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Comparing Two Bottom of the Pyramid (BOP) Rural Distribution Models

The BOP concept has been continuously evolving and has become one of the key areas of inquiry by scholars across the globe. We evaluate the approach to BOP market through two initiatives that operate among the same set of BOP population in India, however with very different objectives. We compare the Project Shakti of Hindustan Unilever Limited, a subsidiary of Unilever in India and RUDI Multi Trading Co., a rural distribution network of Self Employed Women's Association (SEWA). We note that with well-built financials, strategically organized and established businesses spread across various product verticals, and deep-rooted marketing acumen of multinational corporations, targeting the poor and underprivileged BOP population is relatively much simpler and easier for HUL. Expanding the business through access to mass population and tapping various geographies may entail some challenges for MNCs. However, extracting profits from the poor through the help of them may not be seen as a correct and acceptable model of inclusive growth. Our primary aim in this paper is not on rejecting or objecting to the idea of tapping low income consumers, rather our emphasis is on promoting the true virtue of social value creation and inclusive growth. This can only be achieved if large corporations while dealing with the BOP consumers carry on their business through the ideology of 'giving more and taking more' rather than 'taking more and giving less'.

Serving more than four billion underserved low income people and at the same time taking advantage of vast untapped opportunity of profit making apparently is core element of the bottom of the pyramid (BOP) philosophy. Prahalad and Hart (2002) have drawn the worldwide attention towards the BOP population defined as people surviving on daily income of less than US\$ 2. Since then BOP has emerged as a lucrative business proposition for several multi-national corporations. In economic parlance, the bottom of the pyramid (BOP) is the vast and largest set of population which constitutes base of the socio-economic structure in the society. The BOP model projects this population as an attractive untapped market to Multinational corporations (MNCs). The poor on the other end have more to lose than gain out of the BOP philosophy, as the BOP markets largely comprise of poor illiterate people. With modest disposable incomes with them and lesser knowledge on where not to spend the small amount of their hard earned money, the BOP population has become all the more vulnerable from the actions of profit-oriented multinational corporations.

In this paper, we examine the approach to BOP market through two initiatives that target BOP population in India. We compare the Project Shakti of Hindustan Unilever Limited, a subsidiary of Unilever in India and RUDI Multi Trading Co., a rural distribution network of Self Employed Women's Association (SEWA)