Unlocking Opportunities in Sub-Saharan Africa

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Competing Successfully at the Base of the Pyramid

Edited by

Chidi Okoro, Aderonke Makanju
and Francis Ojadi

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CHAPTER ONE

INTRODUCTION: EVOLUTION OF SUB-SAHARAN AFRICA'S CONSUMER CLASSES WITH AN EMPHASIS ON BASE OF THE PYRAMID (PUTTING IT IN PERSPECTIVE)

ADERONKE MAKANJU

BACKGROUND TO BASE OF THE PYRAMID (BoP) IN SUB-SAHARA AFRICA

C.K Prahalad popularised the term 'base of the pyramid'. Brueckner (2013) stated that the concept is formed on the notion that global enterprises, through strategic partnerships with people at the BoP, can achieve profits while also solving their social and environmental problems which is a win-win situation. The main players in this market are the multinational corporations (MNCs), small and medium enterprises (SMEs), and the consumers who are the users of the products and services created by these companies. Prahalad and Hart (2002) postulated that multinational corporations (MNCs) investment at the BoP lifts billions out of poverty, preventing political chaos, terrorism and environmental degradation that is sure to continue if the gap between the poor and the rich keeps getting wider.

According to Chikweche, Lappeman and Egan (2023), the base of the pyramid is heterogeneous as it accommodates various classes of people. Rangan et al. (2011) classified the people at the base of the pyramid into three segments; living standards which includes low income, subsistence and extreme poverty. These people usually live earn roughly \$2 to \$5 daily, grow their own food although it lacks the necessary nutritional status and lack the basic necessities of life. Furthermore, Rangan et al (2011) explained that aside from classifying BoP by their living standards, they can provide value for businesses as consumers, coproducers or clients. The way the Sub-Saharan Africa's base of the pyramid is structured, it is resource poor with many markets in different countries being unstable and shaped by ethnic identity (Muthuri and Farhoud, 2020).

Therefore, to make sure there is sustainability and for markets to scale, it is imperative for the BoP to adopt a community-centric and social approach to gain the trust and acceptance amongst the local communities they operate in and remain commercially successful. To gain the acceptance of consumers in Sub- Saharan Africa, entrepreneurs or MNCs can provide value by solving direct needs, or through innovative ways which makes them devote their resources to the chosen business that solved that need. When MNCs or companies view BoP consumers as coproducers, they provide them with income and work, this can be providing technical know-how to upgrade their knowledge and to earn more income. With little training, these people can participate in jobs that improve their consumption quality although this does not apply to people at the deepest end of the BoP due to difficulty in access and lack of skills. Finally, the people in the extreme poor segment are treated as clients, they require agents like the government or non-governmental organisations to represent their interests and help garner resources.

SUB-SAHARAN AFRICA AS A REGION

Sub-Sahara Africa consists of 49 countries with an estimated population of 1.2 billion people (World Bank, 2023; World Bank Databank, 2023). The people at the base of the pyramid spend most of their income on the basic needs of life: food, clothing and shelter. In Nigeria, people at the BoP spend 85 percent of their earnings on food consumption. In South Africa, Egypt, Kenya this class of people spend 34, 40 and 67 percent their income on food respectively (ThisDay, 2022; StatsSA, 2014; ReliefWeb, 2013).

Various factors affect the behaviour of people at the BoP in Sub- Saharan Africa. Firstly, environmental factors affect their socio-economic circumstances. This class of people live in poverty and try to survive daily, this has impact on their psychological behaviour and other unseen issues. Furthermore, low literacy levels restrict their options and limits information on consumer rights. Secondly, Nyanga (2014) noted that a collectivist approach makes social networking a huge way of life such as word of mouth marketing, and products benefits being explained in their own language. Most importantly, income earned is spent on the services mentioned previously, leaving many consumers with little to no choice in other aspects of their lives. All these factors contribute to the background of the consumer class at the base of the pyramid.

SUB-SAHARAN SOCIOECONOMIC CONSUMER CLASS

Income Brackets

Several researchers have tried to classify the African consumer market. It has been described highly segmented and fluid (Gadzala, 2017). Using the income bracket, we can classify people into luxury and the elite class (high income), middle class (upper middle, middle income and emerging middle income) and the base of the pyramid consumers (lower middle income and low income). This classification helps explain the opportunities for businesses to become competitive in the Sub-Saharan Africa market.

People in the Sub-Saharan African region are still clustered majorly in the low-income grouping. Furthermore, commerce in this region is done majorly in the informal sector and with cash, although in some countries, mobile money is rapidly gaining ground amongst this class of people. This group of people engage more with informal trading and retailing. Euromonitor (2022) estimated that the value of SSA was retailing at $380 billion, which contributed 20-25 percent of the GDP. Based on the data from Euromonitor, BoP households represent 20 percent of the population in SSA.

Spending Patterns

Gadzala (2017) noted that spending within this consumer group is mostly on foodstuff (perishable and ready-to-eat), toiletries and occasionally, cosmetics. When there is an increase in income, more funds get deployed to clothing, shelter and other necessities. An interesting finding by KPMG (2016) on spending patterns amongst female African consumers is that many women are earning their own money with declining fertility rate, hence more disposable income. It frees up time to pursue careers and skills for women at the BoP in order to earn more income to purchase products and services.

TRENDS AND DRIVERS IN AFRICA'S SOCIOECONOMICS IMPACTING THE CONSUMER CLASS AND POTENTIAL MNCS.

Africa's consumer market is less saturated than other regions even though competition is rising. Signe (2018) observed that only 11 countries out of the entire 53 countries accounted for 80 percent of consumer spending with

South Africa, Nigeria and Egypt being the top three countries that have outperformed others in the market. Signe (2018) stated that various trends drive the socioeconomic behaviour in Sub-Saharan Africa. Consumer spending is more concentrated within the informal class, which explains the disparity with other continents despite the huge population. Additionally, Adeola et.al (2023)'s empirical evidence from Sub- Saharan Africa shows that shopping malls are a big part of socioeconomic conditions with overlapping implications in a country.

DRIVERS FOR POTENTIAL ENTREPRENEURS/SMES OR MNCS

For MNCs or entrepreneurs to be successful at the BoP, Jagtap & Kandachar (2009) stated there must be innovative products that are designed, developed and marketed to address the issues for the people at the BoP. These issues are not limited to accessibility, affordability, awareness, stakeholder engagement and economic self- sustainability. The crucial factor for success is harnessing these innovations in the BoP to compete successfully. Muthuri and Farhoud (2020) explored the various drivers for companies or entrepreneurs interested in investing in BoP in Sub- Saharan Africa. Major findings include opportunities to create products and creating value for the consumers, otherwise the market might turn against them.

Demographics

In the interviews conducted with industry experts, Muthuri and Farhoud (2020) discovered that the consumers are the major drivers for the BoP although the attention paid to this is minimal. With a population of over 1.2 billion people, Nigeria accounts for one-fifth of the entire population followed by Ethiopia, Egypt, Democratic Republic of Congo and Tanzania (Statista, 2020). The region is experiencing rising urbanization rates from 38.63 percent to 41.83 percent in 2015 and 2021, respectively (Statista, 2021). These can motivate MNCs to invest in Sub-Saharan Africa. Furthermore, the population in SSA are young and upwardly mobile, they end up being decision makers in the next decade, this is an important driver to consider for investors looking into the BoP.

KPMG (2016) highlighted several reasons for MNCs to consider moving to BoP markets; firstly, they get first-mover advantage and since many Africans are brand loyal, there is possibility to have a booming market there.

Macroeconomic Environment and Government Support

Signe (2019) highlighted that changing demographics and improving business environments are one of the numerous factors contributing to rising household consumption. There is a potential market across Sub-Saharan Africa, although a downside to this is the inability to accurately gauge the market because many people operate in the informal economy. Another issue is government policies could pose barriers (market entry) and the unique nature of the market itself which is getting access to the BoP itself due to remoteness. Apart from this, multinationals are driven by business goals then social objectives. In countries where there is reasonable government support, MNCs and local companies are motivated to create products and services that meets the needs of people at the base of the pyramid.

DRIVERS FOR AFRICAN CONSUMERS

Pricing and Brand Loyalty

For companies to successfully compete at the base of the pyramid in sub-Saharan Africa, the price of products and services must fall within the affordability range of the consumers. Also, competition amongst companies in a sector within a region has been found to make prices lower for essential items although in other regions, these prices are higher. This is because of low product competition (Cheriff et. al, 2020).

Nyanga (2014) evaluated the drivers of brand loyalty amongst BoP income earners which includes perceived quality, durability and most importantly, affordability. A crucial factor to note is that for most BoP consumers, they are loyal to brands that meet them at a valuable price proposition as they spend more on consumables than luxury products due to their income earnings. Oodith and Parumasur (2017) explored loyalty amongst BoP consumers in South Africa and results showed that when price is a factor, many consumers choose the brand they are already familiar with, and they also lack trust when it is a new brand. Ndela and Chuchu (2016) also discovered that brand loyalty is the strongest reason amongst South African for consumer behaviour.

Brand Awareness (Brand recognition and Recall)

Chikweche and Fletcher (2011) confirmed the importance of branding to BoP consumers; hence businesses must understand its role in purchasing decisions and adopt this into marketing strategies. Khurram, Qadeer and

Sheeraz (2018) investigated how brand awareness impacts on consumer purchases, the findings showed strong positive relationship between brand awareness and consumer spending. They will buy a product that is familiar to them in terms of names, logos and images, going as far as naming other products in the same group after the market leader.

African buyers recognize products by its brand name as it is an important feature to them. In Nigeria, noodles are popularly called 'Indomie', the market leader in that industry; 'Gala' for staple sausage rolls, 'Milo' for beverage drinks amongst others. In other African countries, "Tide" for detergent or "Gillette" for shaving razors. All of this points to the importance of brand recognition for people at the base of the pyramid to continually choose a product. Nevertheless, Oodith and Parumasur (2017) found that BoP consumers do not make purchases without getting value for money. Also, branding in Sub- Saharan Africa has been associated with challenges like corruption, poverty, poor economic power, different cultures across the region amongst others (Coffie and Darmoe, 2016).

CONCLUSION

The overall aim of this book is to introduce global readers to the Sub-Saharan BoP and link them with various themes within the region. Firstly, we discussed consumer needs, consumer research and data analytics to understand the BoP, then we deliberated on the value creation and for consumers and the kind of portfolio to be designed for people within this category. We explained the various types of promotional strategies to appeal to the BoP, the role technology is playing in this sector and the human resource management that works.

Furthermore, we explored the supply chain and products that appeal to the BoP and looked at various financing options for organisations interested in investing here. The route to market options for products and services was explained and how to compete for customers across borders is highlighted. Finally, we considered the ethics and sustainability of being in the BoP and concluded the importance of an effective BoP in the Sub-Saharan region.

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CHAPTER TWO

CONSUMER NEEDS AT THE BASE OF THE PYRAMID

VANESSA BURGAL AND JENNIFER AGBO

ABSTRACT

In this chapter, consumer needs, defined as essential motives driving purchasing decisions, are explored within the context of the Bottom of the Pyramid (BoP) segment in Sub-Saharan Africa, revealing their uniqueness compared to other market tiers. Businesses aiming to target the BoP must be able to interpret this unique market segment comprehensively and recognise that successful products and services depend on a deep understanding of consumer needs and behaviours and the intrinsic factors influencing their purchase decisions. Demographic, cultural, psychological, behavioural and motivational factors are among the crucial aspects that demand attention. Notably, this segment, prevalent in emerging markets, demonstrates high price sensitivity coupled with a keen awareness of value, being willing to pay more for products offering enhanced utility and performance at affordable prices. This chapter emphasises the pertinence of identifying and comprehending the BoP consumer needs. The narrative underscores that meeting these needs is imperative for businesses to outshine competitors.

Furthermore, the chapter introduces Maslow's Pyramid of Needs as a framework for understanding BoP consumer motivations. Abraham Maslow's hierarchy, arranged from basic physiological needs to higher-order needs, serves as a valuable guide for marketers targeting the BoP segment. The concluding section introduces Prahalad's 4As' framework perspective for addressing BoP consumer needs, emphasising the significance of accessibility, affordability, awareness, and availability in developing successful strategies for this market segment.

KEYWORDS: Bottom of the Pyramid, Consumer needs, Segmentation, Consumer behaviour, Consumer motivations, Business strategies

INTRODUCTION

At the core of the global economy lies a neglected but diversified segment of the market – the consumers at the Base of the Pyramid. This vast demographic comprises over four billion people (accounting for a majority of the population of the World) living on meagre incomes, approximately $2 per day (Subhan & Khattak, 2017). BoP markets refer to the poorest two-thirds of the economic human pyramid, mainly located in developing countries from Africa, Asia, and Latin America. This set of consumers dwell in rural villages, urban slums, and shantytowns, with no ownership of legal titles or deeds to their assets (e.g., dwellings, farms, businesses). They have little or no formal education and are hard to reach via conventional distribution, credit, and communications. That is to say, many of these consumers, especially those located in Sub-Saharan Africa, have limited access to phones and the internet. According to the UN's International Telecommunication Union (ITU), more than a third of the world's population has never used the Internet (ITU, 2023), with countries such as Burundi having only 6% of Internet penetration. In addition, the range of products and services available in Tier 4 is generally limited and of poor quality (IDE-JETRO).

According to the 2008 World Resources Institute (WRI) survey, the total income from the BoP segment was approximately $5 trillion. Asia (including the Middle East) constitutes the largest BoP market globally, with about 2.86 billion people (83% of the BoP population), an aggregate income of $3.47 trillion, and a purchasing power equivalent to 42% of the entire BoP income. Similarly, India's BoP market accumulates over 924 million, approximately 76% of India's rural population and 60% of the total population. The African BoP includes 486 million people (comprising 95% of the population of the surveyed countries) with an income of about $429 billion (Hammond et al., 2008).

In Sub-Sahara Africa, the BoP market segment is dynamic and diverse. Thus, to develop innovative and successful products, businesses must understand the BoP consumers and the intrinsic factors influencing their decisions. For companies seeking to compete at the Base of the Pyramid, understanding consumer needs in terms of economic, cultural, and occupational factors, peer group pressure, lifestyle, and psychological issues is highly pertinent. Businesses must identify and comprehend what their customers' needs are if they are to satisfy them better than their competitors (Priest et al., 2013).

Consumer needs are referred to as the essential motive customers or end users of a product have when they seek to patronise a business or the competition or when they search for the remedies or solutions provided. Needs ultimately drive consumers' purchasing decisions. The needs of the BOP segment are unique in comparison to the other tiers of the market, and they have been neglected and unmet for a long time.

In the following sections of this chapter, firms will learn to understand the BoP consumers from demographic, psychographic, and behavioural perspectives. The chapter will also describe the needs of the consumers at the BoP, from basic to aspirational, and how to effectively satisfy those needs. Further, companies will learn about the potential and opportunities at the BoP market, discovering the successful strategies of existing businesses working there.

CONSUMER PROFILING AND SEGMENTATION AT THE BASE OF THE PYRAMID

Consumer Profiling is the process of creating detailed and comprehensive profiles of a business's target customers or audience segments. It involves gathering information about various aspects of consumers, including their demographics, psychographics, behaviours, preferences, and need states. The purpose of this chapter's section is to allow companies to gain a deeper understanding of the BoP consumers and to enable them to tailor their marketing efforts to reach and engage with them effectively. The section will describe the major demographic characteristics of the BoP population in Sub-Saharan Africa, followed by their psychographic, behavioural, and motivational or need-states.

- **Demographics**

The demographic landscape of Sub-Saharan Africa is marked by significant population growth and age distribution. Presently, Africa is the second most populous continent globally, following Asia. The improved life expectancy and decreasing mortality rate are projected to propel the African population to around 2.5 billion individuals by 2050 (Galal, 2023). Notably, about 55% of the total population in Sub-Sahara Africa falls within the 15-60 age group, indicating a predominant youthful demographic. Children below 15 constitute approximately 42% of the population, while those aged 65 and older comprise only 3%. This age distribution underscores the region's growing and youthful population.

In tandem with population dynamics, family sizes in Sub-Saharan Africa are notably large, primarily due to the region's high fertility rate. Africa boasts the highest fertility rate globally, with an average of 4.4 children per woman, surpassing the global average of 2.47 births per woman (Statista, 2023). This demographic characteristic contributes to sizable family units in the region.

Moving on to education, limited access to formal education is a defining feature of BoP consumers in Sub-Saharan Africa. This educational constraint has implications for literacy rates, reflecting a population with reduced access to formal learning opportunities. On average, the adult illiteracy rate on the continent is approximately 32% (Unesco Institute for Statistics, 2022), ranking among the highest worldwide.

Furthermore, in terms of employment, informal work arrangements are prevalent in Sub-Saharan Africa. A significant portion of the population engages in informal sectors such as agriculture, small-scale trading, or daily wage labour. This employment landscape shapes the economic activities of BoP consumers, emphasising the importance of recognising and understanding the informal employment established in the region. As per the World Bank, the forthcoming decades will witness an influx of up to 12 million young individuals joining the workforce annually in the region. However, the current annual creation of new formal wage jobs stands at approximately 3 million, highlighting a significant gap between workforce entry and job opportunities (World Bank 1, 2023).

Lastly, one of the main characteristics of the BoP markets is their low-income levels. About 462 million people in Sub-Saharan Africa live in extreme poverty (World Bank 2, 2023), while the region is affected by high inflation levels, diluting household incomes and affecting private consumption.

- **Psychographics**

A notable figure associated with psychographics is William Wells, who, along with other researchers, developed the Values and Lifestyles (VALS) framework in the late 1970s. VALS is a widely used psychographic segmentation tool that classifies consumers into different groups based on their values, attitudes, and lifestyles.

One of the most essential values of Sub-Saharan Africans is the family. According to a study by Kantar in 2022, 89% of respondents across the surveyed countries (Kenya, Nigeria, Senegal, and South Africa) agreed that a well-rounded family leads to happiness. Family was even more crucial among Nigerians, who scored 97%. This value was followed by love, loyalty and trust.

Sub-Saharan Africans show strong ties to their family and community, whose interests and well-being influence their decision-making. This is well illustrated by the ancient African word “Ubuntu”, often described as “I am what I am because of who we all are”, which refers to humaneness between people within a community (Nyaumwe & Mkabela, 2007). Sub-Saharan Africans care about and respect each other. This culture is underscored among the poorest communities, for whom compassion, and cooperation are core values.

Cultural and religious factors also play a significant role in their lifestyle, and they are respectful of traditions and customs. As reflected in their day-to-day behaviours, Africans easily combine their digital lives with their most ancient traditions. A good example is their bargaining customs when shopping, looking for the best price or their attachment to the open markets.

Furthermore, living in areas without market data or reliable contracts, low-income African consumers look for trusted and secure commercial transactions (Uzo, 2021), preferring familiar and reliable products or services to avoid risks.

Another exceptional African personality trait is their resilience or capacity to accept and adapt to their daily challenges, an attitude amplified among BoP consumers. According to the American Psychological Association, “Resilience is the process and outcome of successfully adapting to difficult or challenging life experiences, especially through mental, emotional, and behavioural flexibility and adjustment to external and internal demands” (American Psychological Association, 2023). Africans are well known for adapting and finding creative solutions in the face of adversity. Despite colonisation, slavery, apartheid, internal conflicts and natural disasters, Africans stay optimistic and resourceful.

Additionally, despite their limited purchasing power, BoP consumers tend to have an aspirational attitude. Researchers have found that even when their basic needs are not fully met, individuals in this demographic desire to use the same products and brands as those in higher socio-economic segments

(Gupta & Srivastav, 2016). This phenomenon, known as aspirational consumption, involves BOP individuals seeking to enhance or express their self-esteem and societal status by acquiring luxury items (Subrahmanyan & Tomas Gomez-Arias, 2008). It is well-known that Africans care about their image and what family, or friends think about them. Aspirational brands are often perceived as symbols of prestige and success and offering better quality. A curious demonstration is the brand switching within the beer and spirits categories among lower-income segments in Sub-Saharan Africa. Despite the regular consumption of certain brands being financially impractical, individuals at the Bottom of the Pyramid often opt for these premium choices during weekend social gatherings to elevate their social status. Notably, premium beer brands like Heineken and spirits such as Johnnie Walker are increasingly gaining favour among Nigerians, even in segments that have traditionally been dominated by more affordable options.

Understanding how the consumers at the base of the pyramid see themselves is the first step to providing products that can satisfy their needs and be valuable to them. Consumers at the BoP are drawn to second-hand products and prefer personal sources over offline and online retail. Second-hand products are genuine alternatives to the first-hand purchase of expensive brands and the need to fulfil aspirations (Mukherjee et al., 2020). Although some consumers at the BoP are illiterates, they have formed a means of analysing and understanding the market in their regions. Thus, there is an opportunity for businesses to learn about indigenous ethical systems and to use traditional identity through the social validation of the consumer (Ahmed, 2013).

BEHAVIOURAL DATA

To further understand the BoP population, companies should identify how these customers behave in their markets. As defined by the American Marketing Association, “the consumer behavior refers to the study of how customers (individuals and organizations) satisfy their needs and wants by choosing, purchasing, using, and disposing of goods, ideas, and services” (American Marketing Association, 2023).

As a result of continuous inflation and limited purchase power, Africans spend most of their household budget on consumable goods, such as food, beverages, household items, electronics, apparel, fashion and books (Uzo et al., 2018). This is particularly true for BoP segments, for whom staples (cassava, maise, palm oil, rice, and wheat) represent nearly two-thirds of their daily diet (Okou et al., 2022) while their price keeps rising. According to the IMF, between 2020 and 2022, staples registered an average price increase of 23.9% in Sub-Saharan Africa (Okou et al., 2022). Indeed, a large chunk of the expenses made by consumers at the base of the pyramid are mainly invested in essential product categories. In 2008, research estimated the distribution of BoP expenditure in Africa, where the food industry takes 47.1%, household goods 10.4%, and housing 9.4%, followed by transportation, energy and health (Guesalaga & Marshall, 2008). However, according to the same studies, as the income level rises, the African BoP population spends more on household goods, health, transportation, information technologies and communication but less on food and energy (Guesalaga & Marshall, 2008).

Indeed, in today's landscape, information plays a pivotal role, even for remote African villages and Bottom of the Pyramid populations. The importance of affordable phones and mobile communication services cannot be overstated. Nevertheless, these population segments still need help accessing and utilising modern technologies. Despite the proliferation of cell phones, as of 2022, only one out of two Nigerians had access to the Internet (Dokua Sasu, 2023), while in South Africa, Internet penetration has reached 72.2% of the population (Cowling, 2023). On the other hand, Africans with Internet connections are heavy Internet users. Nigeria, for example, has been ranked the first country with the most daily time spent on social media worldwide, with an average of 4 hours and 20 minutes per day (Buchholz. 2022).

Thus, the limited connectivity among BoP segments directly impacts their media consumption, which is still very much attached to traditional media, such as radio and television, their principal source of news. 77% of Nigerians still listen to the radio at least once a week (Broadcasting Board of Governors, 2014). However, the future predicts a considerable potential for social media and other digital communication tools since Africans are heavy internet users.

Due to their low income, these population segments tend to be highly sensitive to price changes. As we will further elaborate in this chapter, affordability is a critical factor for these consumers who often have limited ability and willingness to pay premium prices for goods and services. Given their harsh living conditions, BoP consumers prefer durable, good-quality, long-lasting products. Thus, while price is important, these population segments will also look for products that do not need frequent replacements.

Price bargaining is a common shopper behaviour among African consumers, especially those with lower purchasing power. Shopper bargaining is not only a necessity but also a tradition in this continent, where buyers are also looking for the satisfaction of convincing sellers to reduce their price offer. This bargaining behaviour is common, mainly in the open markets and traditional local shops.

Indeed, open markets are the favourite point-of-sale for BoP Africans looking for affordable good quality products. Markets are a symbol of traditions as well as a source of value for money products, where shoppers can negotiate prices, on the contrary to modern retail stores (Burgal & Adeola, 2022).

BENEFITS SOUGHT, NEEDS AND MOTIVATIONS

In addition to the demographic, psychographic, and behavioural characteristics, companies should consider the needs and motivations of their customers to offer the best-adapted products and services and design the ideal marketing programs. When focusing on the BoP segments, marketers should first examine Maslow's Pyramid of needs. In 1943, Abraham Maslow developed a hierarchy of needs that arranged human needs into a pyramid, with basic physiological needs at the bottom and higher-order needs at the top (Maslow, 1943). The hierarchy consists of five levels.

A. Basic needs such as food, shelter and clothing

According to Maslow, humans cannot survive if their physiological needs are unsatisfied. Thus, these essential needs are prioritised over luxury or non-essential items. This first pyramid level is crucial, especially when working for the BoP market, where many customers are not always fulfilling their basic needs. In Africa, in 2022, 418 million people lacked a basic level of drinking water service, 779 million lacked essential sanitation services, and 839 million lacked basic hygiene services (Unicef, 2022). According to FAO data, nearly 282 million people in Africa (about 20 per cent of the population) are undernourished, and 78% of Africans cannot afford a healthy diet (FAO, 2023).

B. Safety and security

Maslow describes these needs as emotional and financial security, health, and essential family and societal support through institutions such as the police, hospitals, and schools.

C. Interpersonal needs, affiliations and group connections

Feelings of belonging, friendship, trust and acceptance become crucial. These needs are particularly relevant in African society, where the group's opinion and the community's well-being are essential and where family and trust values are prioritised, as described earlier.

D. Esteem for oneself and the desire for reputation or respect from others.

Once more, African's pursuit of status and prestige within their own communities proves how significant this need state is in the region.

E. Need for self-actualisation

Self-actualisation is the highest level in Maslow's hierarchy and refers to realising a person's potential, self-fulfilment, seeking personal growth, and peak experiences.

Mere identification of the lower-income consumer's developmental or human needs is insufficient. As developed by Subrahmanyan and Gomez-Arias in their work "Integrated Approach to Understanding Consumer Behavior", the BoP population "consumes more than mere survival needs." During this new century, the lower-income groups have been spending much more on communications and technology and have a higher level of motivation. This includes the desire to communicate, enhance social connections, acquire knowledge, and boost self-esteem, emphasizing the importance of fulfilling these more advanced needs in addition to basic necessities (Subrahmanyan & Gomez-Arias, 2008).

Targeting the BoP is about more than reducing the quality of the products and services but about satisfying the specific needs of these consumer segments. According to Prahalad, a successful way to cover those needs is to apply the 4As framework (acceptability, affordability, accessibility and awareness) (Prahalad, 2012). The following section will examine examples of marketing strategies answering the BoP consumer needs.

ANSWERING THE BOP CONSUMER NEEDS THROUGH THE 4AS' FRAMEWORK

Competing at the base of the pyramid implies targeting low-income consumers and communities, not always well-educated, often in rural areas with poor infrastructures whose main purchasing focus is essential products and services for their day-to-day survival. Those diverse segments are difficult to reach and are expected to produce small margins. Thus, why should companies be interested in these population segments? As explained by Prahalad and Hart in their article "Fortune at the Bottom of the Pyramid" (2002), when working in Tier 4 markets, companies can obtain profit if they change their business model to become capital efficient and promote higher volumes. According to the authors, at the bottom of the pyramid, "Margins are likely to be low (by current norms), but unit sales can be extremely high" (Prahalad & Hart, 2002, p. 5).

In his book, "The Fortune at the Bottom of the Pyramid", C.K. Prahalad proposed the 4A framework to help businesses approach the BoP market.

The original four As are:

- Affordability: Develop affordable products and services for the BoP consumers from an economical and psychological perspective.
- Accessibility: Consumers are looking for convenient and available products and services.
- Acceptability: Consumers are looking for products and services that are functionally and psychologically acceptable for them.
- Awareness: Consumers need to know and understand the products and categories and recognise the brands.

AFFORDABILITY

According to the World Bank, about 462 million people in Sub-Saharan Africa live in extreme poverty (World Bank, 2023). In this region, Tier 4 markets are extremely sensitive to price and the economic and psychological value of the product or service they are willing to acquire. Within these markets, the cost of the product is much more than a figure and includes factors such as the payment effort, the financing process, the perceived value or the price relative to alternatives. Take, for example, a Nigerian consumer with a limited budget of about $2 to spend on entertainment. The consumer could fulfil his need for enjoyment while spending an evening with friends at a beer parlour (1$) or in an alternative such as 1GB for his weekly mobile internet connection (0.65$). In this case, beer would be competing with mobile data to satisfy the BoP consumer needs.

When describing affordability, Sheth and Sisodia indicate that marketers should consider the consumer's ability to pay (economic affordability) as well as the willingness to pay (psychological affordability) (Sheth & Sisodia, 2011). In other words, in some cases, the consumer may have the budget to pay, but the product is not fulfilling the consumer's expectations. In contrast, in other cases, the customer is clearly interested in the product but cannot afford it.

An excellent example of a company successfully fulfilling the affordability needs of BoP consumers is the case of Cowbell Milk (Promasidor Group) in Nigeria, where Promasidor introduced low-priced single serve 39g sachets of Cowbell Milk at NGN5, making it affordable to BoP consumers. Before 1993, only upper and middle-class Nigerians could afford packaged milk distributed in 400g packs or tins. With this entry strategy, Promasidor met the daily needs of low-income households (Adeola & Anibaba, 2018).

ACCESSIBILITY (AVAILABILITY, CONVENIENCE)

What is the point of developing an adapted product for the lower-income markets if the customer has to invest much time and energy to find it? The African geography is diverse, from lakes and rivers to deserts and jungles. A large proportion of its inhabitants live in poorly supplied rural areas with limited transportation and infrastructure, while many are moving to overcrowded slums looking for jobs in one of the world’s fastest urbanising regions. Finding products or services that fulfil your needs within this context can become an ordeal and stresses the BoP’s need for accessibility, as defined by Sheth and Sisodia, as “the extent to which customers are able to readily acquire and use the product” (Sheth & Sisodia, 2011) from availability and convenience perspectives.

In Africa, Coca-Cola, with 145 bottling plants and 3000 small distribution centres across the continent (Nurse, 2016), covers the region's accessibility needs. One can walk into remote hidden villages in the interior of Africa, and still find a bottle of Coca-Cola. Coke has managed to reach consumers from the Atlas Mountains in Morocco to the Hout Bay harbour in South Africa. Supported by its local bottlers and a micro-business system of small distributors who service “hard-to-reach outlets”, Coca-Cola has built a solid route-to-market infrastructure that ensures the availability of its products to all consumers (Nieuwoudt, 2020).

Giant retailers like Shoprite in South Africa have also adapted their services to guarantee accessibility. During the Covid-19 South African lockdown, Shoprite introduced its USave eKasi mobile stores - containers moved by trucks - in township communities to ensure people could access essential groceries and household supplies. This temporary solution became a convenient approach to satisfy their customer needs (Thukwana, 2021).

Another successful approach to secure accessibility from a convenience perspective is how Jumia, one of the first e-commerce African unicorns launched in 2016, is expanding in rural Nigeria. 48% of Nigerians live in rural areas, with limited retail presence and low access to products only available in large urban areas. In cities such as Modakeke in Osun or Owo in Ondo, Jumia works with third parties that serve as pick-up stations for their clients. By July 2023, Jumia had 250 pick-up stations throughout Nigeria (Jumia, 2023).

ACCEPTABILITY

In emerging markets, numerous people must deal with a hazardous day-to-day, surviving with limited access to essential products and services. This reality is particularly true in the Sub-Saharan region, where, following the massive urban growth, about 62% of the urban population resides in slums (United Nations, 2014), while other segments live in rural and remote areas. Numerous slum inhabitants do not have basic services such as sanitation, water or electricity, while in rural areas, consumers have limited access to the Internet and new technologies. In this context, consumers' needs and expectations considerably differ from the traditional mainstream markets. As a matter of fact, the functional and psychological acceptability of products and services targeting these segments requires an entirely different approach. Sheth and Sisodia define acceptability as “the extent to which the firm’s total product offering meets and exceeds the needs and expectations of customers in the target market.” (Sheth & Sisodia, 2011, p. 31), which implies a complete understanding of the consumer.

Take for example baby formula sold to low-income mothers, often with poor education, who may not understand that over-diluting the powder to make it last longer can “prevent a child from absorbing the nutrients in food and lead to malnutrition,” as explained by London’s War on Want organisation (Krasny, 2012). In this case, the formula does not fulfil its functionality due to insufficient product knowledge (Awareness) from the mother.

When Indomie landed in Nigeria, the noodle market did not exist. Nigerian consumers were not used to eating noodles, and their stable ingredients were essentially rice, beans, yam and bread (Deb & Giokos, 2019). However, the brand’s marketing campaigns convinced busy mothers that the instant noodle solution was healthy and a “quick-and-easy” option to feed large families (Wargadiredja, 2017). Thus, despite not representing a traditional meal, Indomie marketing campaigns promoted the product's functional and psychological acceptability aspects.

AWARENESS

Another crucial consumer need at the Bottom of the Pyramid is awareness, a combination of product knowledge and brand awareness (Sheth & Sisodia, 2011). As described by Prahalad, to cover this need, companies should create “an awareness of the product and service such that the BOP consumers and producers know what is available and on offer, and how to use it” (Prahalad, 2012, p. 7). This implies much more than the traditional concepts of top-of-mind awareness, but a complete brand connection with the customer who will understand “what the product does (and cannot do) and which of their needs and wants it fulfills” (Sheth & Sisodia, 2011, p. 135).

Take, for example, e-commerce in rural areas. As mentioned earlier, Jumia is expanding its presence in rural Nigeria using, as its primary promotion strategy, its newly created JForce, a group of 43.000 local agents whose mission is to educate and recruit new Jumia users. Considering the limited education and technology understanding of some potential clients, Jumia has realised that a face-to-face approach through door-to-door campaigns is more effective than a traditional or digital marketing campaign. Jumia pays commissions to these sales consultants in exchange for every order, from 1.5% to 8%, depending on the location (Jumia, 2023). This personalised approach enhances the service understanding and, together with the additional pick-up stores, improves the overall brand visibility and, thus, awareness.

Another illustration of why brand awareness is required to recruit BoP consumers is how branded bitter spirits have recently expanded in the Nigerian market. Traditionally, spirits bitters were strong alcoholic beverages made by infusing bitter herbs, roots and other botanicals in alcohol. Initially, these drinks were artisan products manufactured for traditional occasions, village celebrations and medicinal properties. In 2010, the Ghanaian brand Alomo Bitters launched in Nigeria, attracting a legion of consumers and encouraging the launch of new bitter brands. By creating brand awareness and communicating about the product's benefits, Alomo Bitters attracted new consumers to the category and also turned old bitters customers into loyal consumers. Numerous Nigerians moved from the occasional consumption of artisan bitters spirits to the regular consumption of branded bitters spirits.

CONCLUSION

In conclusion, the chapter emphasises that addressing the needs of Bottom of the Pyramid (BoP) markets goes beyond offering low-cost products and necessitates a holistic understanding of specific consumer segments. The 4As framework proposed by Prahalad is presented as a practical approach to answering these BoP needs.

The BoP consumers are largely posed with varying problems due to their social culture and prolonged exposure to poverty (Uttam & Rahul, 2023). These factors, which include low income, diverse culture, insufficient infrastructure, poor education, and limited technology, have prevented firms from penetrating this market, which Prahalad believed had great potential. The BoP market is promising and economically viable. The characteristics of consumers in this market segment reveal that they aspire to products that enhance development and sustainable livelihood.

A major feature of the BoP in emerging markets is its dependency on informal sectors and its volatile nature. Other observable characteristics include a high price sensitivity but with a high value-consciousness. BoP consumers are ready to pay more for a product that brings more value to them, providing better utility and performance at an affordable price.

These characteristics will help a company tailor its strategy to the specific needs and preferences of the different segments of the BoP, allocating resources efficiently and choosing the most appropriate channels to reach and engage with these audiences effectively.

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