

The market at the bottom of the pyramid

What I expect to learn:

I expect to be able to understand the concept behind the article written by the author.

Quote:

"The dominant assumption is that the poor have no purchasing power and therefore do not represent a viable market"

Book review:

In this chapter C.K. Prahalad shared a vision, a vision which is very different from the usual. The author emphasized that instead of doing business with those who are at the middle and at the top of the pyramid the business sector should concentrate on those who belong at the bottom of the pyramid. Looking at the less fortunate not as a liability to the market but rather a new marketing opportunity for doing business. C.K. cited an example about the how much a single prosthetic would cost you in the US compared to how much it will cost in India. A single prosthetic cost roughly about \$6,000 to \$8,000 in the US, but in India it would only costs at around \$40. So how is this possible? How come a single prosthetic in India costs much lesser than the ones that are being sold in the US? The answer to this question is what C.K. Prahalad envisions, a new market for the less fortunate. As we all know, people in India are very poor, majority of Indians are from the lower class that is why prosthetics there costs much cheaper than the ones being sold in the US. A single prosthetic that will cost \$40 in India will be selling like hotcakes given the number of handicapped people living there. This is what C.K. Prahalad envisioned that the market owners would do, make marketing opportunities with the less fortunate that will help them to a great extent.

Lessons learned:

- Education is the key to success.
- Make a new market from the people at the bottom of the pyramid.

Integrative questions:

- 1) What is C.K. Prahalad's vision?
- 2) Who are those who belong at the bottom of the pyramid?
- 3) Is there a market opportunity with those at the bottom of the pyramid?
- 4) How can business owners create a marketing opportunity with those at the bottom of the pyramid?
- 5) Is this a good marketing strategy or not?