

velopment, be it for detergents or ice cream.

Product development must start from a deep understanding of functionality, not just form. Marginal changes to products developed for rich customers in the United States, Europe, or Japan will not do. The infrastructure BOP consumers have to live and work in demands a rethinking of the functionality anew. Washing clothes in an outdoor moving stream is different from washing clothes in the controlled conditions of a washing machine that adjusts itself to the level of dirt and for batches of colored and white clothes.

Process innovations are just as critical in BOP markets as product innovations. In developed markets, the logistics system for accessing potential consumers, selling to them, and servicing products is well-developed. A reliable infrastructure exists and only minor changes might have to be made for specific products. In BOP markets, the presence of a logistics infrastructure cannot be assumed. Often, innovation must focus on building a logistics infrastructure, including manufacturing that is sensitive to the prevailing conditions. Accessing potential consumers and educating them can also be a daunting task to the uninitiated.

Deskilling work is critical. Most BOP markets are poor in skills. The design of products and services must take into account the skill levels, poor infrastructure, and difficulty of access for service in remote areas.

Education of customers on product usage is key. Innovations in educating a semiliterate group on the use of new products can pose interesting challenges. Further, most of the BOP also live in “media dark” zones, meaning they do not have access to radio or TV. In the absence of traditional approaches to education—traditional advertising—new and creative approaches, such as video mounted on trucks and traveling low-cost theatrical productions whose job it is to demonstrate product usage in villages, must be developed.

Products must work in hostile environments. It is not just noise, dust, unsanitary conditions, and abuse that products must endure. Products must also be developed to accommodate the low quality of the infrastructure, such as electricity (e.g., wide fluctuations in voltage, blackouts, and brownouts) and water (e.g., particulate, bacterial, and viral pollution).

Research on interfaces is critical given the nature of the consumer population. The heterogeneity of the consumer base in terms of language, culture, skill level, and prior familiarity with the function or feature is a challenge to the innovation team.

Innovations must reach the consumer. Both the highly dispersed rural market and a highly dense urban market at the BOP represent an opportunity to innovate in methods of distribution. Designing methods for accessing the poor at low cost is critical.

Paradoxically, the feature and function evolution in BOP markets can be very rapid. Product developers must focus on the broad architecture of the system—the platform—so that new features can be easily incorporated. BOP markets allow (and force) us to challenge existing paradigms. For example, challenging the grid-based supply of electricity as the only available source for providing good-quality, inexpensive energy is possible and necessary in the isolated, poor BOP markets.

Despite the idea of serving the poor profitably being with us for over a decade, little has been done to demonstrate the true calling of the private sector, as the entity of risk takers who utilize existing market opportunities to create wealth. While the skepticism of many in the private sector is based is real, the reality of the BOP latent potential is real too. By dedicating more investments into research and development, forming alliances and partnerships with BOP entrepreneurs the road to unleashing the full potential of the BOP market will be realized in our live time.

The private sector is bound to benefit from serving and working with the BOP populace. The synergy created in the process is what will translate into a research ground where innovations and ideas will be developed tested and implemented before being moved up to other markets and segments of the urban society. The bottom-up approach to the creation and development of solutions to the urban challenge will place the private sector on a track of sustainability and offer real benefits to the wider society. The challenges that rapid urbanization present us with makes it imperative that we create working

models and framework that will enable the private sector to tap into the reservoir of the whole society, including the BOP to come up with economic solutions to the economic problems that threaten the very fabric of urban living today.

CONCLUSIONS AND RECOMMENDATIONS

In the world we live today, businesses and top executives must understand what differentiates their companies from others and must understand the needs of the consumers in their markets. If these two ingredients are understood, a business can develop a strategic plan to create a market niche and develop their customer base to be successful. Development of this information along with the development of the internal business processes can lead to some form of a competitive advantage in the market. The businesses and their representatives are directly responsible for the patterns of purchases (in the long run) of each of their customers. How they (the customers) will react within certain situations is largely due to the education and supplying the customer with enough data and tools to proficiently inform them of what is to be completed and within what context and timeframe. Understanding the customer and their reactions to the environment will prolong the life of the relationship between businesses and their customers.

Our society is facing a financial crisis, an economic crisis, and as recent research is increasingly showing, a humanitarian crisis. Recession has hit the entire world. Wherever we go everybody is talking about it and each and every trade is affected by it. If the recession protracts, more and more people will fail to get out of poverty.

The Bottom of the Pyramid approaches offers the private sector an opportunity to lead the way towards urban economic and social transformation in the 21st century. What is fundamentally required is the elicitation of the adventurous spirit of the sector to push the frontiers of market economics to new heights. The risk-taking attitude of the entrepreneurs of the industrial revolution who opened the wells of wealth to humanity through inventions and innovations needs to be relived in our times.

Getting the right combination of scale, technology, price, sustainability, and usability requires that managers start with a “zero-based” view of innovations for the BOP markets. Managers need a new philosophy of innovation and product and service delivery for the BOP markets. The 12 principles that constitute the minimum set of a philosophy of innovation are critical to understand and apply. Needless to say, they challenge the existing assumptions about product and market development. By forcing managers in large enterprises to rethink and re-examine their assumptions about form and functionality, about channels and distribution costs, BOP markets can serve as catalysts for new bursts of creativity. The biggest advantage is often in challenging the capital intensity and the managerial cost structures that have been assumed in MNCs.

Innovation in BOP markets can reverse the flow of concepts, ideas, and methods. Therefore, for an MNC that aims to stay ahead of the curve, experimenting in BOP markets is increasingly critical. It is no longer an option.

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