

The Impact of Culture on Marketing at the Bottom of the Pyramid – a Relationship Creation and Network Development Approach

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Abstract

The paper commences with a justification as to why in international marketing it is appropriate to conduct research into business opportunities at the “bottom of the pyramid” in developing countries. The point will be made that whilst most of the focus in developing countries to date has been on the upper and middle classes in these countries, the potential for the future is with the lower and rural classes (bottom of the pyramid) who represent the bulk of the population. It is argued however that a different approach will be necessary to reach this group. Underlying this approach is a need for both cultural awareness and cultural sensitivity as cultural differences at the bottom of the pyramid are more likely to be more deeply ingrained due to this group being less exposed to ‘western influences’. For this reason the paper explores whether an emic approach is preferable to an etic approach when measuring cultural differences. The paper then investigates the relationship between culture and relationship creation and network formation in developing countries and whether there are differences between the upper/middle class (UMC) and those at the bottom of the pyramid (BOP). Issue is taken with the relevance of existing measures of cultural difference in the literature as they use the nation state as the segmentation variable and in the process ignore any difference that might exist within the country between upper/middle classes and those at the bottom of the pyramid. These etic measures ignore the existence of cultural variables that are not global in application nor ‘western’ derived, but unique to a single country or group of countries.

Research was carried out in three developing countries. In each case marketing professionals in the country were asked re their views as to how a number of etic cultural measures impacted on communication with (1) upper/middle class customers and (2) lower class urban/rural customers. Some of the variables were relevant to all three markets suggesting an etic approach should be applied and some other variables were not suggesting an emic approach might be preferable. The earlier review of the literature on the impact of culture on relationship creation and network formation is then revisited in the light of the above findings with a view to assessing the impact of such findings on relationship creation and network formation at the BOP. Evidence points to there being a need for networks of relationships at the BOP to be based on sensitivity to deeply embedded cultural differences. They will require a deep understanding of the local environment and involve a ‘bottom-up’ approach resulting from identifying, leveraging and shoring up existing social infrastructure.

Keywords: culture, relationships, networks, bottom of the pyramid.

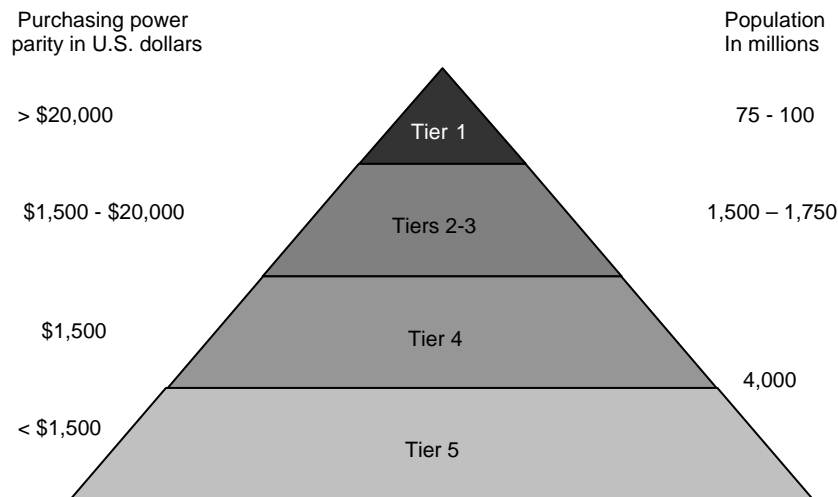
Introduction

As ‘western’ markets become saturated, international marketers have been turning increasingly to markets in developing countries. Arnold and Quelch (1999) cite Coca Cola as an example of this and point out that the sales rates for Coca Cola doubled every three years in markets such as China, India and Indonesia whereas in developed country markets, the growth rates averaged less than 5%. In most cases they have been targeting the wealthy elite at the top of the income scale in such countries and when considering the future potential of such markets, their focus has usually been on the expanding middle class in these countries. Rarely do international marketers focus on the masses in these countries be they the urban poor or occupants of rural towns and villages. Prahalad and Lieberthal (1998) attribute this to firms having an ‘imperialist mindset’ which drives firms to sell the same products as in the

west in an unchanged form to established upscale markets in developing countries. Underlying this mindset is the view that buyers in such countries will have the same requirements as those in more developed countries and as their income levels rise as these countries further develop, so will the demand for such goods. London and Hart (2004) claim that this approach only captures the tip of the iceberg of commercial potential in such markets and Prahalad (2005) illustrates this in Figure 1.

FIGURE 1: Purchasing Power by Population

(Source: Prahalad and Hart, 2002)



This figure shows that the number of potential customers whose annual purchasing power parity is less than US\$1500 per year amount to 4 billion people (estimated to be 6 billion by 2045). This group at the bottom of the pyramid (BOP) accounts for 65% of the world's population and whilst in terms of aggregated purchasing they constitute a substantial market now, it is this group that is likely to generate the greatest increase in overall demand as income levels in developing countries increase in future years. However, a different mindset will be necessary to tap this potential particularly in the short term. A standardised 'western' marketing mix offering will not cut it with this group whose circumstances will require a highly customised approach. Furthermore, such a standardised offering is unable to cope with the informal economy that accounts for between 30 and 60% of total economic activity in a number of developing countries (de Soto, 2000). In these markets, legal systems are underdeveloped and enforcement is often inconsistent with the result that participation in activities considered illegal in 'western' countries (e.g 'facilitation payments') are considered culturally acceptable (Reid, 2001).

Cultural Differences

Cultural differences can impact on the degree of importance placed on relationships and networks when doing business both between countries and between different groups within a country. This importance placed on networks and relationships can impact on buying decisions at the consumer as well as at the business level. It is argued that cultural differences are more likely to be more deeply embedded in lower socio-economic groups within an ethnic group than in the upper or middle class groups. This is due to the former being less well educated, less travelled and less exposed to western influences and media. These are the people at the bottom of the pyramid.

Based on etic studies such as those of Hall (1973), Hofstede (1994, 2001) and Trompenaars and Hampden Turner (1997), there is evidence that different cultural drivers apply in developing country markets to those that apply in developed country markets. The work of these authors, although criticised in terms of methodology and recency, does illustrate major

cultural differences between emerging and developed markets. Schutte and Ciarlante (1998) compared Hofstede's and Trompenaars dimensions between Asian and Western markets and found that of Hofstede's dimensions, Asian markets reflected higher power distance (i.e. an acceptance of hierarchy and inequality as the natural order of things), and greater collectivism than in western markets. They found with Trompenaars dimensions that Asian markets reflected more focus on relationships (particularism), on group rights (collectivism) on the indirect expression of emotions (neutral rather than affective) and a view of status as being due to position (ascription) rather than to individual efforts (achievement). Subsequently Hofstede and Bond (see Hofstede 2001) came up with an Asian cultural dimension of Confucian Dynamism (long term orientation).

These findings were supported by another analysis that compared the fourteen least developed (i.e. emerging) with the fourteen most developed countries (see Fletcher and Melewar, 2001). This study found that with Hofstede's dimensions, emerging markets exhibit much greater degrees of both power distance and collectivism. With Trompenaars dimensions, the study found that emerging markets tend to be particularist rather than universalist with obligations and particular circumstances taking precedence and that ascription played a greater role than achievement in such cultures. They also found that emerging markets were specific rather than diffuse and characterised by cultures that are highly focused on context. In such cultures, information is largely obtained from personal information networks. These findings are illustrated in Table 1.

Such studies can influence relationships and networks as for example, where power distance is greater, egalitarian appeals in promotional messages should be avoided, where collectivism is high, the focus should be on social belonging rather than on individual advantage, where there is a high degree of particularism, the focus should be on adjusting to circumstances rather than abiding by rules, where there is greater specificity, the focus should be more on context than content and where ascription is strong, the emphasis should be on status as opposed to achievement.

TABLE 1: Comparison Between Developed and Emerging Markets

	Hofstede (developed) ¹	Hofstede (emerging) ²	Trompenaars (developed) ³	Trompenaars (emerging) ⁴
Power distance	38	72		
Uncertainty avoidance	58	59		
Individualism	72	24		
Masculinity	59	47		
Universalism			89	61
Affective			43	45
Specific focus			83	69
Achievement			83	73

¹Australia, Austria, Canada, Denmark, France, Germany, Great Britain, Italy, Japan, New Zealand, Spain, Sweden, Switzerland, USA.

²Africa East, Africa West, Costa Rica, Guatemala, India, Jamaica, Malaysia, Mexico, Pakistan, Panama, Peru, Philippines, Thailand, Uruguay.

³Australia, Austria, Canada, Denmark, France, Germany, Great Britain, Italy, Ireland, Japan, Norway, Spain, Switzerland, USA.

⁴Brazil, China, Czechoslovakia, Cuba, Ethiopia, Hungary, India, Indonesia, Mexico, Nigeria, Philippines, Poland, Thailand, Russia.

(Source: Fletcher and Melewar, p.11)

However, the basis on which such comparisons are made can be questioned because these cultural dimensions were derived from studies undertaken some 30 years ago and the world has changed since, especially in terms of geo-political orientations, increased globalisation and the revolution in communication. These comparisons were undertaken by 'western' researchers, based on 'western' cultural dimensions and measured according to 'western' interpretation of measurement descriptors which may not be interpreted the same in a developing country where people are reluctant to express an opinion in as definite a manner as in the 'west'. Furthermore, market research techniques must take context into account in some societies as this may cause the application of the technique to be modified. As an example, Liu and Leach (2005) found that there were differences when applying conjoint

analysis between collectivist and individualist cultures. In addition, the researchers mentioned above and others do not explore cultural differences between the more affluent and those at the bottom of the pyramid in the developing countries they studied. In Hofstede's case, his sample of IBM employees by its very nature excluded those at the bottom of the pyramid.

A knowledge of the cultural drivers of those at the BOP is necessary so as to appreciate their circumstances and underlying thinking when making purchasing decisions. This was the approach adopted by the highly successful Grameen Phone Company operation in Bangladesh (leased mobile phones to housewives who rented usage by the minute to their friends and acquaintances) and with 'barefoot banking' as exemplified by the Wao Microbank in Papua – New Guinea (who created lending programs for BOP customers to enable them to establish small scale businesses). Hindustan Lever limited (HLL) when promoting their iodised salt in India had to educate the local population as to the product's health benefits and include local village women in their distribution activities (Prahalad, 2005, p.170). These cultural drivers may be reflected in the social climate of communities at the BOP. For example, collectivism is manifest in India where it is not uncommon, particularly amongst those at the BOP, for there to be collective purchasing and common use of facilities as when several families band together to buy a washing machine. Such collective activities also create an emphasis on the need to maintain relationships. This is illustrated in the Chinese concept of 'guanxi' where the aim is never to completely discharge the obligation as the existence of an undischarged obligation in a relationship ensures its continuity.

There is also evidence that there are cultural variables that might apply to a specific group of developing countries which the above etic studies have overlooked. Such variables are long term vs short term orientation (Hofstede and Bond, 1988) tolerance of ambiguity (Fletcher and Fang, 2006) and reciprocal obligation (eg. Gaunxi). Even this grouping approach does not cater for the possibility that there may be cultural variables that are unique to a specific country and an emic approach may therefore be needed. Such an approach, beginning with the country and then clustering countries based on similarities, goes part of the way towards addressing the deficiencies of the etic studies mentioned above. This issue will be explored in the research undertaken.

The emic approach however is also not without its flaws as it still uses the nation state as the segmentation variable. It does not recognise that within the political boundary due to past imperialistic convenience lie a number of different cultural groups based on ethnic differences and that the impact of culture can vary according to socio-economic grouping.

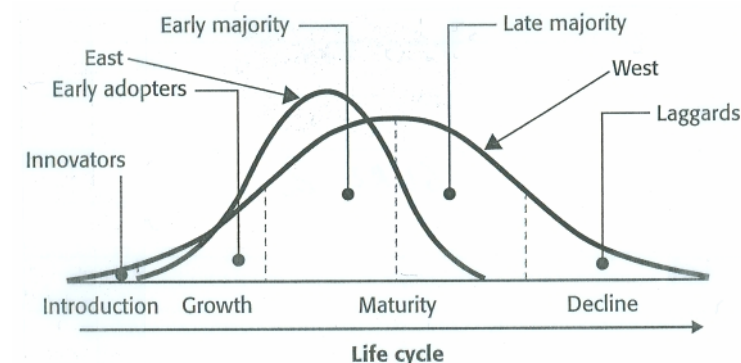
Behaviour of Buyers

Culture impacts on the behaviour of buyers. This is the case with buying at both the consumer level as well as the industrial level and although the impact of culture may differ to a degree between these two levels, in general, there will be cultural differences in how buyers in different environments behave. It is for this reason that 'western' derived models of buyer behaviour need to be modified when doing business in developing countries. Different tastes, customs and habits are likely to result in different preferences. Also the popularity of western luxury goods among non-western consumers may be due to different factors such as saving or giving 'face' or peer pressure, rather than because of perceptions of value. These factors explain why people at the bottom of the pyramid are brand conscious, especially for aspirational or confidence reasons. D'Andrea et al (2003) argue that in many cases consumers at the BOP are willing to pay more for intermediate and leading brands of basic consumer goods and are brand loyal for high aspirational categories such as soft drinks and categories that impact on one's self esteem as a care giver as is often the case with laundry detergents. These consumers tend to be risk averse and reluctant to switch brands as selecting an under performing product has greater relationship implications when incomes are lower. Understanding how buyers behave is necessary to address the needs of the lower income sectors in emerging markets. This is particularly the case for consumer products. According to D'Andrea (2003), whilst spending on consumer products accounts for 30-35% of total spending on average in emerging markets, among the lower socio-economic groups it

accounts for 50-75% with the lowest strata claiming to spend nearly all their income on consumer goods.

The model of innovation adoption for example does not apply uniformly to all international markets. In many respects this is due to differences in culture. Different cultures have a different attitude towards the past, present and the future, which in turn impacts on degree of enthusiasm for adopting new technologies. Also different cultures exhibit different degrees of individualism and collectivism and this influences readiness to adopt something new or preference to wait until many others have adopted the technology. Some research has been undertaken on differences in buyer behaviour between the 'west' and Asia. Figure 3 from Bradley (2003) shows that in 'eastern' countries the response pattern is different to that in the 'west' and the life cycle much shorter. This has relevance when catering to markets at the BOP as such markets are more likely to be found in the 'eastern' category of countries.

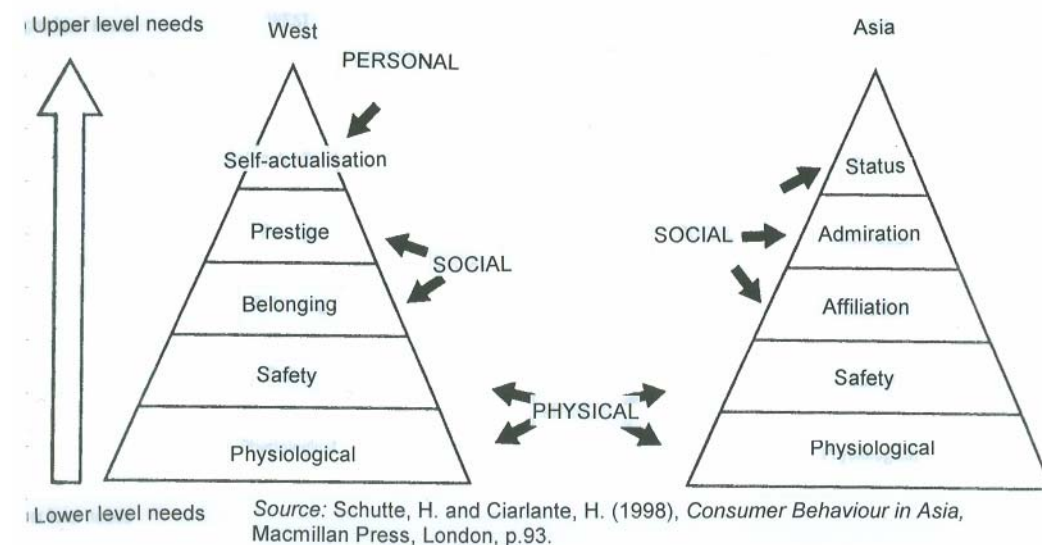
FIGURE 3: Innovation Adoption in Western and Eastern Markets



(Source: Bradley, 2003, p.108)

Another model impacting on the way buyers behave is Maslow's hierarchy of needs – this shows the order in which needs are satisfied by buyers. Research by Schutte and Ciarlante (1998) shows that in Asia not only is the order in which these needs are satisfied different, but the needs themselves vary compared to the 'west'. This is illustrated in Figure 4. These models of buyer behaviour illustrate that in emerging or less developed markets buyers are driven by different motivations to those that operate in western developed markets.

FIGURE 4: Hierarchy of Needs Between Different Cultural Groups



The problem with these models is that they view eastern or Asian markets as a whole and do not differentiate between groups within such markets on socio economic lines. In these

countries, buyer behaviour is likely to be markedly different between the wealthy elite and growing urban middle class on the one hand and the urban poor/rural masses on the other. Whilst advocates of globalisation argue that over time such consumers will become more 'westernised', to the extent that this is true, it is only likely to apply to the upper and middle class elements of such markets. Those in these markets at the bottom of the pyramid (BOP) are much less likely to be exposed to western influences as disseminated by eCommerce and the media. Only 50% of those at the BOP in many developing markets actually have access to the media (Prahalad, 2005, p.193). Therefore, the observed buyer behaviour differences commented upon above are more likely to be evident at the BOP. This is because embedded cultural differences are likely to be greater or subject to less modification by exposure to western influences and this is likely to be reflected in relationship creation and network formation at the BOP.

Relationships and Networks

Although the IMP tradition has been to focus on buyers and suppliers in the industrial sector, the underlying principles of the IMP approach of relationships, networks and interaction can also influence decision making at the consumer level, and an approach by international marketers that takes these factors into account is as

likely to succeed in this domain as it does in the business to business (B2B) domain. A review of the IMP literature shows that, though insufficiently discussed, culture plays an important role in relationship formation and network creation and adaptation in the international domain as far as B2B marketing is concerned (Fang, 2001). Thomas and Ford (1995) argue that culture impacts on actors in the network by promoting the implicit norms for acceptable behaviour. They also make the point that any network will have a culture of its own that is a product of ways of working to achieve a satisfactory result. The IMP Group study showed that the ability of a firm to break down cultural barriers and create close relationships with commercial clients was a major success factor in industrial marketing (Ford, 1984). This was found to apply in international marketing and Toornroos (1991) argues that cultural distance plays an important role in establishing a positive relationship between exporter and importer. Theories of internationalisation involving psychic distance (e.g. Vakline and Wiedersheim-Paul, 1977; Fletcher and Bohn, 1998), suggest that culturally distant exporters need to allocate more effort to relationship building activities so as to compensate for the distance factor. In considering cultural similarities between countries, Hallen and Johanson (1997) advocate the concept of cultural affinity and explored connections between a number of European countries. They found that suppliers from culturally close countries were more inclined than suppliers from culturally distant countries to pursue high adaptation strategies which are a requirement of successful networks.

In essence it is not the issue of culture but rather the issue as to how firms deal with it in the context of interacting with their customers - i.e. cultural sensitivity - that influences relationship creation and network formation. This sensitivity entails awareness, cultural understanding, and reduction of cultural bias. Cultural sensitivity can be defined as a firm's learning and adaptation to its exchange partner's national business practices according to LaBahn and Harich (1997). Such sensitivity involves recognising cultural ethnocentrism, understanding the other parties' culture and developing an awareness of cultural differences. Ahmed et al (1999) propose that cultural sensitivity acts as a moderating variable between the ingredients of their theory of relational exchange (communication, trust, shared norms and reputation) and commitment to the relationship. Nguyen (2002) in his study in Vietnam, found that cultural sensitivity on the part of developing country exporters improved the information exchange between them and their developed country importers and in the process enhanced mutual understanding. It is suggested that elements of this research at the B2B level will also apply at the business to consumer (B2C) level.

People have culturally influenced styles and ways of doing business acquired through their ethnic culture as well as their ongoing business activities. It is accepted that it is easier to communicate with partners who share the same view of the world (Toornroos and Moller, 1993). This is consistent with reception theory that postulates that people use general patterns or codes that make it easier for them to interpret each other's behaviour (Langhoffs, 1997). This is more important in the international domain because of the physical distance

and cultural gap between relationship partners (Madsen, 1994). These factors involve the expenditure of more time and resources to create a beneficial relationship. Because cultural sensitivity allows people to understand the communication and behaviour of others, it plays an important role in relationship creation and maintenance.

Styles and Ambler (1996) found evidence of a positive linkage between the variables that predict strong relationships and export performance. Ahmed et al (1999), examine both relational exchange theory and network theory. In respect of the former, they argue that research has shown that key factors contributing to long-term relationships are communication, shared norms, co-operation and reputation – in each of these, culture plays a role. In respect of network theory, they point out that with the interaction approach, business relationships evolve as a result of interaction between the parties involved and these business relationships constitute the framework within which subsequent interactions occur. Over time these interactions become routine resulting in clear roles and conduct norms for each party (Evangelista 1996). Ahmed et al (1999) go on to argue that culture is a moderating variable between the antecedent variables of a relationship and the degree of commitment to that relationship. Commitment to a relationship in turn, involves trust which is the glue that binds networks of relationships together.

Styles and Ambler (2003) argue that transactional and relational marketing can coexist in the Chinese business world and this coexistence is driven by both economic and social networks. Shu (2004) found that the transactional, relational and guanxi factors can coexist in Chinese firms and argues that this may be a reflection of deeper cultural values and beliefs. Brannen and Salk (2000) argue that it is necessary to address the dynamic aspects of intercultural encounters where the elements of culture are created through the interactions of group members. Based on a study of networks involved in international joint ventures, they advocate the idea of a negotiated culture which is continuously evolving as cultural traits are recombined or modified as ongoing interactions occur.

A further factor impacting on the network in Asian markets is the cultural context in which the network is embedded. In the international business context, business transactions are embedded in networks of relationships that cross national boundaries. These relationships in turn are embedded in different regional and/or ethnic business environments (i.e. in each culture in which the firm is involved) and in the global business environment (i.e. that of the World Trade Order, regional trade groupings and bilateral agreements). Each of these national or international business environments includes social networks, technological networks, regional networks, infrastructural networks, institutional networks and market networks (Toornroos, 1997), all of which are influenced by culture. Zukin and DiMaggio (1990) classified embeddedness into four forms – structural, cognitive, political and cultural. The last three of these reflect a social constructivist approach that accounts for the role played by trust and personal ties. Influencing the operation of the wider networks in which the international business transaction is embedded is culture. This is particularly important in Asia where cultural sensitivity is an essential ingredient for successful business. This requires an understanding of the culture that prevails in the business environment from which one's international business partner operates and this is likely to differ from that of the environment in which you are embedded.

Abosag et al (2002) make the point that different cultures value relationships differently and as a consequence, the establishment, development and maintenance of relationships will vary across cultures. They argue that European perspectives on relationships mostly focus on the co-operative aspects of the exchange, the North American perspective focuses on power and conflict, and the Asian perspective focuses on connections through relationships. Effective international marketing is becoming increasingly dependent on the cultivation of mutually beneficial relationships and nowhere is this more evident than in emerging markets due to the cultural drivers mentioned above. Such dependence on relationships is especially important at the BOP. The collectivism at the BOP can result in a deep loyalty to the product or service that becomes available to this group for the first time. Although the concept of 'guanxi' is usually associated with China, its underlying promise of reciprocal obligation is manifest in most Asian countries and in many non-Asian BOP markets. Interpersonal trust is also important and provides the sources of information for making decisions. This trust in turn

derives from connections that are viewed as key assets in societies at the BOP. In some of these societies, the family is a strong influence on decisions. Social capital plays an important role in transactions at the BOP as evidenced by lending by the group and implicit peer pressure to ensure payback of the loan. In BOP groups, there is strong emphasis on integrating activities into the local environment as this is better understood. In addition, there will be greater presence of the informal economy in countries where there are large numbers at the BOP (Economist, 1999) and when the informal economy is involved, relationships are more likely to be grounded in social interactions rather than on legal contracts. The networks created by the relationships provide a means of getting around such mistrust as may exist. It is for this reason that appeals to buy need to be made by persons whom the consumer knows, with whom they can identify or to whom they look up to. Culture, relationships and networks will influence how buyers behave at the bottom of the pyramid. D'Andrea et al 2005 (1) illustrate this in respect of retailing in Latin America where retailing is largely in the hands of small shopkeepers who know their customers by name and have an emotional proximity to their customers that makes the customers feel comfortable and non-threatened. When marketing at the BOP, it is necessary to adopt a stakeholder approach as often the actual consumer may not be the party that makes the actual purchase. Using aid as an example, the consumers are not consulted as to the goods to be supplied, but if the goods supplied are inappropriate, the aid as supplied may prove irrelevant. Even with goods supplied on a commercial basis, variables such as the prevalence of collectivism, dependence on relationships and the existence of closely bound networks mandate a stakeholder rather than a shareholder approach in structuring and marketing the product offering.

A Three-Country Study

Issues related to the impact of culture on marketing at the BOP were explored as part of a wider study into marketing communications at the BOP. Approaches to international marketing have traditionally been grounded in ways of marketing to customers who are not dissimilar to customers in one's domestic market. Whilst these customers might be found at the upper socio-economic levels in transition economies and amongst the upper and middle classes in many developing economies, they do not inhabit the bottom of the pyramid. In order to research this issue, a number of questions were posed relating to the application of cultural variables in three developing countries (Vietnam, Thailand and Sri Lanka) in relation to potential customers at the higher/middle socio-economic level and customers at the lower socio-economic level (BOP) in each country.

Gathering data in developing country markets is considerably more difficult than in developed country markets and the data as gathered is less likely to be amenable to rigorous statistical analytical techniques. In this case the data gathering techniques used were those that were practical for each of the markets studied. In each case, the data was obtained from those in the country with an expert knowledge of communicating with customers in those markets rather than from the customers themselves. This was because it was felt that these 'experts' would be able to make a more informed comparison between the impact of factors underlying promotion on middle/upper class customers compared to those at the bottom of the pyramid. The limitations of this approach are acknowledged as is the fact that the 'experts' on whose views the conclusions are based do not belong to the BOP group in the countries studied and there may be some degree of bias in the views they expressed. Furthermore, because of the small number of respondents involved in each of the three countries in the study, the studies are considered to be pilot studies only. The impact of these limitations on the representative nature of the findings is recognised.

In the case of Vietnam, the first market investigated and one still emerging from its communist past, the approach was based on qualitative research because this technique was considered more suitable when implicit assumptions, new relationships and abstract concepts were to be investigated in low income markets in emerging economies where there maybe a culturally based reluctance to respond to questionnaires. Eight semi-structured interviews were conducted so as to establish the extent to which a traditional communications model as used in the west operates in an emerging market. Because the questions being asked related to a western communications model, the selected informants were persons who were knowledgeable about marketing and the situation in Vietnam. They were selected

on the basis of their having a need to engage in communications activities such as Vietnamese business persons (2); Vietnamese marketing managers for foreign corporations (2); a Vietnamese advertising agency executive (1); a Vietnamese market research agency executive (1); a foreign government commercial representative (1), and an official from a non government organization (1). All the above respondents were Vietnamese except for the last two who were assisted in their responses by their senior local Vietnamese manager. An interview guide was prepared based on various research findings as they related to the application of a communications model in developing countries – sender issues; medium issues; receiver issues and environmental issues (see attachment 1).

In the case of Thailand where there is a greater familiarity with quantitative research, a questionnaire was prepared that used the same questions asked of respondents during the interviews in Vietnam. A pre-test was undertaken involving seven Thai post graduate students undertaking international marketing studies. The final questionnaire was then distributed by the Australia-Thai Chamber of Commerce in Bangkok to its members and 25 usable responses were received. Respondents were either Australians, other expatriates or Thais involved in either marketing Australian products and services in Thailand or operating Australian joint ventures in Thailand.

In the case of Sri Lanka, an adapted version of the Thai questionnaire was administered to a group of part time MBA students studying international marketing, all of whom were middle or senior managers in Sri Lankan companies. Sixteen usable responses were obtained.

In all three studies, respondents were asked to respond as to their opinion as to how each question would apply to the upper/middle class on the one hand and the lower class on the other (i.e. those at the BOP). The questions asked were designed to ascertain the 'goodness of fit' between typical communications models applied in international marketing and the circumstances that exist in emerging markets. Responses were sought as to how each element of the model (sender issues; medium issues; receiver issues; feedback issues; interference issues and environmental issues) was thought to apply to the upper and urban middle class on the one hand and those at the BOP (the urban lower and rural classes), on the other. A number of questions explored how culture and relationships might impact on various aspects of communication (e.g. influence of the group, relevance of background, appeals to long term loyalty). Respondents were asked to rate issues on a 10 point scale.

Results

These pilot studies have a number of limitations, the major one being the difficulty of collecting data in developing countries especially data pertaining to those at the bottom of the pyramid. The results are indicative due to the circumstances under which the data was gathered in these three developing country markets. Taking the above qualification into account, the indications from these three studies are as follows:

In all three studies, the 'expert' respondents perceived that there were differences between upper/middle class consumers and those at BOP as far as almost all the questions relating to the impact of culture were concerned (see Attachment 1). The differences appear to be least as far as:

Item 8: meaning conveyed by promotional messages more likely to be influenced by context as opposed to words used. (*high vs low context*)

Item 9: use of utilitarian as opposed to aesthetic appeals.

Item 23: reliance on personal selling. (*trust*)

Item 39: promotional activities influenced by attitude to gender. (*masculine vs feminine*)

As far as the above variables are concerned, their application would appear to be almost the same for BOP customers as for other customers in developing country markets.

The differences appear greatest in the case of:

Item 1: whether local or foreign presenters are used (local preferred at BOP). (*ethnocentrism*)

Item 2: whether presenters of messages are admired for their background or accomplishments (BOP more influenced by background). (*ascription vs achievement*).

Item 4: need to use 'authority' figures to convey messages (BOP more influenced if these are used). (*power distance*).

Item 31: effectiveness of messages based on emotional as opposed to rational appeals (BOP prefer emotional appeals).

With the above items, the trend of the difference between upper/middle class and BOP was the same in all three countries studied. It is possible that these factors would effect differences in the impact of cultural variables between the upper/middle class and BOP in most developing country markets and an etic approach could be adopted.

However, there were a number of variables in the study where although differences existed between upper/middle classes and BOP, the trend was not the same in all three developing country markets. These were:

Item 3: need for the message to contain testimonials from satisfied users.

Item 7: preference for messages that focus on abstract as opposed to specific concepts. (*abstract vs diffuse*)

Item 10: preference for messages that rely on verbal rather than non-verbal stimuli. (*verbal vs non verbal*)

Item 33: ease of obtaining market research feedback from the group. (*trust*)

Item 34: degree to which reaction to message is individual or group influenced. (*individualism vs collectivism*)

Although these factors apply differently to upper/middle class and BOP groups in developing countries, they do not apply in the same way in each of the countries in the study. This suggests that as far as these factors are concerned an emic approach is called for.

Implications for International Marketers

From this exploratory research into the impact of culture on markets in developing countries, it appears necessary for managers wishing to do business in BOP markets to develop separate marketing strategies for these markets. To successfully access such markets requires approaches tailored to such markets rather than a global approach if the creation of relationships and the building of networks is to be effective. This is because the BOP markets have not had the exposure to 'western' influences as they do not have the same media access as do the upper and middle income groups in developing countries. Appeals to those at the BOP will need to be tailored more to their cultural differences and take into account local conditions. Approaches to BOP consumers will need to capitalise on existing relationships and employ those who are insiders as far as local networks are concerned. Offerings to the BOP segment will require a deep understanding of the local environment and involve a 'bottom-up' approach resulting from identifying, leveraging and shoring up the existing social infrastructure. Strategies need to be culturally sensitive and relationship based. They might include:

- Identification of the real needs of the consumer and product adaptation to meet these needs in a way that creates opportunity for local participation;
- Development of tactics to overcome the infrastructure problems faced by BOP consumers;
- Detailed research into the BOP market, its needs and characteristics;
- Collaboration with non-traditional partners in the market so as to gain expert knowledge of the existing social infrastructure, and
- A conscious and publicised plan to develop local talent.

The results of these studies however do indicate that further research is warranted into the impact of culture and relationships on the other marketing mix variables at the bottom of the pyramid and that research into these and promotion should cover the actual bottom of the pyramid customers themselves.

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Attachment 1. RESULTS OF COMMUNICATION STUDIES							
Item	DESCRIPTION	SRI LANKA		THAILAND		VIETNAM	
		Upper/ Middle income	Lower Urban/ Rural	Upper/ Middle income	Lower Urban/ Rural	Upper/ Middle income	Lower Urban/ Rural
SENDER ISSUES							
1	Preferred presenter of message is 1. local; 10. foreign	6.5	4.1	5.6	3.2	4.1	2.8
2	Presenter of message should be chosen because of 1. the background of the presented; 10. the accomplishments of the presenter	6.1	5.1	8.3	5.9	8.4	6.2
3	Promotional messages should contain testimonials from satisfied users 1.not at all; 10.very definitely	5.1	5.3	5.6	6.6	5.7	5.3
4	Promotional messages should contain testimonials from "authority" figures who command respect. 1 not at all; 10. very definitely	4.6	6.1	6.2	7.5	8.2	7.4
5	Promotional messages should contain testimonials from glamorous personalities 1.not at all; 10.very definitely	6.4	7.1	5	9.1	-	-
6	Promotional messages should be couched in terms that will benefit 1. the group; 10 the individual	6.9	4.6	6.9	6.1	5.7	3.8
7	Promotional messages should focus 1. abstract concepts (eg belief in god) or 10 specific concepts (eg being a good Roman Catholic)	4.5	5.5	6.0	5.7	8.4	8.0
8	Meaning in promotional messages should be influenced by 1. the context in which the message is conveyed; 10. the specific words used to convey the message	6.7	6.7	5.4	5.1	5.7	5.4
9	Message appeals should be 1. utilitarian (as often in the USA); 10. aesthetic (as often in Japan).	4.9	4.5	6	5.7	3.4	2.9
10	Messages should rely on 1. verbal stimuli (words); 10. non verbal stimuli (sounds/ pictures).	7.1	5.3	5.2	6.5	6.7	6.7
11	In general, messages should be structured to secure 1. long term loyalty of the buyers; 10. immediate purchase by the buyer	6.1	6.0	4.8	6.4	3.3	3.8
12	The content of the message needs to be politically sensitive 1.definiety; 10. not at all	4.0	3.7	4.5	3.5	2.4	2.2
13	Message appeals should be based on 1. information; 10. persuasion	4.2	6.7	4.5	3.5	5.1	5.7
MEDIUM ISSUES							
14	Radio 1.very high; 10.very low	4.1	3.7	5.8	4.5	7.1	2.9
15	Television 1. very high; 10. very low	2.9	3.8	3.6	4.7	2.7	5.0
16	Internet 1. very high; 10. very low	4.1	8.4	5.5	6.9	6.8	10.0
17	Newspapers 1. very high; 10. very low	3.5	4.3	3.3	4.6	-	-
18	Magazines 1. very high; 10. very low	4.4	7.2	4.3	6.1	2.9	5.5
19	Publicity (News Releases) 1. very high; 10. very low	4.6	6.1	4.5	6.0	6.2	6.6

20	Promotional Offers (eg money off coupons etc) 1. very high; 10. very low	4.3	4.7	4.6	3.3	4.1	5.5
21	Trade fairs and exhibitions 1. very high; 10. very low	3.6	6.8	4.8	7.1	5.0	4.7
22	Direct Mail 1. very high; 10. very low	4.6	6.9	5.8	7.0	4.1	6.8
23	Reliance on personal selling compared to developed countries 1. much higher; 10. much lower	4.9	4.5	4.5	4.7	5.2	4.8
24	Degree of government control of media most commonly used to reach each group in 1. extremely low; 10. extremely high	4.6	5.8	5.4	5.2	8.0	8.4
RECEIVER ISSUES							
25	Affording equipment to receive promotional messages is a problem. 1. very definitely; 10. not at all	7.3	3.9	8.2	4.4	7.0	3.7
26	Reliability/availability of infrastructure (electricity, phone, post) necessary to receive promotional messages is a problem. 1.very definitely; 10 .not at all	7.3	4.3	6.5	4.4	6.9	5.3
27	Promotional messages are received in a group situation 1. very rarely; 10. most often	5.3	5.6	3.6	9.3	5.4	6.7
28	Reaction to a message is influenced by familiarity with marketing concepts 1. very definitely; 10. not at all	3.9	5.4	5.8	4.5	5.2	5.3
29	Response to promotional messages is more likely to reflect 1. reflect conformity to group norms; 10. individual preferences	6.4	4.6	4.9	4.0	4.9	2.3
30	Responses to promotional messages are significantly influenced by literacy and education 1. definitely yes; 10. definitely no	4.5	5.1	4.9	4.0	7.8	6.0
31	Are response to promotional messages more likely to be influenced by 1. emotional appeals ; 10. rational appeals	5.1	2.8	5.9	3.4	5.0	3.8
FEEDBACK ISSUES							
32	Customers are reluctant to provide advertisers with their opinion of the promotional message 1. definitely; 10. definitely not	4.5	3.6	4.4	4.2	7.4	6.0
33	Obtaining feedback on promotional activities via market research is 1. very difficult; 10. very easy	4.4	3.9	4.6	5.1	6.3	5.4
INTERFERENCE ISSUES							
34	Is response to the message more likely to be influenced by 1.group views; 10.individual views	5.1	3.8	5.1	4.3	4.4	6.3
35	Reaction to messages depends on 1. local or regional loyalties; 10. individual advantage	6.5	4.3	5.6	4.8	7.7	6.0
36	Government wishes or directives impact on individual reaction to promotional messages 1. very definitely; 10 not at all	6.9	5.8	5.1	4.2	5.9	6.8
37	Competitor activities impact on reaction to promotional messages 1. very definitely; 10. not at all	3.4	5.1	4.0	3.4	-	-

ENVIRONMENTAL ISSUES							
38	Promotional activities are influenced by a flexible attitude to time 1. very definitely; 10. not really	3.6	5.3	4.6	4.4	-	-
39	Promotional activities are influenced by attitudes toward gender 1. very definitely; 10. not really	4.0	4.3	4.4	4.2	-	-
40	Promotional activities are influenced by 1. concern to r privacy; 10. lack of concern for privacy	3.9	5.1	4.2	6.1	-	-
41	When promoting is concern for the customers wishes compared to developed countries 1. more important; 10. less important	4.1	5.1	4.8	6.0	-	-
42	The ability to promote is influenced by customers being able to access "unofficial ' markets? 1 more important; 10. less important	5.1	6.3	5.2	5.1	-	-
43	Is promotion 1. more necessary; 10. less necessary than in developed countries?	4.1	4.5	4.2	3.7	-	-