BOP. The study has also identified the impact of social networks on the decision making process.

10.4 Understanding How and Why Firms Conduct Business at the BOP

10.4.1 Firms’ Decision Making

Findings from the current study support arguments put forward by advocates of increased marketing to the BOP, who argue that the BOP represents a market of potential growth in terms of the numbers of customers who can contribute to firms’ turnover (Prahalad, 2005; Hart, Enk et al, 2004; Mahajan and Banga, 2006; Hammond, Kramer et al, 2007; Rangan, Quelch et al, 2007). This potential is demonstrated in the annual incremental contribution to turnover from the BOP market to firms in this study, and the high growth prospects of the market in terms of population. A trend analysis of BOP contribution to turnover from 2000 to 2007 indicates an average 10% growth in turnover for both locally-owned companies and multinational subsidiaries, although it is higher among the local companies. This finding contributes to increased calls for firms to serve the BOP, and negates the scepticism that has been levelled at the need to serve the market. However, all four case study firms indicated that whilst the BOP had high growth prospects and firms had shown an increase in contribution to revenues from this market, firms still did not have an adequate understanding of this market or structures in place to effectively serve it.
**New Insights**

Advocates of increased marketing to the BOP argue the need for a paradigm shift by firms in order to serve this market and highlight the need for management commitment to make this shift. There is evidence of lack of management commitment in the overall organizational implementation of strategies to serve this market in all four case study firms. Analysis of the cases studies indicates a link between successful engagement with the BOP and management commitment. There are four key variables involved in potentially driving this engagement. These are the need for allocation of specific marketing personnel, use of marketing research, strategic plans to effectively serve the BOP and inter-departmental co-ordination when implementing activities. All of these should be part of the firm’s overall strategic vision and direction. This is shown in Figure 10.1.

![Figure 10.1 Firms’ framework for effectively serving the BOP](image)

Specifically, the research found that whilst top management could in theory adopt a strategic vision to serve the BOP (even at the highest levels such as the CEO as in Cases B and D), if the vision is not translated into implementation, the rest of the organization does not focus on this market. Successful implementation could be
facilitated by strategic plans specifically targeted at the BOP. This should be managed by specific marketing personnel such as brand managers who would keep track of the changing needs of this market. Although firms in all four cases had some form of sales representation for the BOP, there were no dedicated marketing personnel to develop strategies to serve this market. Findings from this study suggest that there was a lack of such internal resources and systems in all four case studies, and this was cited as a reason for firms’ inability to effectively serve the BOP. Firms in two of the cases had channel managers who had some limited responsibility for the BOP. However, this was not well integrated into the firms’ overall channel management objectives. The negative or less glamorous tag associated with being in charge of functions that serve the BOP contribute to this unwillingness/reluctance by staff to manage this market.

The research points to lack of information sharing on BOP needs and challenges among various departments such as production, finance and marketing. In all four cases functional managers from the other departments were not aware of the fact that the BOP was the main contributor to the firm’s turnover. There also was lack of regular marketing research by firms to study the BOP’s needs. The only exception was Case C who used ethnographic house emergencies to observe BOP consumers conducting their day to day purchases and usage of products although participation was limited to marketing personnel, instead of including managers from other functional areas in the firm so that they might understand the BOP market.

10.4.2 Impediments and Coping Strategies

The constraints that firms face when conducting business in underdeveloped markets such as those at the BOP are fairly well documented (Austin, 1990; Eifert, Gelb et al, 2005; Perdana, 2005). Findings from the current study supported the existence of constraints in the areas of economic, infrastructure, governance and politics and human capital. However, there is need for continuous research to capture and understand new circumstances which emerge in dynamic environments such as those to be found at the BOP.

Findings from the current study are consistent with those by Johnson, Ostry et al (2007) and Emery (2003) on government intervention through preferential
allocation of raw materials and foreign currency to local firms, and on corruption by civil servants in policy implementation. The current study also reinforces findings by Herbst (2000) and Kauffman, Kraay et al (2008) on the negative impact of an unstable political environment on firms’ operations, investment flow and access to capital. The current findings also reinforced those in studies on the negative impact of hyperinflation by Coorey, Clausen et al (2007) and Hanke (2008). Specifically, the impact of inflation on firms conducting business at the BOP was evident in unpredictable cost estimates for raw materials and problems in setting prices.

Austin (1990) and Arnold and Quelch (1998) highlight generic strategies used by firms to cope with the constraints faced when conducting business at the BOP. However, none of these strategies can be prescriptive given the unique circumstances under which firms operating at the BOP are exposed to these constraints. Findings from the current study specifically support the use of strategies such as using industry associations for joint lobbying the government on policy issues as varied as price controls, investment in generators and fuel supplies.

**New Insights**

Given the changing nature of some of these constraints, this study highlights new constraints and coping strategies used by firms at the BOP in Zimbabwe. For example the threat of government prosecution of company officials in their individual capacities for failure to implement policies such as price controls is a relatively new constraint identified in this study. The impact of hyperinflation on cash management for firms, which resulted in the challenges of gaining access to cash and changing prices at short-term intervals, is a constraint not previously discussed. This was different to previous hyperinflation situations in other countries such as Germany and Mozambique, where currency notes were available even though they were worthless. However, the challenge of inflation is common at the BOP (Johnson, Ostry et al, 2007; Ndulu, Chakraborti et al, 2007).

The current study suggests scope for strategic collaboration by firms in sharing facilities to enhance capacity utilization and keep plants as a going concern. This was undertaken more by local firms than by MNC subsidiaries due to the latter being governed by strict policies on use of plant and equipment. Findings from this
study indicate the use of networks such as alumni, golf clubs and ‘ethnic home-boys’\textsuperscript{52} by firms for sharing information on dealing with the constraints. Unlike industry associations, which were more like strategic alliances to deal with specific issues such as lobbying the government on policy issues, the above mentioned networks were different. They were not formed for specific purposes but were more permanent and part of a firm's networks, whose strength lay in the personal relationships that company executives had created over a long period of time.

10.4.3 Motivation for Doing Business at the BOP

On paper, the constraints faced by firms conducting business in Zimbabwe outlined in this thesis appear to defy any rational explanation as to why firms would continue doing business in this environment. However, firms continue to do business in this environment. Previous studies have argued that such markets are key sources of raw materials, especially natural resources for MNCs; however, not all countries with large BOP markets have these resources (Austin, 1990; Arnold and Quelch, 1998; Collier, 2007). The resources argument does not explain why firms conduct business to process and sell finished products such as food and personal hygiene in BOP markets, as is the case in Zimbabwe.

New Insights

Findings from this study point to diverse reasons for firms’ motivation to conduct business at the BOP. The existence of a viable market at the BOP is cited by all firms as a key motivation for doing business in such a market. The research found that firms adopted a long-term, low margin and low profit orientation instead of relatively high margin, high profit approach as a basis for realizing the potential of this market. The viability of the business in this environment is further justified by firms based on their experience and knowledge of the constraints they face and the coping strategies they use at the BOP. Each of the four cases study firms had been in operation in Zimbabwe for periods ranging from twenty-eight years to sixty years, during which they had to deal with different political and economic challenges. They all considered this experience an added advantage to their conducting business at the BOP.

\textsuperscript{52} These are networks based on the rural areas that company executives came from
Specifically, the research found that firms that had been in this environment for long periods believed that their experience in the market was some form of entry barrier for potential new competitors, and that this gave them competitive leverage when exploring business opportunities at the BOP. The current study found that goodwill was also cited as a motivation for continuation of business at the BOP. This was derived from the corporate social responsibility programmes implemented by firms to enhance the livelihoods of local communities and improve the economy. However, caution needs to be exercised in assessing the validity of the corporate social responsibility programmes used by firms in this study, as these were closely tied to the security of supply of their raw material. This could create some doubt as to the sincerity and actual benefit of some of these programmes. For example, supporting local farmers through contract farming arrangements could be viewed as being motivated by the objective of safeguarding raw materials supply.

10.4.4 Summary

Overall the current study has supported a number of findings from previous literature on how and why firms conduct business at the BOP. More importantly, results from the study have expanded the scope of these findings, with new insights on issues such as constraints and coping strategies. The study has also provided insights on the area of firms’ motivation to conduct business at the BOP, an area which was not well documented in previous literature.

10.5 Understanding Consumer and Firm Interaction at the BOP

Findings from Chapters 7 and 8 were used to investigate the interaction between consumers and firms, as they have a dyadic relationship. Based on these findings, a descriptive framework to illustrate the interaction between consumers and firms is proposed in Figure 10.2. Findings from this study suggest that interaction between consumers and firms is embedded in the marketing mix elements. This is particularly the case with distribution and promotion.

The proposed framework outlines the interaction in terms of three key elements of this interaction. The first element is the key players in the interaction.
who are BOP consumers and firms, whose interactions are manifested in the second
element of marketing mix elements, of which distribution and promotion are the pre-
dominant ones, complemented by price and product. The third element of the
framework deals with the drivers of this interaction which are intertwined with the
benefits of the interaction. A detailed description of the framework’s components is
provided in the next sections.

10.5.1 Marketing Mix and Interactions

Advocates of increased marketing to the BOP have covered elements of the
marketing mix that can be used by firms to serve the BOP, using case studies in Asia
and Latin America. Some of these are supported by the current study, whilst new
insights also emerged. Findings on the impact of social networks on the interaction
between BOP consumers and firms will be discussed as part of the marketing mix and
interaction, although this is also covered in a more detailed separate discussion.

i. Product

Findings from previous research that are reinforced by the current study on
product strategy have addressed the importance of product innovation and use of
single servings at the BOP.
Figure 10.2 A descriptive framework of the interaction between BOP consumers and firms

**BOP CONSUMER**

**FIRMS**

**MARKETING MIX**

**INTERACTION**

**DISTRIBUTION**
- Formal channels
  - Supermarkets
  - Wholesalers
- Informal channels
  - Buying clubs
  - Community clubs
  - Franchise
  - Tuckshops

**PRICING**
- Low margin-high volume strategy

**PRODUCT**
- Product mix modifications

**PROMOTION**
- Direct Marketing
  - Roadshows
  - Mobile units
  - Product sampling
- Facilitated by
  - Buying clubs
  - Community clubs

**WHAT MOTIVATES CONSUMERS TO INTERACT?**
- Product access
- Survival strategy
- Employment
- Product supply security

**WHAT MOTIVATES FIRMS TO INTERACT?**
- Risk aversion
- Low distribution costs
- Low promotion costs
- Marketing research
- Social responsibility

**WHAT ARE THE BENEFITS OF THE INTERACTION?**

Interlinked to what motivates the key actors to interact.
New Insights

Examples of product mix modifications emerging from this study provide new insights on the type of product mix adaptation necessary at the BOP. The current study indicates the need for products that are essential for the BOP consumers and that use innovative ways of meeting these needs in the context of the challenging environment. For example, the fridge-free margarine innovation is a critical product given the poor electricity supply in Zimbabwe, a common feature in BOP markets (Fay and Morrison, 2006). The various affordable substitute products also help consumers to access to basic food and personal hygiene products given the constraints of hyperinflation faced by BOP consumers. Another example of how firms in the case studies re-invented their product strategy to meet the needs of BOP consumers was the substitution of imported raw material-based packaging with cheaper local multi-purpose packaging, which BOP consumers could use for their daily chores such as storage.

ii. Pricing strategy

The impact of price as a purchase determinant has already been discussed in earlier sections, where it was evident that price alone was not the main determinant of purchases by BOP consumers in Zimbabwe. However, the current study also demonstrated BOP consumers’ limited income, and the economic constraints which impacted on the prices of products. For example, hyperinflation in Zimbabwe resulted in constant price hikes, which in most instances made products unaffordable for the consumers. Case study firms C and D received direction from their head office in terms of margin management for their products, which to some extent confirms London and Hart’s (2004) argument that MNCs impose pricing strategies used in Western markets on developing markets. However, MNC subsidiaries in the current study adapted the organizational pricing strategy to the circumstances that they faced, which required them to use a high volume low margin strategy.

New Insights

The research found that price did not independently and overwhelmingly determine the purchase decision at the BOP. Hence, the challenge for firms in such an
environment was to strike a balance between low income and high value-consciousness on the part of consumers, so as to provide a product that met the market’s needs. The research found that this was achieved by way of firms charging low nominal prices which were offset by the large volume of business, i.e., the low margin-high volume strategy was adopted by firms, including MNC subsidiaries who opted not to restrict themselves to head office policy on price strategy.

iii. Promotion

Findings from this study reinforce previous findings on the lack of adequate communication infrastructure and its affordability at the BOP cited by Fletcher and Melewar (2001) and Austin (1990). The current study suggests that, given a choice, some BOP consumers would rather buy trusted brands whose history and performance they have knowledge of. This reinforces findings by D’Andrea and Lopez-Aleman (2005), which identified branding as a potential motivator for aspirational purchases by BOP consumers. However, the current research found that, due to constraints such as uncertain product availability and affordability, it was becoming increasingly difficult for these consumers to consider branding as a key driver when purchasing products such as food and personal hygiene products.

New Insights

Although previous research by Fletcher and Melewar (2001) indicated some use of direct marketing tools as a form of communication with the BOP consumers, there is scope for expansion of direct marketing activities. Specifically, the current study points towards the emergence of new direct marketing activities, such roadshows and mobile units used for product sampling. These involve firms taking the products and product messages to the doorstep of BOP consumers through drama and wet sampling conducted in their residential areas.

iv. Distribution

Previous studies have demonstrated that a lack of distribution infrastructure is a major setback for the interaction between consumers and firms at the BOP (Austin, 1990; Mahajan and Banga, 2006; Prahalad, 2005). This finding has been confirmed in the current study, even though Zimbabwe still has remnants of a fairly well
established distribution infrastructure whose standards have deteriorated due to the economic decline. Findings from this study also reinforce findings by Layton (2007) and Mahajan and Banga (2006) on the emergence of parallel informal distribution channels that both compete with and supplement formal channels.

**New Insights**

Informal channels were found to be responsible for distribution of a significant amount (60%) of food and personal hygiene products to the BOP in Zimbabwe. Whilst the circumstances in Zimbabwe could be responsible for the extent of this shift towards informal channels, consumers indicated that even prior to the problems of product shortages and price controls, they had resorted to informal channels due to their convenience, especially in terms of their location and the product sizes they sold. However, there were some downsides to these informal channels, such as the black market prices which they charged in taking advantage of shortages. Although previous studies outlined above identified informal retail outlets and in some cases self-help groups as the main forms of parallel distribution systems, the current study broadened the scope to include social networks.

**10.5.2 Social Networks and Distribution**

Previous studies by Prahalad (2005) and Mahajan and Banga (2006) have indicated the use of social networks as informal distribution channels. Whilst this finding is reinforced by the current study, the current study is broader and extends the nature of the interaction through social networks to include facilitating the distribution of products.

**New Insights**

The current research found that social networks had an important role in the increased use of informal channels for product distribution outlined in the preceding section. The findings from the current study also indicate a diverse set of social networks not covered in previous literature, which are likely not to be unique to Zimbabwe but could be found in other countries with a large BOP market. Key examples include buying clubs, women’s community clubs, professional associations and retrenched employees’ groups. There was also a wide range of methods by which social networks facilitated the interaction between the two parties. These
ranged from simple van sales operations to full distributorships. However, the research found that local firms in the case studies utilized the social networks as informal channels more than MNC firms. The MNC firms indicated that fear of persecution by the government was the reason for their reluctance to use the social networks. However, these channels were accounting for an increasing proportion of the products distributed overall.

The current study also found that firms were using franchises embedded in social networks as parallel distribution systems. The use of franchising at the BOP is a relatively new concept, and the current finding supports the call by Dant (2008) for increased expansion of research on the importance of franchising beyond North America. Previous studies by Vrontis and Vrontis (2004) and Hoffman and Preble (2004) have focused on franchising as an entry strategy in developed markets. The current research found that franchises provided a variety of benefits for firms, such as providing opportunities for marketing research and promoting products.

10.5.3 Social Networks and Marketing Communication

The current study reinforced findings from previous studies such as Unilever’s Shakti project in India and Bata’s shoe project in Bangladesh, which indicated that consumers tended to believe references on new products from their social networks. However, the study provided new insight into the scope of promotion activities undertaken using social networks, which was found to have a significant influence on BOP consumers’ purchase decision making.

New Insights

The current study in Zimbabwe provides new insights into the diversity of social networks which firms used to communicate with BOP consumers via direct marketing activities. The main direct marketing activities that emerged from the study included roadshows and product sampling using women’s community clubs and franchises.
10.5.4 Drivers and Benefits of the Interaction Between Consumers and Firms

The research found diverse motivations for using formal distribution channels, informal distribution channels and direct marketing activities to facilitate interaction between consumers and firms.

i. What motivated BOP consumers to engage in this interaction?

BOP consumers continued to use formal channels such as butchers, supermarkets and wholesalers to access products as and when they were available in these shops. Consumers indicated that whilst this had always been the traditional method of accessing products, this had changed, with more products being found in the informal channels due to the constraints faced by formal channels, such as strict price controls. Findings from the current study suggest that informal channels enabled consumers to gain access to products via networks such as buying clubs and professional associations who were able to buy directly from manufacturers. They were also a source of self-employment. Specifically, franchises provided employment for more than 240 people in the three case studies in which they were used. The majority of those employed were women.

ii. What motivated firms to engage in this interaction?

Firms’ use of formal channels was driven by their traditional reach to BOP consumers and the established relationships they had created with the retail chains and wholesalers, although their contribution to overall distribution was declining. Findings from the current study suggest that firms such as Case B had established their own chain of branded on-site stores which they used to distribute products. The research also found that all four firms in the case studies were utilizing the informal channels more than they previously did, although locally owned firms used informal channels to a greater extent than the MNC subsidiaries, primarily in response to BOP consumers’ changing shopping trends in favour of these channels and as a way to evade price controls.

Informal channels could charge market-related viable prices instead of controlled prices since they operated in the informal sector which was difficult for
the government to monitor. This was unlike their formal counterparts who operated in the formal economy. This enabled firms to pass the risk of criminal prosecution to the informal channels. The research findings suggest that distributing products through informal channels was less costly for firms. Cost savings were achieved by eliminating transport costs for delivery since firms did not deliver products to the channels. Savings were also made by way of placing customers from informal channels on cash basis trading terms instead of the 15 or 30 days credit demanded by big retail chains, which was no longer sustainable in the hyperinflation environment.

The research also found that using informal channels was viewed as a form of corporate social responsibility by all firms since these channels had become a key source of employment and income for BOP consumers, especially women who were traditionally marginalized. The findings from the current study suggested that interaction with social networks provided firms with an opportunity to get feedback and information from BOP consumers, although not all firms were utilizing this potential competitive advantage. However, the firm in Case D had been appointed the regional centre for research on culinary products targeted at the BOP due to their strength in engaging the BOP consumers through their franchise operations and women’s community clubs.

Another key driver of the interaction through social networks was the low cost of communicating with BOP consumers through the direct marketing activities they employed. Besides the low cost, findings from this study also suggest that these activities enabled firms to interact directly with BOP consumers thereby giving them an opportunity to understand consumers’ needs. Lack of such understanding was a weakness which all firms in the case studies acknowledged.

10.5.5 Summary

Overall this study indicates that the nature of interaction between consumers and firms at the BOP in Zimbabwe is embedded in the marketing mix, of which distribution and promotion are the dominant factors. The study also demonstrates the role and importance of social networks in this interaction indicating the diverse scope of drivers for this interaction and its potential benefits.
10.6 Implications for Practice

The findings from this research carry diverse implications for managers. The study suggests the need for a paradigm shift by management in order for them to able to serve the BOP. This requires not just corporate and top management vision to serve the market but implementation of systems and allocation of specific resources to serve the market. Particular skills are required to serve this market, especially in areas such as market research and new product development. By enhancing the profile of the BOP market, firms are likely to improve the image among employees of serving this market, which has been cited as being viewed as less glamorous by marketing personnel. Using traditional structures, where the BOP is served by marketing resources that are still dedicated to trying to retain the diminishing high income market, results in minimal commitment to the BOP. The study also suggests that managers should investigate and understand the BOP consumers’ behaviour in order to appreciate how their dynamic environment impacts on their decision making.

Findings from the study suggest the potential for increased and enhanced use of social networks to communicate and interact with BOP consumers. Interaction with networks will require management to be more pro-active in their approach to serving the BOP. Investment in partnerships with social networks can be viewed as a long-term investment. As discussed earlier, findings from the study indicate that interaction using social networks offers unique opportunities for increased use of direct marketing communication tools such as the roadshow concept and wet sampling demonstrations. These are ideal at the BOP where access to above the line media is limited.

10.7 Limitations

Methodological limitations such as researcher and respondent bias are detailed in Chapter 6. However, there were other operational challenges faced when conducting the study. There should be caution in generalizing the findings to all BOP markets because of the limited number of business cases, the focus on food and personal hygiene products and the severity of the harsh economic circumstances in Zimbabwe. The emic focus on Zimbabwe, which has its own inherent circumstances,
has the potential to minimize the generalizability of findings from the study. However, this does not detract from the findings of the study but actually provides a basis for further research in other markets in Africa with large BOP markets. An extension of the study in this direction would establish whether the insights from Zimbabwe are relevant given the fact that other African BOP markets face similar constraints with degree of variation in terms of their severity (Ndulu, Chakraborti et al, 2007; Johnson, Ostry et al, 2007). Although the sampling method used (random purposeful) was meant to improve the credibility of the sample since the potential purposeful sample was very large, questions may be raised as to whether a non-purposeful random sampling could have improved the potential for generalizability of the findings.

The study was carried out during a period of high instability and constant change in Zimbabwe. The unstable economic and political environment posed distinct challenges, such as initial suspicion or reluctance to participate in the study by consumers for fear of political reprisal, as they initially thought the study was a political one. However, the impact of this limitation was minimized by the approach of using a local research assistant and getting authorization from the community and institutional leaders which made it easier to gain access. The hyperinflation in the country had an impact on the cost of conducting the study in terms of expenses incurred, such as transportation and supplying stationery and other accessories. Thorough planning and interview scheduling ensured that interviews were conducted as and when planned with a reasonable margin of flexibility, especially for the case studies due to the time pressure the executives faced.

10.8 Direction for Future Research

There is scope for further research to expand the generalizability of findings by replicating the study in other BOP markets and expanding the areas of interest. Specific areas recommended for further investigation include:

1. Extending the study to establish whether the BOP groups present in Zimbabwe are to be found in other countries with large BOP markets.
2. Extending the study to other countries with large BOP markets in Africa in order to establish whether the phenomena observed in Zimbabwe can be generalized to other markets using larger samples.

3. Extending the study to include companies in other tangible product categories and in services.

4. Investigating the potential impact on creation of networks among the firms engaging the BOP using social networks and how these firms can integrate these networks in their own intra-firm networks.
References


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Appendix 1: Consumers’ Information Sheet

Marketing to the Bottom of the Pyramid (BOP)
A Zimbabwean perspective
Invitation to participate in a Qualitative Consumer Survey

Introduction
You are kindly invited to take part in this research project which is being done as part of a process of fulfilling a higher degree programme called the Doctor of Philosophy (PHD) at the University of Western Sydney, Australia. Details on the purpose of the project, your requested role in the project and how it will be conducted are provided below:

What is the purpose of the research project?
The purpose of the study is to investigate marketing to the BOP in Zimbabwe.

Who is conducting the research project?
The research project is being conducted by Tendai Chikweche who is a PHD student with the School of Marketing, University of Western Sydney. Tendai is originally from Zimbabwe and will be assisted by another local researcher. Tendai is jointly supervised by Prof. Richard Fletcher and Assoc. Prof. John Stanton both from the School of Marketing.

What are you being requested to do?
You are being requested to talk to the researchers face to face for a period between 30-60 minutes where you will be asked questions to find out what you think about the effort the manufacturers of food, drinks and personal hygiene products are making to meet your needs. The researchers will ask you questions to find out the following:

• Your sources of income and how you allocate it across their needs?
• How you make decisions to buy food and personal hygiene products and who makes the decision to buy the products?
• What drives you to buy food and personal hygiene products?
• What constraints do you face in accessing food and personal hygiene products and how do they cope with these constraints?

Participants will be asked to sign or verbally indicate their willingness to participate in the face to face interviews. Participation is entirely voluntary and they will be no payment for participating in the interviews. Permission to record the interview will also be sort before the interview. It is important to record the interviews so that all the collected information can be grouped together and analyzed by the researchers.

How will the research project be conducted?
The researchers will have identity cards which they will show you before conducting any interview. They will also formally ask you for permission to conduct the interview. The researchers will visit you at church, during community club meetings, at your work places (where self-employed) and at your residences. Prior permission has been sort and granted for conducting the research at church and community meetings from your community leaders. Requests will also be made to stay with you for at least a full day during which you should not make any special arrangements to accommodate or change your day to day lifestyle. This is entirely voluntary and you are free to turn down the request.

What are your rights as someone who participates in this project and what will the results be used for?
Participants have the right to withdraw from participating at any time without giving any reason for doing so since participation is voluntary. All information collected will be used in data analysis; the identity of participants will remain anonymous and will remain in the custody of the University of Western Sydney.

Who do you contact for any further Inquiries?
Any further inquiries connected to this study should be directed to:

Human Ethics Officer
Research Services
University of Western Sydney
Locked Bag 1797, Penrith South, DC
NSW 1797
Tel: 61 2 47 360 883

This study has been approved by the University of Western Sydney Human Research Ethics Committee. The approval number is …… HREC 07-2/32: …………………. If you have any complaints or reservations about the ethical conduct of this research, you may contact the ethics Committee through the Research Ethics Officers on the following numbers (tel: +612 4736 0883 or +612 4736 0884). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.
Appendix 2: Consumers’ Consent Form

Locked Bag 1797
Penrith South DC NSW 1797 Australia

Consent Forms

Research Topic Marketing to the Bottom of the Pyramid (BOP)
A Zimbabwean perspective

Name of Participant: ______________________________

Name of Researcher: Tendai Chikweche

The following to be read out loud to the participant in both English and their respective local language (translation provided by researcher/authorised by government recognized translator)

1) I have read and/or had read to me the information sheet for this study and have had the details of the interview. I have also been given the opportunity to ask questions and these have been answered to my satisfaction. I fully understand that if I need to know more about the study I can ask questions at anytime. I consent to participate in the project named above. A written copy of the information has been given to me to keep.
2) I fully acknowledge the following:
   a) That I have been informed that I am free to withdraw from the project at any time without explanation or prejudice and to withdraw any unprocessed data previously supplied;
   b) That the research study is for the purpose of academic research;
   c) That I have been informed that the confidentiality of the information I provide will be safeguarded subject to any legal requirements.
   d) That the interviews will be noted, recorded and transcribed and that I have access to those transcriptions to verify data collected.
   e) That pseudonyms will be used in any publication arising from the research.

Signature ____________________ Date ______________

(Participant)

I hereby state/declare that, I have read and understood the nature of my involvement in this study and am willingly participating in it. I know that I can withdraw from this research at any time without giving any explanation to my action.

Name of the Participant

Note: This study has been approved by the University of Western Sydney Human Research Ethics Committee. The Approval Number is… HREC 07-232: ……………… If you have any complaints or reservations about the ethical conduct of this research, you may contact:

Human Ethics Officer, Research Services
University of Western Sydney
Locked Bag 1797, Penrith South, DC
NSW 1797
Tel: 61 2 47 360 883

Any issues you raise will be treated with confidence an investigated fully, and you will be provided with feedback on the informed of the outcome

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Appendix 3: Consumer Interview Guide

MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Tendai F.Chikweche

School of Marketing, University of Western Sydney
MARKETING TO THE BOP: A ZIMBABWEEN PERSPECTIVE

Introduction
You are cordially invited to take part in this consumer survey which is being undertaken as part of a PHD programme at the University of Western Sydney, Australia.

Objectives of the study
The main objectives of the study are to investigate marketing to the BOP from a Zimbabwean perspective. Specifically this survey seeks to investigate how BOP consumers make decisions to purchase food and personal hygiene products by way of establishing the following:

- Their income sources and how they allocate this income to their needs
- How they make decisions to buy food and personal hygiene products and who makes the decision to buy the products?
- What drives them to buy products?
- What constraints do they face and how do they cope with the constraints?

Research Format
The interviewer will conduct personal interviews with you lasting between 45-60 minutes. This will allow the interviewer to engage with you on a one to one basis in order to get in depth response on the research issues. The interview is divided into six different topics. The interviewer will introduce the topics for discussion and ask questions relating to a specific topic. Participants will be asked to respond to the questions in a discussion format on a one on one basis. You are free to expand and give as much information as you can on the topic without limiting yourself to the question the interviewer would have asked. This is a very important element of the interview; the interviewer’s questions are meant to initiate discussion and are only a stepping stone to engaging in a broad interaction with the interviewee which allows the interviewee to express their opinions in detail.

Participant ID_________________

Interviewer ID________________________

Interview Location______________________

Date_______________________________
PART 1: CLASSIFICATION / GENERAL INFORMATION

The questions in this section will assist the interviewer to create a profile of the BOP consumers in terms of important demographic issues

Q1. Please tick the relevant box

<table>
<thead>
<tr>
<th>Sex</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

Q2. Please indicate if your monthly income is below or above the monthly poverty datum line as prescribe by the Central Statistics Office

If more than PDL, terminate interview.

Q3. What is your current employment status?

<table>
<thead>
<tr>
<th>Employment Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
</tr>
<tr>
<td>Retrenchee</td>
</tr>
<tr>
<td>Self-employed</td>
</tr>
<tr>
<td>Housewife</td>
</tr>
<tr>
<td>Subsistence farmer</td>
</tr>
</tbody>
</table>

Q4. Please indicate the ownership status of your accommodation Please circle the number that applies)

<table>
<thead>
<tr>
<th>Ownership Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>House owner</td>
</tr>
<tr>
<td>Lodger</td>
</tr>
<tr>
<td>Sharing</td>
</tr>
</tbody>
</table>

Q5. Please indicate your marital status

<table>
<thead>
<tr>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
</tr>
<tr>
<td>Single</td>
</tr>
<tr>
<td>Divorcee</td>
</tr>
<tr>
<td>Widow</td>
</tr>
</tbody>
</table>

If married ask question 6
If single ask question 8

Q6. Where does your family permanently stay?

| Urban area |  |
| Rural area |  |

If rural area ask question 7
If urban ask question 8

Q7. Approximately how often do you visit your family?

| Weekly |  |
| Once a month |  |
| Every fortnight |  |
| When I can |  |

Q8. Do you have any extended family in the rural areas?

| Yes |  |
| No |  |

If yes ask question 9

Q9. Approximately how often do you visit your family?

| Weekly |  |
| Once a month |  |
| Every fortnight |  |
| When I can |  |

Q10. How many people are in your family?

| 0-2 |  |
| 3-5 |  |
| 6-8 |  |
| +8 |  |
PART 2: KEY TOPICS

1. CONSUMER PURCHASE DECISION

Description of topic: the topic seeks to identify and understand BOP consumers behaviour in terms of their sources of income, purchase approach, consumer roles, drivers of purchase, constraints to purchase and coping strategies.

Target Questions:
These will be addressed/applied to each of the two product categories

Income
i. What are your sources of income?
   Eg. Formal jobs, informal job, cite examples; expand on the status of employment outlined in general classification questions
ii. How do you allocate your income across your monthly needs? Do you have a budget system?

Buying Products
i. How often do you buy food and personal hygiene products and how important is this decision to you?
ii. Do you get products for anyone else besides your family, if you do, how often do you do so?
iii. Who makes the decision to buy products?
iv. What determines your decision to buy products? For example, is it:
v. Where do you buy these products from?

Any other follow up questions from target questions

_________________________________________________________________________
_________________________________________________________________________
2. ROLE OF NETWORKS
Description of topic: the topic seeks to investigate the influence of social networks on how BOP consumers make decisions to buy food, drink and personal products

Target Questions

1. What types of social/community network groups are available in your community? Examples of social networks which can be highlighted to assist with definition are:
   • Women’s groups
   • Co-operatives

1. Are you a member of any, if so which one and why?

2. Do these networks influence you on which product to buy?

3. Do you buy products that your network group buy as well?

Any other follow up questions from target questions

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________


3. CONSTRAINTS TO PURCHASE

Description of topic: This topic seeks to investigate constraints which BOP face to buying products and the coping strategies used to militate against the constraints

Target questions
1. What constraints do you face in accessing food and personal hygiene products?

Examples where necessary

2. How do you cope with these strategies?

Any other follow up questions from target questions

____________________________________________________________________________

____________________________________________________________________________

THANK YOU VERY MUCH FOR YOUR TIME AND EFFORT IN PARTICIPATING IN THIS INTERVIEW
MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Tendai F.Chikweche

School of Marketing, University of Western Sydney
MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Mavambo
Ndinokuchingambizai kuti muve muntora nguva yenyu kubatsira kupindira mibvunzo yanganangana nechirongwa chechikoro chePHD cirikuitwa nemubvunzi kuinvheseti ye University of Western Sydney, Australia.

Zvinangwa zvechidzidzo/chirongwa
Chimwe chezvinanngwa chikuru chechirongwa ndechekuda kutapa ruzivo maererano nekuda kuziva nekunzwisisa matengero amunoita zvigadzirwa zvechikafu nesipotichiongoroora kuti ndiani anotenga zvigadzirwa izvi, uyezve chii chamunotarisa kana muchitenga, pangave nezvimhingamupinyu here zvamunotarisana nazvo kana muchitenga zvigadiraw izvi

Research Format
Participant ID_________________

Mubvunzwi________________________

Nzvimbo__________________________

Zuva_____________________________
CHIKAMU CHEKUTANGA: MIBVUNZO YAKANANGANA NEZVEUPENYU HWEMUPINDURI

Mibvunzo iyi inobatsira kuti tive neruzivo rwemupinduri.

Q1.

<table>
<thead>
<tr>
<th>Murume</th>
<th>Mukadzi</th>
</tr>
</thead>
</table>

Q2. Mari yemhuri yenyu iri pasi kana pamusoro pemari inotarisirwa kuti mhuri yese yeMuzimbabwe inofanirwa kuve nayo kuti irararme zvakana here.

Kana yakawanda ,regedza mibvunzo

Q3. Parizvino murikushanda kupi?

<table>
<thead>
<tr>
<th>Handishandi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ndakagumurwa</td>
</tr>
<tr>
<td>Ndinozvisevenzera</td>
</tr>
<tr>
<td>Mudzimai wekumba</td>
</tr>
<tr>
<td>Murimi</td>
</tr>
</tbody>
</table>

Q4. Imba yamunogara ndeyani?

<table>
<thead>
<tr>
<th>Ndeyenyu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roja</td>
</tr>
</tbody>
</table>

Q5. Tichitarisa nyaya dzekuroora kana kuroorwa muri mubato ripi?

<table>
<thead>
<tr>
<th>Ndakarooora/roora</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handisati ndaroora/roora</td>
</tr>
<tr>
<td>Takarambana</td>
</tr>
<tr>
<td>Shirikadzi</td>
</tr>
</tbody>
</table>

Kana vakarooora/roora muvunzo 6
Vamwe vese bvunza muvunzo 8
Q6. Mhuri yenyu inogara kupi?

<table>
<thead>
<tr>
<th>Mudhorobha</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kumusha</td>
<td></td>
</tr>
</tbody>
</table>

Kumusha bvunza mubvunzo 7
Mudhorobha bvunza 8

Q7. Munoshanyira mhuri yenyu kumusha kangani?.

<table>
<thead>
<tr>
<th>Pavhiki</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamwe pamwedzi</td>
<td></td>
</tr>
<tr>
<td>Kamwe pamavhiki</td>
<td></td>
</tr>
<tr>
<td>Pandakwanisira</td>
<td></td>
</tr>
</tbody>
</table>

Q8. Mune hama kudhorobha here?

<table>
<thead>
<tr>
<th>Hongu</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kwete</td>
<td>2</td>
</tr>
</tbody>
</table>

Kana vainayo bvunza muvhunzo 9

Q9. Munoshanyira mhuri yenyu kudhorobha kangani?.

<table>
<thead>
<tr>
<th>Pavhiki</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamwe pamwedzi</td>
<td></td>
</tr>
<tr>
<td>Kamwe pamavhiki</td>
<td></td>
</tr>
<tr>
<td>Pandakwanisira</td>
<td></td>
</tr>
</tbody>
</table>

Q10. Mhuri yenyu yakakura seyi?

<table>
<thead>
<tr>
<th>0-2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3-5</td>
<td></td>
</tr>
<tr>
<td>6-8</td>
<td></td>
</tr>
<tr>
<td>+8</td>
<td></td>
</tr>
</tbody>
</table>
CHIKAMU CHECHIPIRI:

1. MATENGERO ENYU EZVIGADZIRWA

Chinangwa chemibvunzo iyi ndechekuda kutapa, kudzidza nekuziva matengeri evatengi, kunobva mari yekutenga, anotenga zvinhu, zvinoita kuti muve nechido netariro chekutenga zvigadzirwa zvitatu izvi nezvimhunga mipinyu zvamunowana uyezve kuti muzvyiriwisa seyi?.

Mibvunzo

Mari yekurarama
1. Munowanepi mari yenyu yekurarama?
   Eg. Mabasa kana kuzvisevenzera, vapinduri vape miyenzaniso yezvavanoita kana vachizvisevenzera
2. Kana muchinge mawana mari yenyu, munoipatsanura seyi makatarisa zvamunengese muchida? Mungati munemarongero amuniota here mwedzi wega wega?

Kutenga vigadzirwa
   i. Munotenga zvigadzirwa izvi kungani uyezve zvinoreve kwamuri kana muchitenga zvinhu izvi?
   ii. Ndiyani anotenga zvigadzirwa izvi?
   iii. Munombotengerawo hama dziri kumusha zvigadzirwa izvi here? Munovatengera kungani?
   iv. Ndiyani anotenga zvigadzirwa izvi?
   v. Chinyi chinoita muve nechido chekutenga zvigadzirwa izvi? Semuyenzaniso.
   vi. Munotengepi zvigadzirwa izvi?

Pane zvimwe zvamungade kuwedzera
2. KUKOSHA KWEMAPAOKA EVAGARI

Chinangwa chemibvunzi iyi ndechikuda kutapa ruzivo nekuziva kukosha kwemapoka evagari anowanikwa munharaunda dzenyu mumatengero evatengi ezvigadzirw zvitatu izvi. Tinoda kuzivawo kuti mapoka aya anobatsira vatengi kuwana zvigadzirwa izvi.

Mibvunzo

1. Munharaunda menyu mune mapoka evagari api?
   Miyenzaniso
   • Makirabhua
   • Makoparetivhu

2. Pane boka ramuri memba/nhengo here? Kana riripo,nderipi? Seimuri nhengo yeboka irori?

3. Mungati mapoka aya anokuurudzirayi kusharadudza zvekutenga here?
   iv. Munotenga zvigadzirwa zvinotengw nedzimwe nhengo dzemapoka enyu here?

Pane zvimwe zvamungade kuwedzera

__________________________________________________
__________________________________________________
__________________________________________________
3. ZVIMHINGA MIPINYU ZVAMUNOTARISANA NAZVO PAKUTENGA ZVIGADZIRWA

Chinangwa chemibvunzo ndechekuda kuziva zvimhinga mipinyu zvamunotarisana nazvo pakutenga zvigadzirwa uyezve nzira dzamunosevenzesa kuzvikunda.

Mibvunzo

1. Pane zvimhinga mupinyu zvamunotarisan nazvo here pakutenga zigadzirwa?

Miyenzaniso kana

2. Munoita sei kuti muve munokunda zvimhingamupinyi izvi?

Pane zvimwe zvamungade kuwedzera

____________________________________________________________________

____________________________________________________________________

NDINOKUTENGAI NEKUTORA NGUVA KWAMAITA KUPINDURA MIBVUNZO IYI.
Appendix 5: Focus Group Interview Guide

MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Tendai F.Chikweche

School of Marketing, University of Western Sydney
MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Introduction
You are cordially invited to take part in this consumer survey which is being undertaken as part of a PHD programme at the University of Western Sydney, Australia.

Objectives of the study
The main objectives of the study are to investigate whether Zimbabwean and international manufacturers of food, drinks and personal hygiene products in Zimbabwe actively engage the bottom of pyramid.

Research Format
The discussion will be done in a group of 8 where a moderator will help to manage the discussion. The discussion will last between 1hr 30 mins to 2 hours. Discussion is open to all participants. Participants should give each other an opportunity to speak and express their opinions. The success and enjoyment of this discussion depends on active participation by all participants, taking the time allocated into consideration. Participants will be asked to respond to the questions posed by the moderator in a discussion format. You are free to expand and give as much information as you can on the topic without limiting yourself to the question the moderator would have asked. This is a very important element of the interview. The moderator’s questions are meant to initiate discussion and are only a stepping stone to engaging in a broad interaction with the interviewee which allows the interviewee to express their opinions in detail. The moderator will help maintain time and to some extent focus on the objectives of the discussion but participants will be responsible for keeping the discussion lively. Please give each other an equal opportunity to express opinions on issues. There is no wrong or right answer, every contribution is valuable and participants must not hesitate to express their opinions.

Participant ID_________________

Interviewer ID_____________________

Interview Location______________________

Date______________________________
PART A: CLASSIFICATION / GENERAL INFORMATION

The questions in this section will assist the interviewer to create a profile of the BOP consumers in terms of important demographic issues.

Q1. Please tick the relevant box

<table>
<thead>
<tr>
<th>Sex</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

Q2. Please indicate if your monthly income is below or above the monthly poverty datum line as prescribe by the Central Statistics Office.

If more than PDL, terminate interview.

Q3. What is your current employment status?

<table>
<thead>
<tr>
<th>Employment Status</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td></td>
</tr>
<tr>
<td>Retrenched</td>
<td></td>
</tr>
<tr>
<td>Self-employed</td>
<td></td>
</tr>
<tr>
<td>Housewife</td>
<td></td>
</tr>
<tr>
<td>Subsistence farmer</td>
<td></td>
</tr>
</tbody>
</table>

Q4. Please indicate the ownership status of your accommodation Please circle the number that applies.

<table>
<thead>
<tr>
<th>Ownership Status</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>House owner</td>
<td></td>
</tr>
<tr>
<td>Lodger</td>
<td></td>
</tr>
<tr>
<td>Sharing</td>
<td></td>
</tr>
</tbody>
</table>

Q5. Please indicate your marital status

<table>
<thead>
<tr>
<th>Marital Status</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td></td>
</tr>
<tr>
<td>Divorced</td>
<td></td>
</tr>
<tr>
<td>Widow</td>
<td></td>
</tr>
</tbody>
</table>

If married ask question 6
If single ask question 8
Q6. Where does your family permanently stay?

<table>
<thead>
<tr>
<th>Urban area</th>
<th>Rural area</th>
</tr>
</thead>
</table>

If rural area ask question 7
If urban ask question 8

Q7. Approximately how often do you visit your family?

<table>
<thead>
<tr>
<th>Weekly</th>
<th>Once a month</th>
<th>Every fortnight</th>
<th>When I can</th>
</tr>
</thead>
</table>

Q8. Do you have any extended family in the rural areas?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

If yes ask question 9

Q9. Approximately how often do you visit your family?

<table>
<thead>
<tr>
<th>Weekly</th>
<th>Once a month</th>
<th>Every fortnight</th>
<th>When I can</th>
</tr>
</thead>
</table>

Q10. What is your family size?

<table>
<thead>
<tr>
<th>0-2</th>
<th>3-5</th>
<th>6-8</th>
<th>+8</th>
</tr>
</thead>
</table>


PART B: KEY TOPICS

1. CONSUMER PURCHASE DECISION

Description of topic: the topic seeks to identify and understand BOP consumers’ behaviour in terms of their sources of income, purchase approach, consumer roles, drivers of purchase, constraints to purchase and coping strategies.

Target Questions:
These will be addressed/applied to each of the two product categories

Income

i. How do you earn your living?

*Cue-Indicate its expansion on previous general question on employment status but focus is now on the activities participants undertake.*

ii. How do you allocate your income across your monthly needs?

Product Purchases

i. What value do you place on buying food and personal hygiene products?

ii. Do you get products for anyone else besides your family, if you do, how often do you do so?

iii. Who makes the decision to buy products?

*Cue – elicit responses on key players in the decision*

iv. What determines the products which you buy?

v. Where do you buy these products from?

• *Elicit reasons for choice and expand discussion*

Any other follow up questions from target questions
2. ROLE OF NETWORKS

Description of topic: the topic seeks to investigate the influence of social networks on how BOP consumers make decisions to buy food, drink and personal products

Target Questions

1. What type of social/community network groups are available in your community and are you a member of any?
   *Provide cue on what social networks are give examples but leave room for them to describe and define social networks from their perspectives and elicit reasons for membership*

2. Why are you a member of these networks?
   *Elicit reasons and prod on the broad functions of these networks in particular impact on their decisions on which products to buy and access to products. Do you buy products that your network groups buy as well?*

Any other follow up questions from target questions

________________________________________________________________________
3. CONSTRAINTS TO PURCHASE

Description of topic: This topic seeks to investigate constraints which BOP face to buying products and the coping strategies used to militate against the constraints. Elicit forms of constraints—provide cue on examples of what constitutes constraints.

Target questions

1. What constraints do you face in accessing food and personal hygiene products?

2. How do you cope with these strategies?

Any other follow up questions from target questions

____________________________________________________________________
____________________________________________________________________

THANK YOU VERY MUCH FOR YOUR TIME AND EFFORT IN PARTICIPATING IN THIS INTERVIEW
MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Mavambo
Ndirukubvunzo yegadzirwa, nugwana yenyu kubatsira mibvunzo yanganangana chechikoro chePHD cirikuitwa nemubvunzi kuinvheseti ye University of Western Sydney, Australia.

Zvinangwa zvechidzidzo/chirongwa
Chimwe chezvinangwa chechirongwa ndechekuda kutapa ruzivo maererano nekuda kuziva nekunzwisisa matengero amunonozwisa matengero amunoinoita zvichikoro zvePHD cirikuitwa nemubvunzi kuinvheseti ye University of Western Sydney, Australia.

Marongerwo Echikamu
Mibvunzi wemibvunzo achange achikubvunzi mibvunzo kwenguva inosifuma mibvunzo ekupindura mibvunzo yedzidzo yekutanga munodzorodzirwa mibvunzo yaPHD cirikuitwa nemubvunzi kuinvheseti ye University of Western Sydney, Australia.

Mubvunzwi________________________
Nzvimbo______________________
Zuva______________________________
CHIKAMU CHEKUTANGA: MIBVUNZO YAKANANGANA
NEZVEUPENYU HWEMUPINDURI

Mibvunzo iyi inobatsira kuti tive neruzivo rwemupinduri.

Q1.

<table>
<thead>
<tr>
<th>Murume</th>
<th>Mukadzi</th>
</tr>
</thead>
</table>

Q2. Mari yemhuri yenyu iri pasi kana pamusoro pemari inotarisirwa kuti mhuri yese yeMuzimbabwe inofanirwa kuve nayo kuti irararme zvakana here.

Kana yakawanda, regedza mibvunzo

Q3. Parizvino murikushanda kupi?

<table>
<thead>
<tr>
<th>Handishandi</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ndagumurwa</td>
<td></td>
</tr>
<tr>
<td>Ndinozvisevenzera</td>
<td></td>
</tr>
<tr>
<td>Mudzimai wekumba</td>
<td></td>
</tr>
<tr>
<td>Murimi</td>
<td></td>
</tr>
</tbody>
</table>

Q4. Imba yamunogara ndeyani?

<table>
<thead>
<tr>
<th>Ndeyenyu</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Roja</td>
<td></td>
</tr>
</tbody>
</table>

Q5. Tichitarisa nyaya dzekuroora kana kuroorwa muri mubato ripi?

| Ndakarooorwa/roora |   |
| Handisati ndarooorwa/roora |   |
| Takarambana    |   |
| Shirikadzi     |   |

Kana vakarooorwa/roora muvhunzo 6
Vamwe vese bvunza muvhunzo 8

Q6. Mhuri yenyu inogara kupi?

| Mudhorobha |   |
| Kumusha    |   |

Kumusha bvunza mubvunzo 7
Mudhorobha bvunza 8

Q7. Munoshanyira mhuri yenyu kumusha kangani?.

<table>
<thead>
<tr>
<th>Pavhiki</th>
<th>Kamwe pamwedzi</th>
<th>Kamwe pamavhiki maviri</th>
<th>Pandakwanisira</th>
</tr>
</thead>
</table>

Q8. Mune hama kudhorobha here?

<table>
<thead>
<tr>
<th>Hongu</th>
<th>Kwete</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kana vainayo bvunza muvhunzo 9</td>
</tr>
</tbody>
</table>

Q9. Munoshanyira mhuri yenyu kudhorobha kangani?.

<table>
<thead>
<tr>
<th>Pavhiki</th>
<th>Kamwe pamwedzi</th>
<th>Kamwe pamavhiki maviri</th>
<th>Pandakwanisira</th>
</tr>
</thead>
</table>

Q10. Mhuri yenyu yakakura seyi?

<table>
<thead>
<tr>
<th>0-2</th>
<th>3-5</th>
<th>6-8</th>
<th>+8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHIKAMU CHECHIPIRI:

1. MATENGERO ENYU EZVIGADZIRWA

Chinangwa chemibvunzo iyi ndechekuda kutapa, kudzidza nekuziva matengeri evatengi, kunobva mari yekutenga, anotenga zvinhu, zvinoita kuti muve nechido netario chekutenga zvigadzirwa zvitatu izvi nezvimhinga mipinyu zvamunowana uyezve kuti munozvirwisa seyi?.

Mibvunzo

Mari yekurarama
1. Munowanepi mari yenyu yekurararma?

Cue-taurira nhengo dzeboka kuti apa toda kuziva zvanoita tichitarisira mabasa avo.
2. Kana muchinge mawana mari yenyu, munoipatsanura seyi makatarisa zvamunenge muchida? Mungati munemarongero amuniota here mwedzi wega wega?

Kutenga vigadzirwa

i. Munotenga zvigadzirwa izvi kungani uyezve zvinorevei kwamuri kana muchitenga zvinhu izvi?

ii. Ndiyani anotenga zvigadzirwa izvi?

iii. Munombotengerawo hama dziri kumusha zvigadzirwa izvi here? Munovatengera kungani?

iv. Ndiyani anotenga zvigadzirwa izvi?

v. Chinyi chinoita muve nechido chekutenga zvigadzirwa izvi?

vi. Munotengepi zvigadzirwa izvi?

Pane zvimwe zvamungade kuwedzera

________________________________________________________________________

________________________________________________________________________

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2. KUKOSHA KWEMAPAOKA EVAGARI

Chinangwa chemibvunzi iyi ndechikuda kutapa ruzivo nekuziva kukosha kwemapoka evagari anowanikwa munharaura dzenyu mumatengero evatengi ezvigadzirw zvitatu izvi. Tinoda kuzivawo kuti mapoka aya anobatsira vatengi kuwana zvigadzirwa izvi.

Mibvunzo

1. Munharaura ndemu mune mapoka evagari api?
   Cue-miyenzaniso yemapoka

2. Pane boka ramuri memba/nhengo here? Kana riripo,nderipi? Seimuri nhengo yeboka irori?
   Cue-edza kubvunza kuti mapoka aya anovakurudzira kutenga zvitengwa here uye vanotenga zvigadzirwa zvakafanana nezvezvinotengwa nevamwe vavo.

Pane zvimwe zvamungade kuwedzera

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
3. ZVIMHINGA MIPINYU ZVAMUNOTARISANA NAZVO PAKUTENGA ZVIGADZIRWA

Chinangwa chemibvunzo ndechekuda kuziva zvimhinga mipinyu zvamunotarisana nazvo pakutenga zvigadzirwa uyezve nzira dzamunosevenzesu kuvikunda.

Mibvunzo

1. Pane zvimhinga mupinyu zvamunotarisano nazvo here pakutenga zigadzirwa?

2. Munoita sei kuti muve munokunda zvimhingamupinyi izvi?

Pane zvimwe zvamungade kuwedzera

____________________________________________________________________
____________________________________________________________________

NDINOKUTENGAI NEKUTORA NGUVA KWAMAITA KUPINDURA MIBVUNZO IYI.
Appendix 7: Case Study Protocol

MARKETING TO THE BOP: A ZIMBABWEAN PERSPECTIVE

Case Study Protocol

Tendai F. Chikweche

School of Marketing, University of Western Sydney
Case Study Protocol
Marketing to the Bottom of the Pyramid (BOP). A Zimbabwean Perspective.

Overview of the Case Study Project

Overall Purpose of the Research
The purpose of this research is to carry out an in-depth study on how and why Zimbabwean and subsidiaries of international MNC manufacturers of food and personal hygiene products in Zimbabwe conduct business at the BOP.

Case study Objectives

• How do firms conduct business at the BOP in Zimbabwe and what is the contribution and importance of the BOP market to their performance and overall strategic objectives in Zimbabwe?
• What are the impediments that firms face when serving the BOP in Zimbabwe and how do they cope with these impediments?
• Why do firms conduct business in an environment such as that found at the BOP in Zimbabwe?

This will be undertaken with the ultimate aim of building onto relevant theory in marketing and creating a better understanding of doing business in emerging markets at the BOP market through the development of a framework relevant to African countries that belong to the World Bank and United Nations’ classification of Low Income group countries such as Zimbabwe.

Overview Background Literature

What is the Bottom of Pyramid?
Over the years, the focus of marketing has been on identifying and segmenting markets that have consumers with a capacity to consume, that can pay a sustainable price for the product, that have access to the product and which respond to traditional integrated marketing communications. This is the business model that has shaped the business of multi-nationals (MNCs) and small to medium size enterprises (SMEs) in the developed world and in many developing countries.
However, the mid-90s have seen the emergence of a counter scholarly argument, which disputes the traditional model (Prahalad 2005; C.K. Prahalad and Stuart L. Hart 2002). This alternative puts across a new view centered on the fact that by focusing on that portion of the market which meets the traditional definition of a viable market, businesses are losing sight of a big layer of the market. This “invisible bottom of the pyramid market” tier of the world population (herein referred to as BOP) is forecast to grow from its current levels thereby providing even a bigger market for businesses. Mahajan and Banga (2006) have described it as the ‘the biggest market opportunity of the 21\textsuperscript{st} century’.

Whilst there have been various attempts to classify the BOP, consensus among scholars and practioneers has been on using the World Bank classification advocated by Banerjee and Duflo (2006) which when rounded up initially classified BOP consumers as those consumers who live on less than US$1 a day but was later modified by Rangan, Quelch et al (2007) to consumers living on less than $2 a day (Banerjee and Duflo, 2006; Mahajan and Banga, 2006; Prahalad, 2004, World Bank, 2008).

Hence, the limited amount of documented previous literature on the area. C.K Prahalad (2002) has largely directed pioneering research and global interest in the area of BOP marketing through his groundbreaking bestseller: ‘Fortune at the bottom of the pyramid’. Other authors who have conducted and published research on the BOP are; Arnold and Quelch ,1998;Banerjee and Duflo 2006; Fletcher 2006;Hammond, Kramer, Katz, Tran, and Walker,2007;; . Hart, Enk and Simanis 2004 ; London and Hart 2004; Karnani 2006; Mahajan and Banga 2006; and Wright, Filatotchev, Hoskisson and Perry 2005 and Viswanathan, Sridharan et al, (2008 and 2009).

**Relevancy and suitability of Case Study Method to the study**

Case studies have been described “as studies that are usually qualitative in nature and that aim to provide an in-depth description of research subjects” (Mouton 2001). This is particularly relevant to this proposed research since there is little previous research of any kind in the proposed area of research (Yin 2003). Case studies are particularly well suited to new research areas or research areas for which existing theory seems to
be inadequate. The method relies on multiple sources of evidence thereby making validity simpler and it takes a holistic approach to research focusing on a specific entity or event (Yin 2003; Patton 1990).

Use of multiple cases
The research study will use multiple case studies, which are generally regarded as being more rigorous and provide more compelling information about phenomenon (Yin 2003). The use of multiple case studies will enhance the generalizability of the information collected and yield a better understanding of the concepts at hand (Stake 1994). There are no general rules for sample size and number of cases studies. Various authors suggest different ranges of ideal numbers of cases studies. A total target of four companies in the food, drinks and personal hygiene sector will be used for the in-depth analysis of issues (Yin 2003; Patton 1990). Two case studies will be drawn from the locally owned companies and two will be from the foreign owned multinationals. These will be drawn from both the locally owned companies and international multinationals through purposeful random sampling. The size is largely determined by the issues that need to be investigated, the period of the study, the practicality of doing the study and the cost of the research (Patton 1990).

Unit of analysis
The unit of analysis will be the actual firms whilst the target respondents will be the marketing and sales personnel in the company.

Sources of Data
Data will be collected from multiple sources in order to allow triangulation and to provide a sound basis for understanding the issues at hand. Triangulation refers to the use of multiple sources of evidence in order to enhance reliability and to confirm findings (Yin 2003; Patton 1990). It also minimizes the risk of bias and improves validity of data collected. For the purpose of this study, interviews, documentation, archival records and observations will be used. These are three of the six methods that Yin (20030 identifies as key case study data collection methods.
I. PROCEDURES

Field Procedures

(A) Verification of gaining access to key organisations

Phase 1
1. Identification of the heads of marketing of target companies

2. Initial contact to be established through email to heads of marketing copied to the managing directors of the 4 companies outlining the purpose of the research. An introduction letter in the form of an information sheet (See Appendix 8) will be attached.

3. Follow-up phone calls will be done one week after the emails to confirm delivery of email and to find out if there is any response as yet.

4. Formal request for preliminary introduction meeting

5. Consolidated schedule of meetings

6. Mapping of companies’ location

7. Confirmation of meeting at least 48 hours before meeting

Phase 2

(B) Determination of Persons to Be Interviewed and Other Sources of information

1. Initial contact with heads of marketing and managing directors

2. Introduction and overview of project

3. Outline target respondents and indicate the levels of interviews that will be required.

    Phase 1- introduction and overview and background information of company

    Phase 2- detailed in-depth focused interviews

    Phase 3- archival documents
Phase 4 - trade visits to observe activities in the market.

4. Outline and explain the consent form

5. Compile and confirm clear schedule for data collection activities to be covered. (different levels)

(C) Field Resources and planning

The following sufficient resources will be available:

- Information sheets
- Consent forms
- Audio recording equipment
- Personal computer
- Writing instruments
- Set field time to peruse archival documents and then going to a copying facility to copy relevant pages of each document.

Contingency Plans

- Ensure spacing of interviews by limiting to one site visit per week. This will provide for unanticipated events such as changes to availability of interviewees.
- Allocate free time slots in between interviews for field visits to institutions where archival information can be found for example listed industry organisations’ libraries.
II CASE STUDY PROTOCOL AND QUESTIONS

Two key characteristics distinguish protocol questions from those in a survey:

1. They are posed to the case investigator and not respondent in order to remind the investigator of the key information that needs to be collected and why? They may serve as prompts in asking questions and keep the investigator on track.

2. Questions should be accompanied by a list of probable sources of evidence such as interviewees, observation and archival documents.

PART A.

GENERAL CLASSIFICATION QUESTIONS

1. What product category does the company manufacture? Is it a multiple product manufacturer?

<table>
<thead>
<tr>
<th>Soft drinks and concentrates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic drinks</td>
<td></td>
</tr>
<tr>
<td>Tea and coffee</td>
<td></td>
</tr>
<tr>
<td>Personal cleaning products</td>
<td></td>
</tr>
<tr>
<td>Washing soap</td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td></td>
</tr>
</tbody>
</table>

2. What type of ownership is the business? Is it listed on the stock exchange?

<table>
<thead>
<tr>
<th>Local multinational</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas multi-national</td>
<td></td>
</tr>
<tr>
<td>State-owned</td>
<td></td>
</tr>
<tr>
<td>Small to medium size enterprise</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Local conglomerate</td>
<td>6</td>
</tr>
</tbody>
</table>

315
3. Approximately how long has your company been engaged in business? (Please write in)
   years

4. Q4. Approximately how many employees does your firm have? (Please write in)
   Employees
PART B.

(A) INDICATORS OF COMPANY’S ENGAGEMENT OF THE BOP

Description of engagement of the BOP

The concept of engagement will investigate firms’ decision making in as far as to whether Zimbabwean companies in the food and toiletries sectors identify the BOP as an important market for the company and actively market their products specifically to this market by assessing four potential key indicators of engagement which will be outlined as topics.

Topics

- Market orientation
- Management Commitment
- Organisational Systems
- Information Generation and Dissemination

Summary of Questions for Engagement of BOP

Market Orientation

Q1.. Does the company view the BOP as an important and profitable market?
Q2. Does the company actively market products to the BOP?
Q3. Does the company integrate BOP consumer needs into their marketing strategies?

Sources of data

- Marketing and Sales director/manager
- Brand managers and sales personnel
- Marketing and brand plans
- Financial report

Sampling Strategies

- Obtain marketing and brand plans
- Obtain annual financial reports
Management Commitment
Q1. Does top management consider the BOP a top priority market?
Q2. Does the top management regularly conduct trade visits to BOP markets?
Q3. Does the marketing and sales team conduct scheduled regular trade visits to BP markets?

Sources of Data
- Marketing and sales director/manager
- Brand managers and sales personnel
- Distribution channels’ managers
- Trade visits schedules

Sampling Strategies
- Obtain BOP markets’ geographic locations
- Obtain sales territory plans from sales
- Obtain trade visits schedules from marketing
- Obtain sales call schedules from sales
- Who manages top management trade visits schedules
- Do they go on trade visits alone or the responsible sales team members take them to their territories?
- Arrange to go on trade visits to BOP markets.

Organisational Systems
Q1. Does the company have a dedicated marketing resource for the BOP?
Q2. Does the company have a dedicated sales resource for the BOP?
Q3. Does the company have a dedicated research and development resource for the BOP?
Sources of Data

- Marketing and sales director/manager
- Organizational chart
- Job descriptions

Sampling Strategies

- Obtain or draw an organisational chart that shows the structure of the marketing/sales departments.

Information Generation and Dissemination

Q1. Does the company have interdepartmental meetings to discuss market trends in the BOP market?
Q2. Does the marketing personnel in company spend time discussing BOP customer needs with other functional units?
Q3. Does the company conduct research on BOP needs?
Q4. Does the company freely communicate information about our successes and failures in the BOP across all business functions?

Sources of Data

- Marketing and sales director/manager
- Internal marketing correspondence

Sampling strategy

- Obtain meeting schedules
- Obtain any internal marketing communication material such as newsletters
(B). INTERACTION WITH CONSUMERS

Description of interactions
The topic investigates the forms and drivers of interactions between consumers and firms.
Q1. What is the nature of interactions which occur between the firm and consumers?
Q2. What motivates the firm to engage in these interactions?

Sources of Data
- Marketing and sales managers/directors
- City council databases
- Non governmental organisations registry
- Industry groups
- Internal strategy documents
- Media releases
- Newsletters

Sampling strategy
- Obtain any information on marketing activities targeted at social networks at the BOP.
- Conduct Trade visits in BOP markets and channels of distribution
- Obtain marketing and brand plans
- List social network groups
(C) IMPEDIMENTS AND COPING STRATEGIES

Description of macro-environmental factors

The topic investigates the company’s opinions on the influence of macro-environmental issues such as legal, social, political and economic factors on business’ effective engagement of the BOP.

Q1. What are the impediments which the firm faces when conducting business at the BOP?

Q2. What coping strategies has the firm developed to militate against the impediments?

Sources of Data

- Marketing and sales /directors/managers
- Periodic company reports
- Industry groups
- Government departments
- Media articles

Sampling strategies

- Obtain historical and current economic, legal indicators from relevant industry and government organisations.
- Establish if there are internal systems/procedures to capture and analyse key macro-environmental information.
(D) MOTIVATION TO CONDUCT BUSINESS AT THE BOP

Description of topic

The topic investigates the company’s motivation to conduct business at the BOP.

Q1. Given the well documented impediments firms face when conducting business at the BOP, what is your firm’s motivation to continue doing business at the BOP?

Sources of data

- Marketing and sales/directors/managers

Sampling strategy

- Obtain any internal and external data and direct interviews to establish motivation.
III. ANALYSIS PLAN AND CASE STUDY REPORT

Analytic strategy
The dominant analytic strategy will be explanation building using NVIVO software to analyze the case study responses and to display the extracted information visually via a concept map, which extracts key themes and concepts.

Structure of the report
The report will be part of the final thesis and will use a linear-analytic approach which will outline subtopics of issues being studied in sequence. The structure of the report will be:

- Introduction
- Description of individual cases
- Patterns of data for each research issue
- Cross case analysis
- Conclusion

Conclusions and implications

- Introduction
- Conclusions about each research issue and any patterns of data for relevant results that were not planned from the literature review.
- Conclusions about the research problem
- Implications for theory
- Implications for private sector managers
- Limitations
- Further research
References

Fletcher, R. (2006). International Marketing at the bottom of the pyramid – a three-country study. School of Marketing, University of Western Sydney.
Introduction
You are cordially invited to take part in this research study which is being undertaken as part of a PHD programme at the University of Western Sydney, Australia. The BOP refers to consumers who survive on $2 or less a day. At least 85% of the Zimbabwean population now falls in the BOP consumer market of people living on less than $2 a day. In fact, it is now estimated that at least 85% of Zimbabwe’s population now lives on less than $2 a day (Source: Consumer Council of Zimbabwe). Firms have to adapt their marketing mix and develop new strategies in order to meet the changing needs of the BOP. Your company falls in the product category that is relevant to the study, I kindly ask for your assistance in participating in the research by way of in-depth case study interviews with your marketing and sales personnel.

Objectives of the study
The purpose of this research is to carry out an in-depth study on how and why Zimbabwean and subsidiaries of international MNC manufacturers of food and personal hygiene products in Zimbabwe conduct business at the BOP. Specifically to establish the following for firms:

- How do firms conduct business at the BOP in Zimbabwe and what is the contribution and importance of the BOP segment to their performance and overall strategic objectives in Zimbabwe?
- What are the impediments that firms face when serving the BOP in Zimbabwe and how do they cope with these impediments?
- Why do firms conduct business in an environment such as that found at the BOP in Zimbabwe?

This will be undertaken with the ultimate aim of building onto relevant theory in international marketing and creating a better understanding of doing business in emerging markets in the BOP market through the development of a framework relevant to African countries that belong to the World Bank and United Nations’ Low Income group such as Zimbabwe.
**Conduct of Research**
The in-depth case study interviews will be conducted by Tendai Chikweche with key marketing and sales personnel to gather detailed information on the research issues. The interviews will be conducted at respondents’ firms or convenient venues of their choice.

**Researcher’s Details**
The research is being conducted by Tendai Chikweche for a PhD with the School of Marketing, University of Western Sydney. Tendai is jointly supervised by Prof. Richard Fletcher and Assoc Prof. John Stanton both from the School of Marketing.

**Research Format**
Three personal interviews will be conducted with the marketing and sales personnel with each interview lasting between 1hr-1hr30. This will enable the researcher to gather detailed information and also to accommodate respondents’ time constraints. Request will also be made to observe marketing activities such as promotional activities and trade visits. Another key request will be that for access to internal documents which relate to the issues under study. All materials will be treated confidentially and will only be used for the purpose of this study. The unit of analysis for the research will be the actual firm whilst the target respondents will be the sales and marketing personnel. Participants will be asked for a signed or verbal consent before the interview. Permission to record the interview will also be sought before the interview. Recorded interviews will be made available after transcription for verification by the participants.

**Confidentiality of results and right to withdraw**
Participants have the right to withdraw from participating at any time without giving any reason for doing so since participation is voluntary. All information collected will be used in data analysis, the identity of firms and participants will remain anonymous and will remain in the custody of the University of Western Sydney.

**Further Inquiries**
Any further inquiries connected to this study should be directed to “

Human Ethics Officer  
Research Services  
University of Western Sydney  
Locked Bag 1797, Penrith South, DC  
NSW 1797  
Tel: 61 2 47 360 883

This study has been approved by the University of Western Sydney Human Research Ethics Committee. The approval number is ……HRECO7-232………………….. If you have any complaints or reservations about the ethical conduct of this research, you may contact the ethics Committee through the Research Ethics Officers on the following numbers ( tel: +612 4736 0883 or +612 4736 0884). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.
Appendix 9: Firms’ Consent Form

Locked Bag 1797
Penrith South DC NSW 1797 Australia

Consent Form

Research Topic: Marketing to the Bottom of the Pyramid (BOP)
A Zimbabwean perspective

Name of Participant: __________________________

Name of Firm: ________________________________

Designation: ________________________________

Name of Researcher: Tendai Chikweche

The following to be read out loud to the participant in English

1) I have read and/or had read to me the information sheet for this study and have had
the details of the interview. I have also been given the opportunity to ask questions and these
have been answered to my satisfaction. I fully understand that if I need to know more about
the study I can ask questions at any time. I consent to participate in the project named above.
A written copy of the information has been given to me to keep.

2) I fully acknowledge the following:
   a) That I have been informed that I am free to withdraw from the project at any time without
      explanation or prejudice and to withdraw any unprocessed data previously supplied;
   b) That the research study is for the purpose of academic research;
   c) That I have been informed that the confidentiality of the information I provide will be
      safeguarded subject to any legal requirements.
   d) That the interviews will be noted, recorded and transcribed and that I have access to those
      transcriptions to verify data collected.
   e) That pseudonyms will be used in any publication arising from the research.

Signature  Date

(Participant)

I hereby state/declare that, I have read and understood the nature of my involvement in this
study and am willingly participating in it. I know that I can withdraw from this research at
any time without giving any explanation to my action.
Note: This study has been approved by the University of Western Sydney Human Research Ethics Committee. The Approval Number is ……HRECO7-232…………..If you have any complaints or reservations about the ethical conduct of this research, you may contact: Human Ethics Officer Research Services University of Western Sydney Locked Bag 1797, Penrith South, DC NSW 1797 Tel: 61 2 47 360 883

Any issues you raise will be treated with confidence and investigated fully, and you will be provided with feedback on the informed outcome.
### Appendix 10: Profile of Consumer Interviewees Respondents

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<tr>
<th>VARIABLE</th>
<th>DILUTED (n=10)</th>
<th>URBAN (n=20)</th>
<th>RURAL-URBAN (n=15)</th>
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*Total Consumption Poverty Line (TCPL) <US$2 per day*
Appendix 11: Profile of Focus Group Participants

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*Total Consumption Poverty Line (TCPL) <US$2 per day