

Dec 19th, 3:30 PM - 4:00 PM

Parallel Session: Ethics of serving the bottom of pyramid market- a study in context of Indian food market

Yukti Sharma
Hamdard University, New Delhi, India

Dr. Reshma Nasreen
Hamdard University, New Delhi, India

Follow this and additional works at: <https://ir.iba.edu.pk/icm>



Part of the **Business Commons**

iRepository Citation

Sharma, Y., & Nasreen, D. (2016). Parallel Session: Ethics of serving the bottom of pyramid market- a study in context of Indian food market. International Conference on Marketing. Retrieved from <https://ir.iba.edu.pk/icm/2016/day1/11>

This document is brought to you by *iRepository*. For more information, please contact irepository@iba.edu.pk.

Ethics of Serving the Bottom of Pyramid Market - A Study in Context of Indian Food Market

Sharma, Miss Yukti¹; Nasreen, Dr. Reshma²

¹Research Scholar, ²Associate Professor, Department of Management Studies, Hamdard University, New Delhi, India

Yuktisharma2010@gmail.com; drreshmanasreen2@gmail.com

Abstract: Purpose of study: BOP 1.0 proposition considers BOP market as consumer and a market based approach for alleviating poverty. Free market mechanism fails to inculcate the role of state for protecting the interest of vulnerable consumer. This paper reviews the vulnerabilities of BOP consumers and reality of marketing strategies for engaging this segment. This paper presents, the current legislative framework and suggestive guidelines to be considered while forming a marketing mix for subsistence market. It suggests a theoretical framework for ethical interaction and provides recommendation for marketers and policy makers for formulating and implementing policy at BOP.

Findings – Key findings that emerged are that the existing legislative framework fails to recognise complexity of BOP environment and there is an absence of concrete BOP legislative framework.

Practical implications – For managers, this research suggests a set of guidelines for doing business in a responsible manner at the BOP markets.

Social implications – Recommendations for public policymakers are offered that stress on the need for ethical marketing exchanges to address the concern over possible exploitation of this vulnerable population.

Design/methodology/approach – This research paper focuses on the cases highlighting the malpractices adopted for engagement of BOP consumer and defines the role of government in this free market mechanism. To analyse the role of government we consider existing policy and legislative framework to curb such malpractices followed by marketer. It is followed by suggestions and recommendation for designing an efficient policy mix and managerial implications.

Originality Value – This paper makes an original contribution in direction of revival of existing policies and guidelines for making BOP specific policies

Paper type – Theoretical Research paper

Scope – Market for Food items in India

Keywords: BOP 1.0; BOP marketing; Free market mechanism; Ethical interaction at BOP

1. Introduction

BOP proposition argues that there exist a fortune at the BOP market and firms by serving this market can reduce poverty thereby simultaneously increase the welfare of consumer and bring profit or fortune for firm. BOP proposition places two conflicting interest together- Reduction in poverty and increasing

profitability of firm. BOP proposition underemphasised the critical responsibility of state in poverty reduction and insisted on free market mechanism. Attracted by this lucrative proposition, it landed many marketers on BOP ground motivated by an objective of encashment of poverty premium for earning short term profits with lack of orientation towards long term vision. The paradigm initially thought to be a win-win situation ultimately resulted into unethical and exploitative practices by firms on hunt for short term profit at the BOP. The BOP proposition excludes the fact of vulnerability poor consumers due to lack of education, information and other economic, cultural and social deprivation. Thus, BOP consumers have less bargaining power in free market context and were more prone to exploitation by marketers. This research paper focuses on the cases highlighting the malpractices adopted for engagement of BOP consumer and defines the role of government in this free market mechanism. To analyse the role of government we consider existing policy and legislative framework to curb such malpractices followed by marketer. It is followed by suggestions and recommendations for designing an efficient policy mix and managerial implications.

2. Literature review
 - i) BOP proposition
 - ii) BOP consumers behavior
 - iii) BOP food market
 - iv) BOP Consumption Practices
3. Ethical issues in BOP marketing
4. Criticism of BOP Marketing -Whether “Doing Good” Leads To “Doing Well”
5. Suggestive theoretical framework policy mix
6. Role of Government and Consumerism in India
7. Multiplicity of legislations in context of BOP consumers
8. Flaws in present legislative framework
9. Suggestions by BOP advocates for public policy formulation
10. Suggestions for revival of existing policy framework

2. Review of BOP Literature

2.1. BOP Proposition-A Conflict between Profits Motive and Consumer Welfare in Free Market Mechanism

Poverty eradication or at least reduction has always remained a prevalent issue in development discourse of an emerging economy. Phases of poverty alleviation can be pronged broadly into two eras -Pre BOP Era and the emergence of BOP prepositions (BOP 1.0 and BOP 2.0). Hitherto, government and the rich at the top of the pyramid have sought to help the people at the bottom of pyramid (BOP) through aid programs and charity donations respectively. **Easterly (2006)** notes that the aid industry based on donations and grants continues to generate disappointing results despite investments of more than \$2.3 billion over the last 60 years.

In contrast to age-long aid programmes of alleviating poverty, recently the BOP perspective approach was introduced. The BOP proposition was propelled by Prahalad and Hart in 2002 and was further expanded by Prahalad in 2005. Prahalad stated that distribution of money in the world looks like a pyramid where people at the BOP represent a significant market opportunity for companies (Prahalad & Hart, 2002). Karnani (2007) summarised the BOP proposition as “Large MNCs can make significant profits and eradicate poverty by selling to the poor as there is an untapped purchasing power at BOP. This embarks a win-win situation.”

This new BOP approach had not-so-easy acceptance because questions many traditional and western economic tenets. Traditionally, BOP markets have been largely ignored because if considered

individually this segment possesses slim economic interest, it is also very difficult to reach. Gordon, Dakshinamoorthy & Wang (2006) stated that when BOP consumer are part of the formal economy, consumers receive better prices, expanded product offerings, and improvements in essential services such as health care and education. When comparison was made between the cost of goods and services in Dharavi (Mumbai, India) with same products and services in Warden Road, an upper-class Mumbai suburb, “poverty premium” of 20% and 5300% was recorded (Prahalad 2005). These excessive poverty premiums clearly indicates that there is indeed a desperate consumer market at BOP needs to be incorporated into a larger, more formal economy **where free market principles or market based economy** would lead to direct benefits for them (Prahalad, 2005). The major concern was that companies may rush into this ‘new’ market to harvest questioned fortune instead of building a long term vision of sustainable market development (Jaiswal, 2008; Karnani, 2009).

The suspicion of BOP critics was proved right when BOP marketers laid emphasis on short term exploitation and not on sustainable market development; thus, one form of market abuse, in form of poverty premium, got replaced by another.

This BOP proposition is popularly known as, BOP 1.0 strategies, considered consumption based understanding of local needs and aspirations. It aims at simply turning poor into consumer to address the fundamental problem of poverty and sustainable development (Simanis and Hart 2008). In this research work we consider BOP 1.0, thus considering BOP population as consumers.

Noteworthy Gaps in BOP 1.0 can be summarized as follows-

No concern with vulnerability and inability of poor to participate in free market enterprises instead considering them as huge profitable market. It may allow firms to charge high prices without knowing the ground realities.

- a. Disassociation of BOP proposition from CSR.
- b. BOP proposition places two conflicting interest together- Reduction in poverty and increasing profitability without policy guidelines.
- c. BOP proposition under emphasis critical role/ responsibility of state in poverty reduction
- d. BOP proposition lead many marketers top enter BOP market with no consideration to long term vision.

2.2 BOP Consumer Behaviour-Vulnerabilities of Subsistence Market and Problem Faced in Market Interaction

Prahalad & Hart (2002) argued that the real source of market promise was not the wealthy few in the developing world, or the emerging middle-income consumers but it is the billions of aspiring poor who joined the market economy for the very first time. Further, they used the analogy of a 4 tiered pyramid to represent the global distribution of wealth. Bottom of 4 tiered pyramid comprised 4 billion people with annual per capita income (PPP exchange rate) is less than \$1, 500. (i.e. almost \$2 per day PPP). In 2005, Prahalad argued that the poor, defined as people living on less than \$2 per day (PPP exchange rates), with a market size of \$13 trillion (PPP). Thereafter, a detailed report “The next 4 billion” collated by World Resource Institute (2007), presented the major issues faced at BOP and suggested BOP segment encompasses all people whose annual incomes are between 0 to \$3000 per year (2002 PPP).

2.3. Review of Definitions and Comprehensive Definition

There are different views in empirically defining the BOP segment. *The term 'BOP' has not been precisely defined.* Different authors use distinct definitions of the term "BOP". In article by Chikweche et al. (2012), explained that among all the researchers and companies working on the BOP, both underestimation and overestimation advocates agree on only one things: "there will never be agreement on actual size and classification of the market but that it is an important market which requires increased research" (Chikweche et al., 2012). The major reasons for these discrepancies and differences of opinion relate to the following factors:

There is very little global data relating to actual income per capita – the World Bank report are generally being accepted as the most reliable authority on this but even their data are only update every few years.

The use of PPP (purchasing power parity) in international dollars rather than Unites States dollars are being used as a better way of comparing 'apples with apples'. A loaf of bread should cost the same across the world when bought in international PPP dollars, but the rapid changing inflations and fluctuations in exchange rates makes this seemingly simple model unreliable. This is especially the case when data starts aging as is the current case with values still reflecting 2002 data.

Sometimes the stated dollar values would refer to earnings income per capita (or per person) while other times it would refer to earnings income per household without a regard for the difference in meaning. The non- recognition of this important distinction creates more confusion.

Table 1- Review of the BOP Definitions

Year	Author	Definition of BOP	Market size and Author adapted Potential	
2001	The World Bank (World Development Report (WDR,1990) WDR (2005)	Consumption less than \$1 per day per person (PPP 1990)	Four billion of which 1.1 billion people were living on less than \$1 a day considered as extreme poverty	Banerjee and Duflo (2006) Rangan, Quelch et al (2007) expanded to \$2 per person per day. Karnani, 2007; Karnani, 2007(1) used 1.25\$ per person per day(2005 WDR)
2002	Prahalad & Hart, 2002	BOP segment as consumers earning less than \$1500 per annual per capita income (i.e. almost \$2 per day PPP,1990). Other characters of BOP-	4 billion people at BOP with a market potential lies in the vast size of this market and represent multitrillion-dollar market.	Prahalad & Hammond, (2002)
2004	Prahalad & Ramaswamy, (2004)	People earning on less than \$2000 or \$2 per day, PPP rates	Market potential of \$13 trillion.	Explained poverty penalty at BOP market India(Dharavi slum)
2007	Hammond, Kramer, Katz, Tran, and Walker's Classification	People are whose annual incomes are between \$0-3 000 per capita per year (2002 PPP). Other Characters - Dependence on informal economy Lives in rural villages, or urban slums and shantytowns, usually do not hold legal title or deed to their assets (e.g., dwellings, farms, businesses). Little or no formal education. Hard to reach via conventional distribution, credit, and communications.	BOP makes up 72% of The 5,575million people Recorded by available National household surveys and total purchasing power estimated to \$5 trillion. (Subramanian & Gomez-Arias, 2008)	
2010	Viswanathan et al	Household in south india earning less than Rs 8000 per month. Other Characters are- Limited or no access to sanitation, potable water, and health care Lack of control over many aspects life (Viswanathan et al., 2007) one-to-one interaction marketplace strong social relationships interdependency among members majority of their income on daily necessities such as food Live in substandard housing (Prahalad, 2005) Have limited or no education		Gupta & Jaiswal 2015(Gujrat)

Various scholars have attempted to define and classify the BOP (Banerjee and Duflo, 2006; Hammond, Kramer et al, 2007; Hart, 2002; Prahalad, 2005, Viswanathan et.al 2008 (Viswanathan et al. 2008). The four 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, the Hammond, Kramer et al (2007) classification and Viswanathan et al classification(2010).

Whilst there have been various attempts to classify the BOP, the consensus among scholars and practitioners has been to use the World Bank classification advocated by Banerjee and Duflo (2006).

Emergence of BOP concept brought various critics into the picture insisting on a specific criteria of defining BOP consumers. However, the researchers who look at BOP market comprising of consumer with latent need (Gupta et al.2015 and Vishwanathan. M et al 2010), insists on using a socio-economic based definition. Thus, keeping the socio-economic realities in mind **subsistence marketplace, for the current research, can be defined as-**

- a. Subsistence market place consists of Household earning less than Rs 8000 per month (Gupta et al.2015 and Vishwanathan. M et al 2010).
- b. Live in rural villages, or urban slums and shantytowns
- c. Lack of water and sanitation services, electricity, and basic health care, and limited or no access to formal financial services (World Resources Institute, 2007).
- d. There exists one- to-one interaction between small neighborhood storeowners and local consumers, strong social relationship.(Viswanathan, 2007).
- e. The BOP consumers' mainly satisfy basic needs such as food, water, shelter. According to the WRI's report (2007), out of \$5 trillion market potential of the BOP segment, food accounts \$2895 billion of purchases.
- f. Limited or no access to formal educations
- g. Difficult to reach via conventional distribution, credit, and communications and offered with low quality and quantity of products and services

Individually they represent a very slim economical interest for companies, however, embarks considerable purchasing power of \$5 trillion if taken together (Subramanian & Gomez-Arias, 2008). According to the WRI's report (2007), the \$5 trillion of the BOP segment is spent majorly on food sectors (\$2895 billion). At first sight these people's need seem to belong to the first stage of the Maslow's pyramid (Subrahmanyam & Gomez-Arias, 2008). The Maslow's pyramid, although related in developed nation, has turned out to be useful to understand the needs and motivations of BOP consumer as well.

Subrahmanyam & Gomez-Arias, (2008), analysed consumption behaviour of poor and its relation with the Maslow's pyramid. They discovered that BOP consumers sometimes spend their money on items that may be considered as **luxury or at least non-essential**. Poor's consumption behaviour sometimes strays from Maslow's explanation. The reason for the same, lies in the fact that Maslow's framework is a useful way to categorise basic needs such however for higher order needs, such as nostalgic grocery brands, cosmetic purchasing and access to finance, better explanation can be provided through concept of social, capital and family systems, as well as compensatory consumption (Subrahmanyam & Gomez-Arias, 2008).

Social capital theory suggest social networks enable people to act jointly (Woolcock & Narayan, 2000), suggesting that networks such as family, friends and associates are an important asset and can be called at the time of crisis. Subsistence consumers are prone to satisfy family needs rather than personal needs or wants (Subrahmanyam and Tomas Gomez-Arias, 2008, p. 408). Viswanathan (2007), revealed about the fact that poor buy in local stores even if they know they could get a cheaper one elsewhere.

Compensatory consumption theory can also explain some patterns of this behaviour. This theory supports that people who cannot satisfy physiological needs would repair with alternative means (Gronmo, 1998). Suffering from the lack of social status granted by wealth, it would not be surprising to see a poor consumer resorts to **status items** which convey a certain symbol, which play the role of a status sign. Some poor women spend significant amount to cosmetic goods or even some adult buy cigarette to be seen as man while they suffered from food deficiency (Visawanathan 2007).

Consumer resistance can be used for understanding BOP consumption behaviour (Jaiswal & Gupta 2015). Consumer resistance can be defined in many ways. It is viewed as a strategy adopted by consumers to function effectively in the face of seductive and coercive power of marketers. Eckhardt and Mahi (2012) define consumer resistance as “consumers’ ability to ignore, resist, and adapt market messages and product offerings in the marketplace”. Denegri-Knott et al. (2006) defined it as “how consumers face the aggressive, attractive and expensive marketing actions and campaigns.” Thus, it can be considered as use different tricks and tactics by consumers creatively to “counteract the strategic manoeuvres of powerful corporate players” In developing countries, especially in the BOP markets, marketers’ actions and tactics flares up consumer desires, on the other hand, their poverty-laden life and economic conditions severely constrains the fulfilment of these desire. These consumers have far less experience of operating in the marketplace and are not educated enough to decide the right model of consumption on their own. (Viswanathan et al. 2010) Therefore, in comparison to their Western counterparts, these consumers are not in a position to effectively resist the aggressive advertising and product introductions (Eckhardt and Mahi, 2012).

Study by Checkwech (2009) provides insights into the influence of the family on purchase decision making through the different roles that various members of the family play in this process. The findings showed that different members of the family played different roles in the purchase decision process and this differed across all the groups although a key common issue was that of changing gender roles. Results from the study showed increasing dual and shared responsibility between husbands and wives across all groups of subsistence consumers although each group's gender composition in this connection was influenced by different factors. For example, in the diluted and urban groups, both the husbands and wives were equally involved in the purchase decision of products. They demonstrates that budget constraints and product shortages have resulted in the husbands and wives jointly undertaking purchases as part of a joint coping strategy, whereby whoever finds the products at a cheaper price buys the products, instead of leaving the task to the wife alone which has been the traditional situation. The research also suggested that, unlike in western markets where children have a say in the choice of products that are purchased, the situation is different in subsistence markets where the constraints and different dynamics influence their role. At younger ages, the limited disposable income in the family and the importance of each purchase, resulted in children having virtually no involvement or influence on the decision process, even for products that they use. However, this dynamic changed at an older age where children became responsible for buying basic products for their parents – often due to the bread winner being absent. Children were often responsible for the upkeep of their parents and other siblings. They tended to assume multiple roles in the process where they decided, influenced and did the actual buying of the products. Although the users in this case were the parents and siblings, they could only indicate choice of particular products although this would not fully impact on the final purchase decision given the challenges of getting access to and buying these products. This left the persons doing the actual buying of the products, in this case the children, determining what was to be purchased.

Karnani (2007, 2009) argues that the assumption that poor are value conscious consumer is empirically false and morally problematic. The reality is that poor are **vulnerable consumer** due to lack of education, information and other economic, cultural and social deprivation. Findings from micro level studies on purchase behaviour of poor consumer suggests that **poor lacks self-control and yield to temptation** because poor usually don't have bank account and keep cash at home and spends to keep up with their neighbours (Banerjee & Duflo, 2007) *Thus, problem is that poor often make choices which ain't in their self-interest making it imprerative to impose some restrictions on free market mechanism as suggested in BOP proposition.*

Viswanathan, et al., (2008, 2010), explained subsistence marketplace is one to one interactional marketplace. The underscore characteristics of this marketplace are limited financial resources, limited information and education and lack of basic infrastructure. These characteristics restrain their ability to work, market access, and income potential and they end up paying higher price for same goods. They find difficulty with abstraction and reduce purchase decision to single criterion of price. At social level, these characteristics, lead to lack of confidence or skills and make them unaware of rights as consumer. *This concludes the vulnerable position of BOP consumer in market place interactions and lower negotiating power.*

2.4. Food Market in India at BOP

According to WRI report (2007), major categories on which bottom of the pyramid consumers spend their income is spend are- food, energy, housing, transportation, health ICT and water. Food sector represents the biggest market (about 58% of the whole BOP market). The WRI's estimations (2007) give an overview of this point.

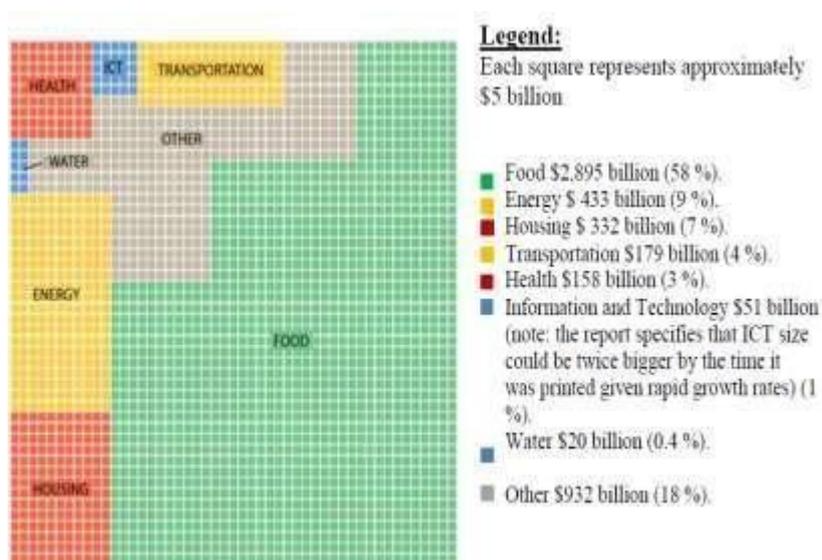


Figure 1. Distribution of BOP consumer's income (WRI report (2007))

In India, National Sample Survey Office (NSSO) conducts nationwide quinquennial surveys on Household Consumer Expenditure with a large sample of households. It conducted 68th round survey,

in July 2011 to June 2012. It generate estimates of Consumer expenditure survey (CES) in terms of average household monthly per capita consumer expenditure (MPCE)⁵.

Table 2- List of Food and Non-Food Items Included in NSSO 68th Round.

FOOD ITEMS	NON FOOD ITEMS
Cereals	Intoxicants *
Edible oil	Pan *
Gram	Tobacco*
Egg, fish and meat	Fuel & light
Cereal substitutes	Clothing
Vegetables	Footwear
Pulses & pulse products	Education
Milk & milk products	Other household consumables
Fruits (dry)	Medical (institutional)
Fruits (fresh)	Medical (non-institutional)
Sugar	Conveyance
Salt	Rent
Spices	Minor durable-type goods
Beverages & processed food	Toilet articles
	Durable goods
	Other consumer services
	Entertainment
	Taxes and cesses

Changes in percentage composition of MPCEURP (or in aggregate consumer expenditure) as shown by the 5 quinquennial surveys beginning with 1993-94. The share of food is seen to have shrunk over the 18-year period since 1993-94 from 63.2% to 48.6% (a decline of about 23%) in the rural sector and from 54.7% to 38.5% (a decline of nearly 30%) in the urban sector. Over the 7-year period since 2004-05, the share of food has fallen by about 12% in rural India and about 9% in urban India. Most food groups have suffered a decline in share over the 18-year period. The important exception to this is “beverages, etc.” for the rural sector. The decline is steepest for cereals, the share of which has halved for rural India and shrunk by 48% in urban India. Over the 7-year period since 2004-05, the share of cereals has fallen by about 33% in rural India and about 28% in urban India.

Table 3- Percentage share of sub-items in average MPCE (URP) since 1993 (NSS, 68th round)

Item group	rural					urban				
	1993-94	1999-2000	2004-05	2009-10	2011-12	1993-94	1999-2000	2004-05	2009-10	2011-12
(1)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
cereals	24.2	22.2	18.0	15.6	12.0	14.0	12.4	10.1	9.1	7.3
gram	0.2	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
cereal substitutes	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1
pulses & products	3.8	3.8	3.1	3.7	3.1	3.0	2.8	2.1	2.7	2.1
milk & products	9.5	8.8	8.5	8.6	9.1	9.8	8.7	7.9	7.8	7.8
edible oil	4.4	3.7	4.6	3.7	3.8	4.4	3.1	3.5	2.6	2.7
egg, fish & meat	3.3	3.3	3.3	3.5	3.6	3.4	3.1	2.7	2.7	2.8
vegetables	6.0	6.2	6.1	6.2	4.8	5.5	5.1	4.5	4.3	3.4
fruits & nuts	1.7	1.7	1.9	1.6	1.9	2.7	2.4	2.2	2.1	2.3
sugar	3.1	2.4	2.4	2.4	1.8	2.4	1.6	1.5	1.5	1.2
salt & spices	2.7	3.0	2.5	2.4	2.4	2.0	2.2	1.7	1.5	1.7
beverages, etc.	4.2	4.2	4.5	5.6	5.8	7.2	6.4	6.2	6.3	7.1
food total	63.2	59.4	55.0	53.6	48.6	54.7	48.1	42.5	40.7	38.5
pan, tobacco, intox.	3.2	2.9	2.7	2.2	2.4	2.3	1.9	1.6	1.2	1.4
fuel & light	7.4	7.5	10.2	9.5	9.2	6.6	7.8	9.9	8.0	7.6
clothing & bedding	5.4	6.9	4.5	4.9	6.3	4.7	6.1	4.0	4.7	5.3
footwear	0.9	1.1	0.8	1.0	1.3	0.9	1.2	0.7	0.9	1.2
misc. g. & services	17.3	19.6	23.4	24.0	26.1	27.5	31.3	37.2	37.8	39.7
durable goods	2.7	2.6	3.4	4.8	6.1	3.3	3.6	4.1	6.7	6.3
non-food total	36.8	40.6	45.0	46.4	51.4	45.3	51.9	57.5	59.3	61.5
total expenditure	100.0									

URP estimates shown except for 1999-2000, for which only MRP estimates are available.

⁵ MPCE, is defined as household monthly consumer expenditure ÷ household size (NSS, 2010-2011); 2009-10 as the base year for the price indices and revision of the national income estimates.

3. Ethical Issues in BOP Marketing

BOP proposition initially placed two contrasting forces-welfare of poor and profits for organization to go hand in hand and thereby failed to justify both together. Companies got stuck in tug of war either to give profit motive precedence over welfare of consumer or other way round. The conflicting interest can be illustrated by following well cited case studies under specific component of marketing mix-

3.1. Ethical Issues in Appropriate Products

Products offerings are not always created with parity in ethical terms, especially when these are marketed to the BOP (Davidson, 2009). Marketing of diverse product categories like eye-liner, or lipstick, or blush to Low income women; raises significant ethical issues. Because amounts spent by poor on these products reduce the funds available for essential goods (Davidson, 2009).

The vulnerabilities of poor consumers (Karnani, 2009) raises a question which is an apt product to be offered to BOP market. This question severed as an apple of discord between the economist and the ethicist. The economist will argue that each consumer must determine how much utility is derived from each purchase given the limited funds. (Davidson, 2009).

Micro level studies on purchase behaviour of poor consumer found that they spend a large chunk of their meagre income on alcohol, tobacco and entertainment (television, wedding and festivals). Further, 55% of adult poor in Udaipur (India) were found to be anaemic and 65% of adult male and 40% of adult female were under weight (Banerjee, et al., 2004). A typical poor household could spend 30% more on food than it actually does. (Banerjee & Duflo, 2007). Spending on festivals also account a large part of the budget of extreme poor (Banerjee, et al., 2004). *Under these circumstances the ethicist will argue that while we must grant poor consumer, free choice, it would be wrong for producers and marketers to encourage and promote such sales which decreases the welfare of BOP consumers and on no grounds alleviate the poverty.*

Amul, a dairy cooperative in India, introduced ice cream at \$.05 per serving (Prahlad, 2005) although a good quality product but have no trace of essentiality. Amul is also responsible for popularisation of pizza. Similarly, Coca- cola, launched soft drinks in smaller pack of 200ml pricing at Rs 5 for BOP consumers (Jaiswal 2008).

3.2. Ethical Issues in Fair price

The issue of determining fair price would again places economist and the ethicist in contrasting position. The economist would argue for setting the highest price to capture maximum consumer's surplus possible. But ethicist would compel eradicating poverty motive of BOP proposition. (Davidson, 2009).

Hindustan Uniliver limited (HUL) a prominently cited as success story in BOP literature, offered Max candy, a high quality and low priced candy offered in two sizes, one at 25paise another at 50 paise. In 2004, because of persistent low margin, price of both sizes were pegged to 50 paise and Rs. 2 respectively. Even after price rise its sales were Rs 500 million against estimated organized confectionary industry worth Rs 12 billion (Jaiswal, 2008). So in 2005, Max candy was pulled out from market due to non-satisfactory results. In this case profit motive got precedence over BOP consumer's welfare.

3.3 Ethical Concerns in Advertising and Promotion

Misrepresentation products and services concern takes on special importance when advertising to the BOP (Davidson, 2009). As the BOP population are not only poor in income but also in terms of education and experience in evaluating advertising claims. Thus, the puffery acceptable in developed

markets may be unethical if used in advertising to BOP (Davidson, 2009). Advertisers create material aspirations for individuals and in India mostly rely on celebrity's endorsements to innate aspirational appeal. For BOP consumers it serve as images of status and prestige to the poor consumers who suffer from low self-esteem levels. There exists susceptibility of BOP market to advertising and celebrity endorsements. (Jaiswal & Gupta, 2015). For instance, HUL has traditionally used most popular movie actress to endorse its LUX brand.

Studies further indicates a high level susceptibility of BOP consumers toward sales promotion (Jaiswal & Gupta, 2015). Purchased products offered under such promotional schemes lead to overspending amongst this market. The use of contests, coupons, rebates, sweepstakes, prizes, and other sales promotional tactics leads to extra costs borne by consumer. Generally, the rightness or wrongness of these additional costs is overlooked in marketing to the upper levels of the income pyramid, but the question cannot be ignored with the BOP.

3.4. Ethical issues in Distribution

Sometimes marketer to reach BOP market may create new channels of distribution. It leads to benefit to one segment but may harm another (Davidson, 2009). For example,

Project Shakti, of Hindustan Lever's innovative channel of distribution allowed villagers to have access to needed products that would otherwise be totally unavailable. But at the same time this new innovative distribution channel displaces the previously existing small retail outlets, the street vendors, and the multiple intermediary levels so common in developing countries (Byron, 2007).

3.5. Packaging

Many of the success stories cited comes from Procter & Gamble or Unilever are based on packaging the goods in single-serve quantities. **A single-serve revolution involving companies to sell small packet or Sachets of product (Shampoo, Ketchup, Tea, Coffee, biscuits and skin cream) considered to be breakthrough in BOP marketing.** But **single-serve revolution just proved to be a modus** of befooling poor consumers as they believe that lower price for small packages make it cheaper (Karnani (2006). However in reality the only way to increase affordability is through lowering price per use in comparison to large packets. Annapurna salt's introduced in small package to target the BOP market, priced per kilogram exactly same as larger packages. (Jaiswal, 2008)

4. Criticism of BOP Marketing - Whether "Doing Good" Leads To "Doing Well"

BOP advocates justified profit motive pursued by MNCs or firms as when firms enter a new market it creates jobs and income. The advocacy of profit motive was sharply criticised by NGOs, civic authorities and BOP critics on the ground that marketing to BOP segment will divert their constant nominal income on low priority products. Many critics proclaimed BOP marketing is flawed or nothing more than a mirage (Karnani, 2007, Jaiswal, 2008). Karnani (2007) argued that firms targeting BOP market incurs high cost of market penetration making product beyond the reach of this segment. Jaiswal (2008) suggested that BOP marketing artificially raises demand of non-essential product (shampoo, fairness cream, deodorant, sunscreen lotion and other cosmetics, tobacco products and alcohol and nostalgic brand) that may divert funds from essential products (nutritional).

BOP sceptics went a step ahead in stating that romanticized view harmed poor more than helping them as it wane the importance of legal and regulatory mechanism to safeguard the interest of vulnerable BOP segment. (Karnani 2009). It stressed on compelling need to impose few restraint on free market mechanism to prevent exploitation of BOP segment. (Karnani, 2007).

This argument laid by BOP skeptics was negated by BOP advocates on the assumption that BOP consumer are value conscious and rational consumes therefore know how to maximise utility . Although

expenditure pattern is observable but utility pattern is not thus free market perspective encourages exploitation of poor who already bears the burden of lack of education, lack of information and other socio, economic and cultural deprivation(Karnani, 2007).

Karnani (2009) cautioned against severe and harmful results of bad choices made by BOP segment. The consumers have lack of self control, yield temptations and aspirational purchase behaviour often responsible for poor ending with bad choices. The bad choices made by BOP consumers may deflate welfare of these consumers therefore necessitates imposing constraint on free market perspective.

The constant arguments made by BOP sceptics on welfare of BOP consumer and raised ethical concern on sustainability of profit motives pursued by firms. It is further questioned that is it ethical for companies to serve to the market where they know that spending on non-essential and luxury product is not in the self-interest (Karnani 2007).

Thus BOP initiative encourages poor consumer to divert income from high priority products to non-essential items.

5. Suggestive Theoretical Policy Mix Framework

5.1. Gap Analysis

No Consideration of Government in BOP Marketing: Although BOP proposition insist on free market mechanism to reduces poverty or development through enterprise. This proposition is based on the assumption that BOP are fully capable and willing to participate in market. This proposition placed little emphasis on legal, regulatory and social mechanism to protect vulnerable consumer (Karnani, 2009). *There is an under emphasis on critical role of state in poverty reduction* (Karnani, 2009). Rajan and

Zingales (2003) argues “That market cannot flourish without the visible hands of government”. To avoid exploitation there is need to impose some restrictions on free market mechanism (Gupta & Jaiswal, 2013).

5.2. Research Methodology

This research paper is based on secondary data and archived case study analysis. Case studies are grouped on the basis of specific nature of marketing mix component.

5.3. Objectives

The objective of this legislative review is confined to political goals associated with safe guarding the interest of subsistence market place. This paper reviews present legislative framework and suggestive guidelines to be considered while redefining the marketing mix based on consumption behaviour of subsistence market.

5.4. Theoretical Framework

BOP proposition insists upon free market mechanism but as suggested it may lead exploitation of BOP consumers ((Bonsu & Palsa, 2011, Karnani, 2007, Gupta & Jaiswal, 2013). Thus, even though, BOP proposition emphasis on free market we suggest role of government to protect the interest of consumers. Such that Government not only protect consumer’s interest but provides guiding principles to marketer in conflicting objectives of-profit maximisation and poverty reduction. Further the regulatory mechanisms should be in place to protect the interests of the poor given their vulnerability(Jaiswal & Gupta, (2015)). Based on the review of every component of marketing mix offered at BOP following theoretical model of ethical interaction in free market can be established(Figure 1). Marketing mix for avoiding exploitation of BOP consumers must comprise of product with essentiality element which is affordable (Jaiswal & Gupta, (2015)). BOP market may create new channels of distribution which benefits one segment and not harm another. Promotional mix, for ethical engagement should ensure

honesty in advertisement and should not encourage the poor for consumption of products outside of core bundle of consumption. Marketing messages are educational and helpful in nature

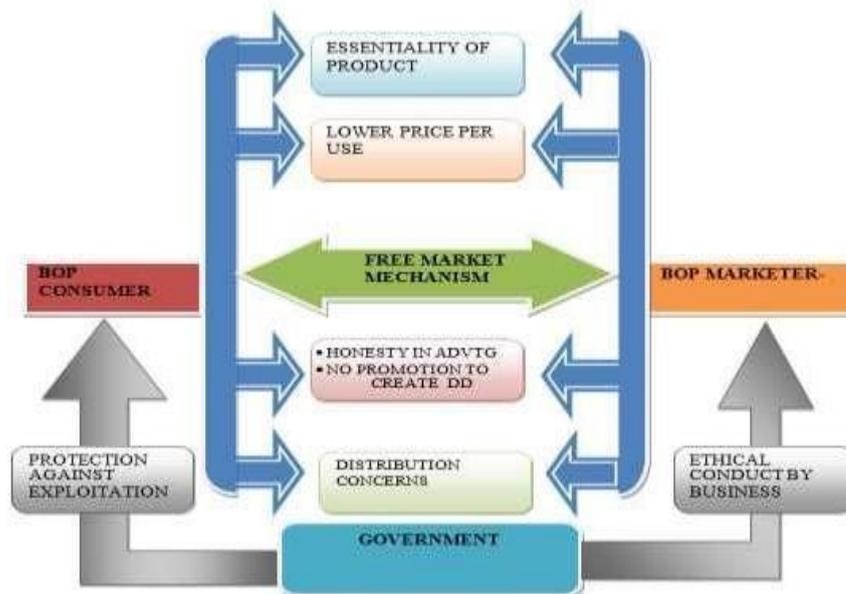


Figure 2: Proposed Model of Ethical Interaction At Bop Under Free Market Mechanism

6. Role of Government and Consumerism in India

The assertion that “Consumers are king” practically fails in context of BOP market and it becomes imperative to ensure consumer protection. Consumer protection is still at an infancy state at BOP market. Effective consumer protection involves active participation of Consumer, Business person and Government. (Fernando, 2009)

6.1. Role of Consumer

Consumers are required to take care of their own interest and protect themselves from malpractices. But the poor are vulnerable consumer and yield to temptation because poor usually don't have bank account and keep cash at home and spends to keep up with their neighbours (Banerjee & Duflo, 2007). The fact that BOP market depends heavily on informal economy, marketing through free market mechanism, vulnerability of consumers makes BOP consumers prone to unscrupulous and exploitative practices.

6.2. Role of Business Person

The producers, distributors, dealers, wholesalers as well as retailers are required to ensure supply of quality goods and services at reasonable prices. To prevent unfair trade practices even chambers of commerce and industry, manufacturer association should entertain the complaints from consumers. In BOP market business should ensure ethical conduct as BOP insist on market based economy. (Fernando, 2009).

6.3. Role of Government

Karnani (2007,2008) (Jaiswal 2008, Jaiswal and Gupta 2015) markets cannot flourish without the very visible hand of the governments. Government has primary responsibility to protect consumer's right through apt policy measure, legal structures and administration framework (Viswanathan, et al., 2012). Government is required to enforce appropriate law and amend existing law in this context. Consumer protection

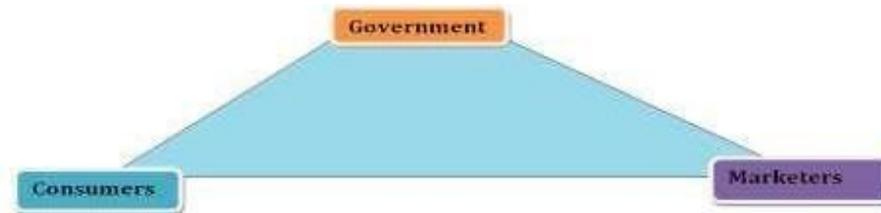


Figure 3: Integral parties involved to protect consumer rights

is socio economic programme requires initiative from Government and business. UN guidelines for Consumer protection suggest “The governmental role in consumer protection is vital and finds expression through policy-making, legislation and development of institutional capacity for its enforcement. Every country needs to have an irreducible minimum of consumer protection legislation”.

7. Multiplicity of Legislative framework to protect the interests of vulnerable BOP consumers

Consumerism is defined by Prof. Philip Kotler as ‘a social movement seeking to augment the rights and powers of the buyers in relation to sellers’.

In India, various Acts are in place to protect the consumers against exploitation in food market (as depicted in figure 3). Myriads of legislation enacted to protect the interest of consumer and regulation of trade has left consumer confused in synthesising which law is applicable in particular situation. Ironically, legislatives intended to protect the interest of consumers have let offenders to slip out the maze of legislation and thereby weak implementation of the laws. Other factors leading to erosion of consumer rights by firms are lack of competition in a number of product areas, consumer's illiteracy, consumer indifference towards products, weak consumer organisations and lack of consumerism in the country. Given the vulnerabilities of BOP market this situation is adverse in case of poor consumer. (Fernando, 2009)

In the absence of specific legislatives enforced by government to guide BOP marketer and protect the interest of BOP consumer, we extracted relevant policies and laws from existing legitimate policy framework. This review of legislations, broadly considers two dimensions of business transaction- BOP consumer and marketer and role of regulatory authorities such as Government and other allied Departments and authorities. Role of government in free market mechanism is to ensure protecting consumer's interest, availability of essential food items and efficient competition in BOP market. Policies implemented by Government includes-

- a. consumer specific polices to safeguard the interest of consumer and
- b. Seller- directed policies to ensure ethical conduct of marketer in subsistence marketplace.

c. Further, as the area of study relates to food items, analysis is extended to include legislation regarding availability of essential food items and ensuring minimum quality.

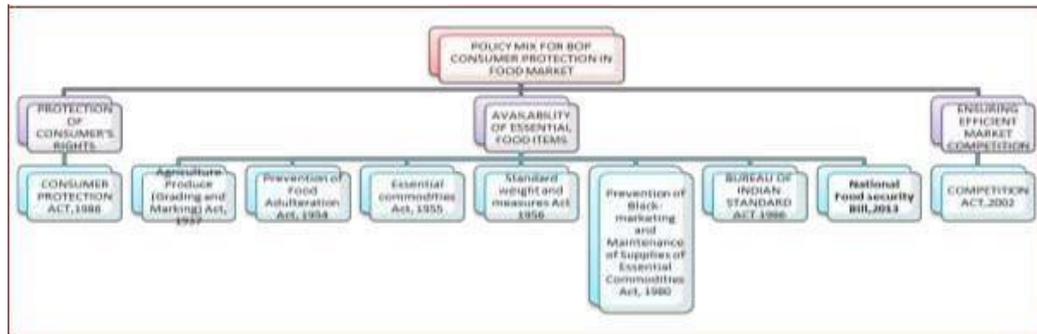


Figure 4: Multiplicity of Legislative framework to protect the interests of vulnerable

7.1 Protection of Consumer's Rights

For protection of consumer's interest and fuelling consumerism, Government of India introduced Consumer protection Act, 1986. This Act safeguards the interest of consumers irrespective of their economic status. Thus, this act is not specific in addressing the problems faced by BOP consumers.

7.1.1. Consumer Protection Act, 1986

The Consumer Protection Act (CPA) of 1986 was enacted with an objective to protect the interests of Consumers, to make provision for the establishment of Consumer Councils and other authorities for the settlement of consumer disputes. This is indeed a progressive piece of Social Welfare Legislation but it negates any specific provision related to BOP consumer. Unlike other laws, which are basically punitive or preventive in nature, the provisions of the Act are compensatory.

Important features of CPA are as follows:

- The Act applies to all goods and services
- It covers all the sectors – private, public and cooperative. The provisions are compensatory in nature.
- It provides adjudicatory authorities
- It further provides for Consumer Protection Councils at the National, State and District levels.

CPA further entitles unique set of rights to protect consumer such as, right to be protected, right to be informed, right to be assured, right to be heard, right to seek redressal and right to consumer education.

7.2. Availability of Essential Food Items and Ensuring its Minimum Quality

This research paper is restricted to food items such as Fruit, Vegetables, Eggs, Dairy Produce, salt, spices, staples-wheat, rice, Vegetable Oil etc. It is the responsibility of government to implement policies which may ensure availability of essential food items to this deprived segment. While providing these essential food items to BOP consumers, government is required to ensure minimum quality is kept intact. For achieving this objective Government implemented the following legislatives-

7.2.1. Agricultural Produce (Grading and Marking Act), 1937

This Act concerned with grading and certifying the quality standard of agriculture commodities. This allows standard agricultural product to be stamped with AGMARK, a seal of Agriculture marking Department of the Government. It extends to entire country and defines "agricultural produce" as all produce of agriculture or horticulture.

7.2.2. Prevention of Food Adulteration Act, 1954

This Act came into force on 1st June 1955 with an objective of prevention of adulteration and extends to entire India. Further objectives of this act can be concised as follows-

- a. To protect the public from poisonous and harmful foods
- b. To prevent the sale of substandard foods
- c. To protect the interests of the consumers by curbing fraudulent practices.

7.2.3. Essential Commodities Act, 1955

This Act was enacted to ensure easy availability of essential commodities to consumers and protect them from unscrupulous traders. This Act provides entitles the Central Government and the State Governments the power of regulation and control of production, distribution and pricing of commodities which are declared as essential, at fair prices.

The list of essential commodities are reviewed from time to time keeping in view the production and supply condition of these commodities. As a result, the number of essential commodities which stood at 70 in the year 1989 cut down to 7 at present through such periodic reviews. Only those commodities are retained which are essential to protect the interest of the farmers and the large section of the people at "bottom of the pyramid".

7.2.4. Standards of Weights and Measurement Act 1956

Indian consumers are often faced with quantity reductions practised by marketers. To prevent these malpractices the Standards of Weights and Measurement Act was passed in 1956, which was later repealed by a more comprehensive Act in 1976 in alignment with international Bureau of Weights and Standards. The act is supplemented by the Standards of Weights and Measures (Enforcement) Act, 1985 with a set of rules to enforce the act effectively.

7.2.5. Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

This Act provide for detention in certain cases with purpose of prevention of black-marketing and maintenance of supplies of commodities essential to the community. The Act empowers the Central and State Governments to detain accused persons. The maximum period for detention shall be six months.

7.2.6. Bureau of Indian Standard Act, 1986

One of the main impediment faced by Indian consumers is the poor quality of products they buy. Even after independence, the quality of products has been extremely poor because of imperfect competitive market situations under the mixed economy regime. What exaggerates the problem, is monopolistic position enjoyed by public sector organization which are not bothered to produce quality goods. As a result, the Indian consumer has to manage with shabby and shoddy goods and equally poor and inefficient services. The situation seems to be improving since 1991 because of intense competition, in India but BOP market still remained untouched in this context.

7.2.7. National Food Security Bill, 2013

The National Food Security Act, 2013 (NFSA 2013), also known as Right to Food Act, aims to provide subsidized food grains and non-food items to poor consumers through a network of public distribution shops (*also known as ration shops*). As of date there are about 4.99 lakh fair price shops across India which sells price to ration card holders at a price lower than the market (Ministry of Consumer Affairs, 2013). Under this bill, beneficiaries of the Public Distribution System (PDS) are entitled to 5 kilograms per person per month of cereals at the following prices:

Rice at ₹3 per kg

Wheat at ₹2 per kg

Coarse grains (millet) at ₹ per kg

Food Corporation of India (FCI), a Government-owned corporation, procures and maintains the PDS. However, the food grains supplied by the ration shops are not enough to meet the consumption needs of the poor or are of inferior quality. The average level of consumption of PDS grains in India is only 1 kg per person / month.

7.3. Ensure Efficient Market Competition

Consumer welfare is the fulcrum of consumer protection and competition policy. Both consumer protection and competition policy recognizes unequal relationship between consumers and producers. Protection of consumers is accomplished by setting minimum quality specifications and safety standards for goods and services and thereby establishing mechanisms to redress their grievances. The objective of competition policy is to ensure that there are sufficient numbers of producers therefore no single producer can attain a position of dominance. Competition policy also seeks to forestall other forms of market failure. (Eleventh Five Year Plan, Planning commission, n.d.). For ensuring efficient market competition, the Competition Act, 2002 was enacted. This Competition Act, repealed of Monopolies and Restrictive trade Practices Act (MRTP), 1969 and lead to establishment of a regulatory authority Competition Commission for implementation of Competition Act. The purpose of the Act is to provide for the establishment of the Commission which ensures:

- a. Prevention of the practices having adverse effect on competition;
- b. Promotion of competition in markets;
- c. Protection of interests of consumers; and
- d. Freedom of trade carried

8. Gaps in present legislative framework

Based on existing legislative framework implemented by government following gaps can be highlighted while applying these laws in context of BOP market:

8.1. Myriads of Legislatives to Guide a Particular Situation

Myriads of legislation enacted to protect the interest of consumer and regulation of trade has left consumer confused in synthesizing which law is applicable in particular situation. Ironically, legislatives intended to protect the interest of consumers have let offenders to slip out the maze of legislation and thereby weak implementation of the laws. Other factors leading to erosion of intent of these legislatives are lack of competition in a number of product areas, consumer's illiteracy, consumer indifference towards products, weak consumer organizations and lack of consumerism in the country. Given the vulnerabilities of BOP market, this situation is adverse in case of poor consumer. (Fernando, 2009).

8.2. Absence of Specific Policies to Address Poor Consumer's Problem

Although few policies such as essential commodities act 1955, national food security bill 2013, ensures availability of essential food items to BOP segment at reasonable prices still the specific policy to safeguard the interest of this segment is far out of reach. BOP market segment comes with different set needs and issues requiring different policy framework to address their needs.

8.3. Exclusion of Poor in Existing Policy Framework

Existing legislative framework fails to inculcate the specific modes of exploitation of BOP consumers. What may not constitute exploitation for “above poverty line” consumer, can be considered exploitative for this sensitive consumer segment. Thus, it makes imperative to broaden the definition of term “Exploitation” in context of BOP market and thereby making policies to ensure marketing of essential commodities to this segment. Even the Consumer protection Act, safeguards the interest of consumers irrespective of their economic status. Thus, this act is not specific in addressing the problem of BOP consumers.

9. Suggestions by BOP Advocates for Public Policy Formulation

In formal economy transactions are highly predictable, as governed by institutional guidelines, however, informal economy, prevalent in BOP segment, rules are tacit and more flexible (Viswanathan, et al., 2012). The literature on social exchange describes that informal economy have weak legal protections, fluid transactions and prominent negotiations (Viswanathan, et al., 2012). The recommendation to safeguard the interest of BOP consumers ranges from suggestion to policy maker and to marketer. Following recommendation can be made for constructing a grounded policy at BOP-

9.1. Suggestions for Policy Makers: Bottom-up Approach of Policy Formulation and Implementation

Government, as a servant of people, has primary responsibility for developing public policy. However while forming policy framework authors (Viswanathan, et al., 2012) suggested bottom up approach which involves understanding the lives of poor. Although government plays a crucial role in developing policy but efforts should be strengthen with the presence of business seeking to develop economically and socially profitably way to engage BOP markets. Further NGO working with poor segment must support the efforts of Government by helping to implement policy. Following are recommendation made in order to establish “inform policy making” and specific direction to Government and managers (Viswanathan, et al., 2012)-

9.1.1. Empowering People in Subsistence Marketplace

Public policy if insist on “marketplace literacy education” can help poor people overcome shortcoming and increase their own capacity for economic welfare and independence. (Viswanathan, 2009). Jaiswal & Gupta, 2015 suggested that the market exchange will be beneficial to the poor consumers if marketing messages are educational and helpful in nature, not the one which the poor cannot easily resist. Policy makers are required to adapt policies to marketplace literacy programs.

9.1.2. Embracing Emergent Solution

Centrally designed policies based on standardization and replication will not suffice. (Viswanathan, et al., 2012) Large number of micro enterprise which collectively meets the needs of subsistence market represents an emergent solution to local problem. From public policy point of view it is important to encourage site specific and non-standardized solution to problem.

9.1.3. Bottom up Approach

BOP theorist suggested bottom-up orientation for developing public policy. If policy makers were to begin from micro level of marketing interaction and then move up, the policies would be more grounded in terms of reality subsistence populations face. Theorist suggests marketing-oriented public policy which is more democratic, contextually oriented and more interpretive. (Viswanathan, et al., 2012).

9.2 Suggestions for Marketer for Ethical Conduct Responsible Marketing

Prahalad (2002) argued that the BOP represents an important marketing opportunity for MNCs and should not be overlooked as represents the long-term opportunity for profit and global improvements. The research suggests that “MNCs should adopt a “Glocalised approach” and overcome mistrust and

suspensions” (Prahalad and Hart, 2002). Well informed and executed efforts aimed at the BOP can grow a poor market into a middle-class. MNCs well equipped with understanding about nature, scope and potential of BOP markets, will not only attain long-term success in such markets, but will see their own global umbrella brand continue to thrive and prosper in the ever evolving global market arena. (Wood, et al., 2008).

9.2.1. Alternative Approach to Bop Marketing

The marketing tactics adopted for exploitation of BOP consumers calls for an urgent need of introducing ethics in marketing. These exploitative tactics further raises a question “Are marketer taking advantage of vulnerable BOP consumer by adopting tactics that brings benefit to company at the cost of vulnerable BOP consumers”. While designing the apt policy mix social policy makers should consider such exploitative marketing programmes. An alternative view to BOP marketing requires sub dividing the BOP segment into –extreme poor and poor. BOP market size is 4 billion with widespread income inequality. The extreme poor segment consists of people living in LDCs or earning less than 1 dollar per day. Extreme poor live under the conditions of acute poverty and struggles to meet basics of life. Therefore before extracting profits from this market segment their basic need must be fulfilled. Effective way of serving this segment is through corporate social responsibility (CSR) initiatives. (Vachani & Smith, 2004).

Another, approach of serving BOP consumers is based on the philosophy of *selective consumption* (Jaiswal, 2008). Selective consumption means choosing to enable or restrict consumption, based on the characteristics of the goods to be consumed. When marketers make choices between which target market to include and exclude, they can have significant effects for the individuals involved (Sirgy and Lee, 1996).

Marketing to poor based on selective consumption philosophy can be pronged into:

a. **Inclusive Marketing** involves inclusion of poor in an undesirable way thereby encouraging them to consumes products that have negative effect on their wellbeing. For example, marketing of tobacco and drug to vulnerable consumers.

b. **Exclusionary Marketing** involves wrongfully exclusion of poor by shrinking the consumption of product that enhances the well-being of consumers.

Therefore, in order to analyse whether it is appropriate to market to the poor segment company need to evaluate marketing efforts on following grounds:

- i. Whether the products respond to basic needs such as health, nutrition, education, housing;
- ii. Whether the marketing communication creates and strengthen people’s aspirations to consume goods not needed;
- iii. Whether the products consider the special needs of BOP consumers; and
- iv. Do the products enhance customers’ well-being.

10. Suggestions for Revival of Existing Policy Framework

Based on the extant literature available, public policy maker should consider the complex environment present at BOP marketplace. Other than suggestions made by authors few additional changes can be made:

10.1. Provision in Existing Legislatives for Vulnerable Consumers by Availability

Existing legislatives should recognise the market based realities of BOP consumers and make specific amendments in law. Extensive BOP consumer research is required by Policy makers to ensure a grounded theory.

10.2. Government Should Ensure Availability of Core Bundle

Availability of essentials should be ensured by Govt. and provision for black marketing requires stringent implementation.

10.3. Discussion Forums Motivated by Social Networks (Experiences can be Pooled)

Government for proper implementation of legislative open a local public forum comprising of representatives from prominent social groups (SHGs, Shakti Ammas). This group being a part of BOP market will understand the problem of these consumers and ensure redressal of problems.

10.4. Involvement of NGOs for protecting the interest

NGO working at local level can be involved in order to ensure awareness about consumerism. The NGOs can conduct regular interactive consumer educational programs.

11. Summary

BOP proposition suggests that private marketers can earn by selling to poor and can simultaneously alleviate poverty. The BOP approach had not so easy acceptance as questions the traditional tenant. It insists on free market mechanism to ensure engaging BOP consumers. The poor are vulnerable consumer due to lack of education, information and other economic, cultural and social deprivation. Thus in free market mechanism the BOP consumer enjoys less negotiating power and rendered to exploitation. Basic modes of exploitation of poor involve charging exuberant price and subject to excessive poverty penalty. Marketers often offers inapt product to exploit BOP consumer. BOP consumers are served with products of defective quality, fake, adulterated and even hazardous product. The definition to inappropriateness is broad in case of BOP market. As even the nonessential products are inapt in BOP market context. Marketers often create scarcity of essential products in distribution channel to extract premium prices from BOP consumers. The vulnerable consumers are also victimized by false and misleading advertisements which serves aspirational model to poor consumers who already suffers from low self-esteem. Given numerous incidences of BOP consumer exploitation requires government to restrain free market propagated by BOP advocates through policies formulation and implementation. Government has primary responsibility to protect consumer's right through apt policy measure, legal structures and administration framework. Government is required enforce appropriate law and amend existing law in this context. The policies for protecting BOP market ranges from Consumer right protection, availability of essential food items and ensuring efficient market competition. Although there are myriads of legislatives implemented by Government but still there is absence of specific law targeted at BOP consumers. More or less these laws are overlapping and may leave BOP consumers quizzical. The recommendation to safeguard the interest of BOP consumers ranges from suggestion to policy maker and to marketer. For designing apt policy mix policy makers requires bottom up approach where thrust is placed on micro level interactions and the moving up. Public policy if insist on "marketplace literacy education" can help poor people overcome shortcoming and increase their own capacity for economic welfare and independence. Suggestions for marketer to ensure ethical conduct includes-Responsible marketing and alternative approach to BOP marketing. Responsible marketing to BOP requires if MNF efforts result in positive social action outcomes, the accompanying goodwill will be so valuable that it outweighs any slim profits that may be expected over the short term. Well informed and executed efforts aimed at the BOP can grow a poor market into a middle-class, market that has enormous long-term potential. The alternative approach of serving BOP consumers is based on the philosophy of *selective consumption*. Selective consumption means choosing to enable or restrict consumption, based on the characteristics of the goods to be consumed. Marketing

to poor based on selective consumption philosophy can be pronged into Inclusive Marketing and Exclusionary Marketing.

References

- Banerjee, A. V. & Duflo, E., (2007). "The Economic Lives of the Poor". *The Journal of Economic Perspectives*, 21(1), pp. 141-168.
- Banerjee, A., Deaton, A. & Duflo, E., (2004). "Wealth, Health and Health Services in Rural Rajasthan". *American Economic Review*, 94(2), pp. 326-330.
- Bonsu, S. K. & Polsa, P., (2011). "Governmentality at the Base-of-the-Pyramid". *Journal of Macromarketing, Sage Publication*, 31(3), pp. 236-244.
- Byron, E., (2007). "P & G's Global Target: Shelves of Tiny Stores". *The Wall Street Journal*, p. A1.
- Carroll, A. B., (1979). "A Three-Dimensional Conceptual Model of Corporate Social Performance". *Academy of Management Review*, 4(4), pp. 497-505.
- Consumer affair, M. o. C., (2007). "Food Security and Revamp of PDS Food Grain Quality Control": *Press information Beureau, Government of India*.
- Davidson, K., (2009). "Ethical Concerns at the Bottom of the Pyramid: Where CSR Meets BOP". *Journal of International Business Ethics*, 2 (1), pp. 22-32.
- Easterly, W., (2006). *The White Man's Burden: Why the West's Efforts to Aid the Rest have Done so Much Ill and so Little Good.*: New York: Penguin Press.
- Fernando, A., (2009). *Business Ethics, 2/e.*: Pearson Education India.
- Gordon M., Dakshinamoorthy V., Wang L., (2006). "The Benefits, Innovations, and Uses of Information and Communication Technology at the Base of the Pyramid". *Twenty-Seventh International Conference on Information Systems, Milwaukee 2006, Conference Proceedings*, p.1703-1721.
- Gronmo, S., (1988). "Compensatory Consumer Behavior: Elements of a Critical Sociology of Consumption". New York, NY: *The Sociology of Consumption, in Otnes, P. (Ed.), Humanities Press*.
- Gupta, S. & Jaiswal, A. K., (2013). "Making the Case for Harming the Poor – A Review of Marketing Tactics at the Bottom of the Pyramid". *Journal of Applied Business and Economics*, 14(5), pp. 30-40.
- Gupta, S., (2013). "Serving the "Bottom of Pyramid" – A Servant Leadership Perspective". *Journal of Leadership, Accountability and Ethics*, 10(3), pp. 98-106.
- Hammond, A. L., Kramer, W. J. & Katz, R. S., (2007). *The Next 4 Billion.*, Washington, DC: World resource institute.
- Jaiswal, A. K. & Gupta, S., (2015). "Influence of Marketing on Consumption Behavior". *Journal of Consumer Marketing*, 32(2), pp. 113-124.

- Jaiswal, A. K., (2007). *Fortune at the Bottom of the Pyramid: An alternative Perspective*, Ahmedabad: Indian Institute of Management.
- Karnani, A., (2007). “The Mirage of Marketing to the Bottom of the Pyramid: How the Private Sector Can Help Alleviate Poverty”. *California Management Review*, 49(4), p. 90.
- Karnani, A., (2009). “*The Bottom of the Pyramid Strategy for Reducing Poverty: A Failed Promise*”. New York, USA: UN/DESA Working Paper No. 80.
- Ministry of Consumer Affairs, F. a. P. D., (2013). *Public Distribution System*, India: Government of India.
- Planning Commission, (2006). “Eleventh Five Year Plan”, *Consumer Protection and Competition Policy*. <http://planningcommission.nic.in/aboutus/committee/11strindx.htm>
- Prahalad, C. K. & Hart, S. L., (2002). “The Fortune at the Bottom of the Pyramid”. *Strategy+Business*, Issue 26, pp. 1-14.
- Prahalad, C. K., (2005). *The Fortune at the Bottom of the Pyramid*. Upper Saddle River, N.J: Wharton School Pub.
- Prahalad, C. K., (2005). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*. 1st ed. United States of America: Wharton School Publishing.
- Raghuram G. Rajan*, Luigi Zingales. “The Great Reversals: The Politics of Financial Development in the Twentieth Century”. *Journal of Financial Economics*. 69 (2003) 5–50
- Simanis, E. & Hart, S. L., (2008). *The Base of the Pyramid Protocol: Toward Next Generation BOP Strategy*. 2nd ed. New York: Cornell University, Johnson School of Management.
- Simanis, E. & Milstein, M., (2012). “Back to Business Fundamentals: Making “Bottom of the Pyramid” Relevant to Core Business”, 4 (Special Issue: Fighting Poverty: Between Market and Gift) *Journal of Field Actions: Field Actions Science Reports*.
- Singh, S. & Chadah, S., n.d. *Consumer Protection in India-Some Reflections*, New Delhi: The Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India.
- Sirgy, M. J. & Lee, D. J., (1996). “Setting Socially Responsible Marketing Objectives: A Quality of Life Approach”. *European Journal of Marketing*, 30(5), pp. 20-34.
- Subrahmanyam, S. & Gomez-Arias, J., (2008). “Integrated Approach to Understanding Consumer Behavior at Bottom of Pyramid”. *Journal of Consumer Marketing*, 25(7), pp. 402- 412.
- Vachani, S. & Smith, C. N., (2004). “Socially Responsible Pricing: Lessons from the Pricing of Aids Drugs in Developing Countries”. *California Management Review*, 47(1).
- Varman, R., Skålén, P. & Belk, R. W., (2012). “Conflicts at the Bottom of the Pyramid: Profitability, Poverty Alleviation, and Neoliberal Governmentality”. *Journal of Public Policy & Marketing, AMA*, 31(1), p. 19–35.

- Viswanathan, M. et al., (2012). Marketing Interactions in Subsistence Marketplaces: A Bottom-Up Approach to Designing policy. *Journal of Public Policy & Marketing, AMA*, 31(2), p. 159–177.
- Viswanathan, M., Gajendiran, S. & Venkatesan, R., (2008). “Understanding and Enabling Marketplace Literacy in Subsistence Context: The Development of a Consumer and Entrepreneurial Literacy Educational Program in South India”. *International Journal of Educational Development, Elsevier Ltd*, Volume 28, pp. 300-319.
- Viswanathan, M., Ritchie, R., Sridharan, S. (2008). “Marketing in Subsistence Marketplaces”. In Charles Wankel, Palgrave Macmillian (Ed.), *Alleviating Poverty through Business Strategy*, 209-231. Hampshire, U.K.: Palgrave Macmillan.
- Viswanathan, M., Ritchie, R., Sridharan, S. (2010). Understanding Consumption and Entrepreneurship in Subsistence Marketplaces. *Journal of Business Research*, 63: 570-581.
- Viswanathan, M., Sridharan, S. & Ritchie, R., (2008). “Marketing in subsistence In Wankel C. (Ed.), *Alleviating Poverty through Business. Palgrave Macmillan*, pp. 209-231.
- Viswanathan, Madhubalan, (2007), “Understanding Product and Market Interactions in Subsistence Marketplaces: A Study in South India”, in José Antonio Rosa, Madhubalan Viswanathan (ed.) *Product and Market Development for Subsistence Marketplaces (Advances in International Management, Volume 20) Emerald Group Publishing Limited*, pp.21 – 57.
- Wood, V. R., Pitta, D. A. & Franzak, F. J., 2008. Successful Marketing by Multinational Firms to the Bottom of the Pyramid: Connecting Share of Heart, Global “Umbrella Brands”, and Responsible Marketing”. *Journal of Consumer Marketing*, 25(7), pp. 419-429.
- Woolcock, M. & Narayan, D., (2000). “Social Capital: Implications for Development Theory, Practice and Policy”. *The World Bank Research Observe*, 15(2), pp. 225-249.