



How to formulate Value Propositions to *Overlooked* Low-Income Consumers? Some Latin American experiences

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Poverty & Inequality



Working time needed to buy a Big Mac*

March 2009, minutes

GLOBAL AVERAGE



Source: UBS

*For worker earning average net wage weighted across 14 professions





Base of the Pyramid in Latin America

Growth & Inequality in Latin America

2010 GDP Growth:

Global = 3.9%

vs.

Latin America &
The Caribbean =
5.7%

2000's Gini Inequality Index:

Latin America = 0.53

18 % more unequal than Sub-Saharan Africa

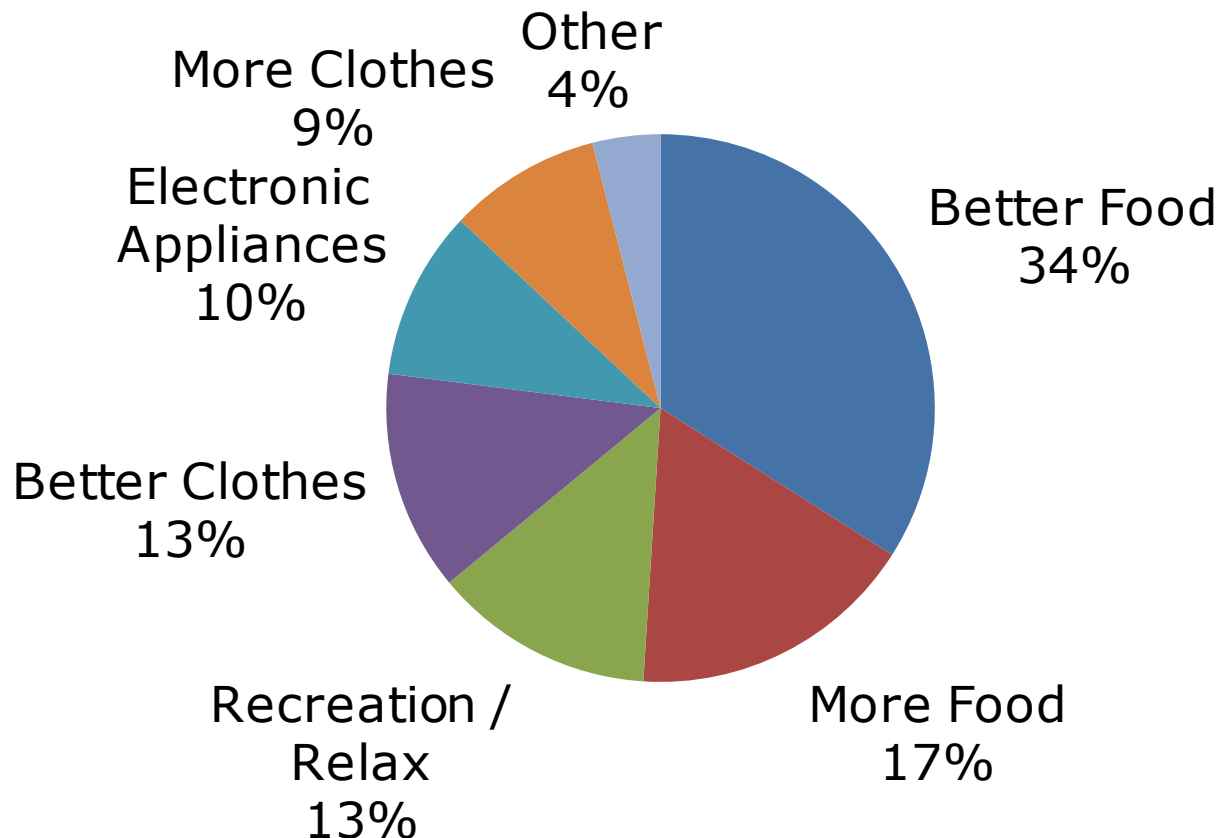
36 % more unequal than East Asia and the Pacific

65 % more unequal than the high-income countries

Latin American BOP Consumers: More and Better

On what would you expend a 10% increase on your family income?

(100% = 1.900 responses in Latin America)



Three Needs From Latin American BOP Consumers



Experience

"I Want to be distracted from my reality"

"More than a simple store visit"

"All in one single store"

Dignity

"I Want to be valued"

"I don't want to feel poor"

"I don't want to be excluded"

Trust

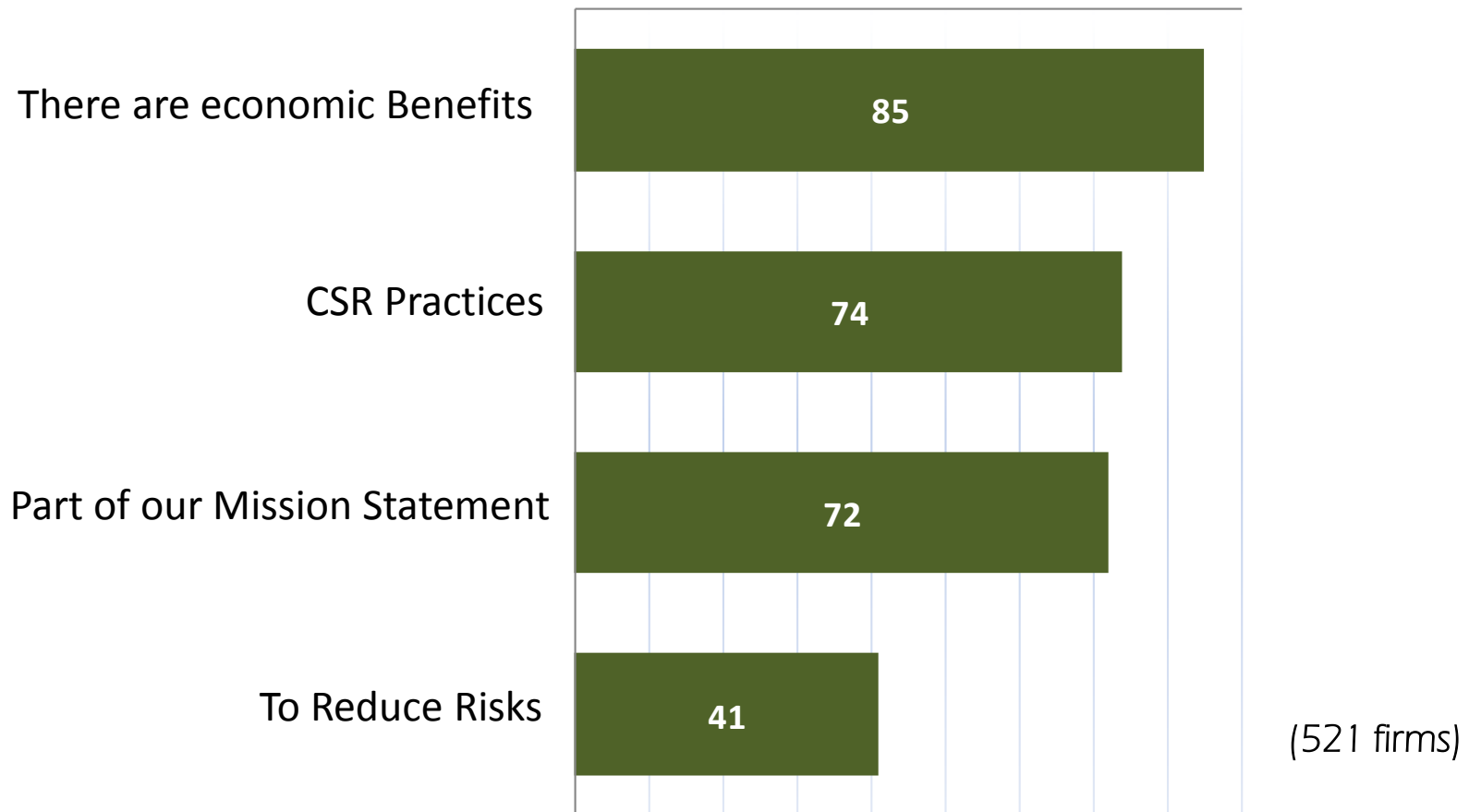
"I Want to feel secure"

"We just trust on God"

"More trust, less nerves"

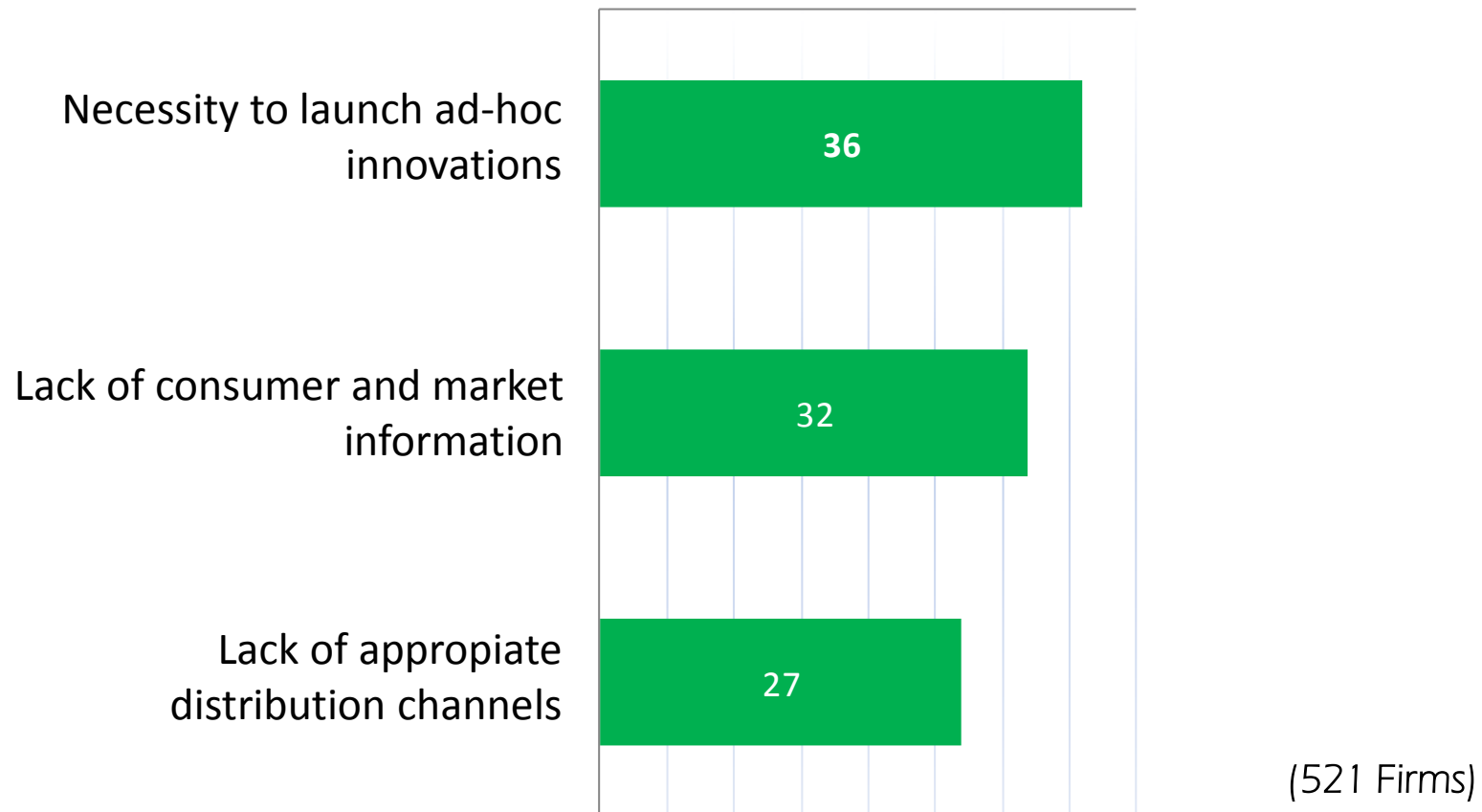
Latin American Managers are Motivated to Focus on BOP Inhabitants

What motivates managers to implement strategies oriented to BOP consumers or suppliers? (%)



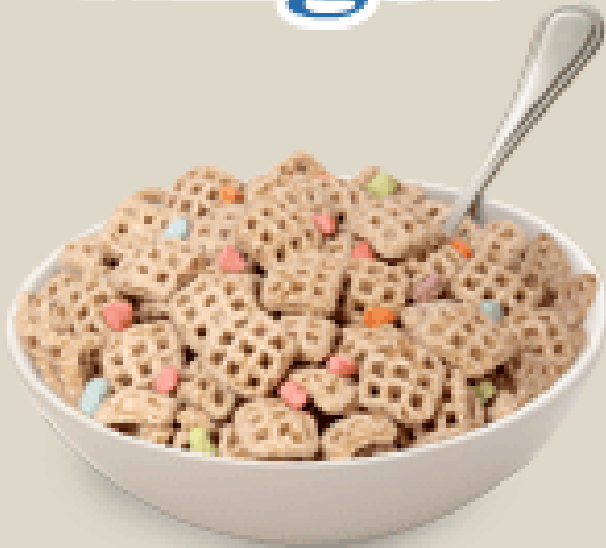
...But Latin American Managers Face Some Problems to Focus on BOP consumers

Obstacles to incorporate BOP inhabitants as final consumers (%)

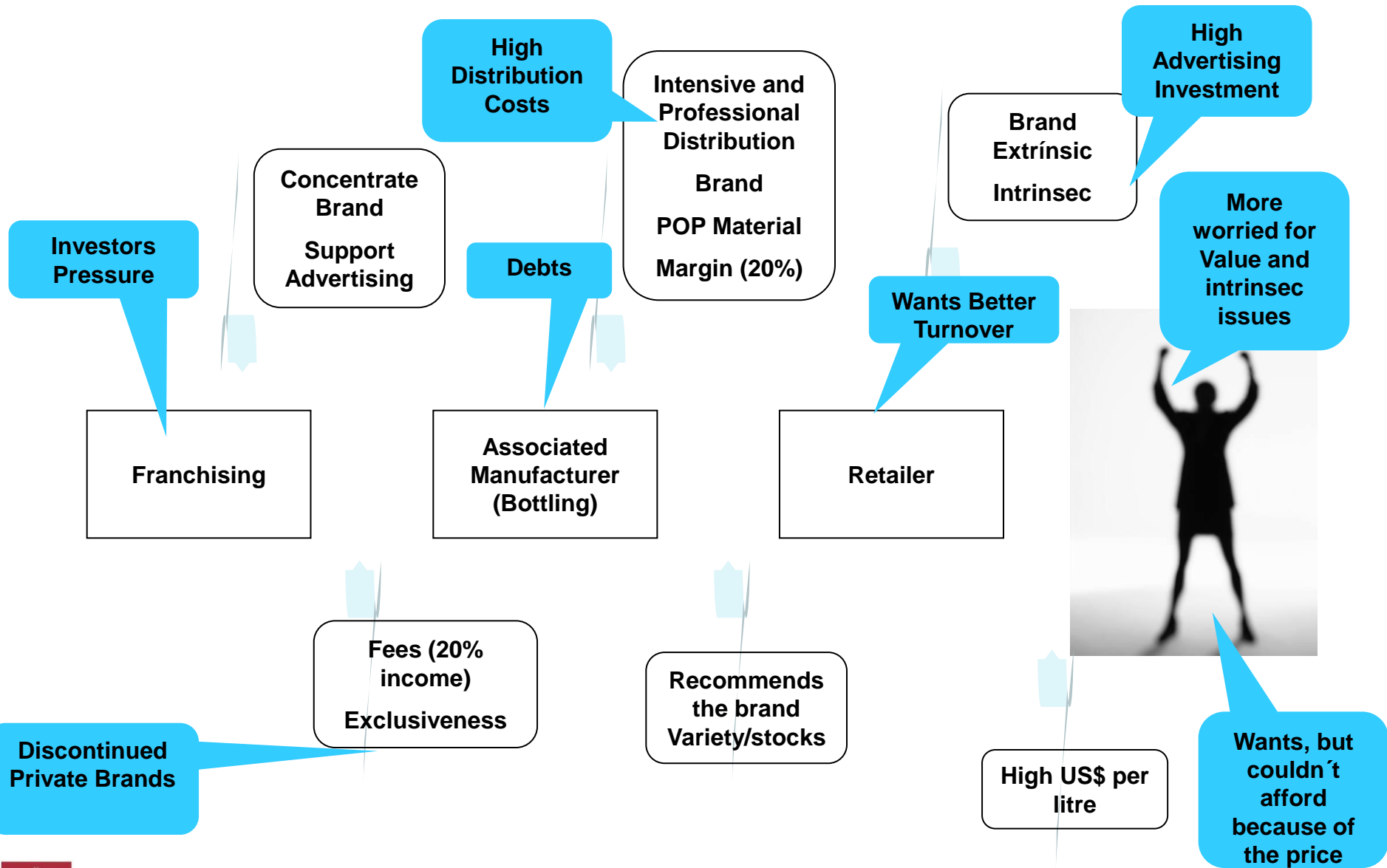


Some Latin American Business Cases

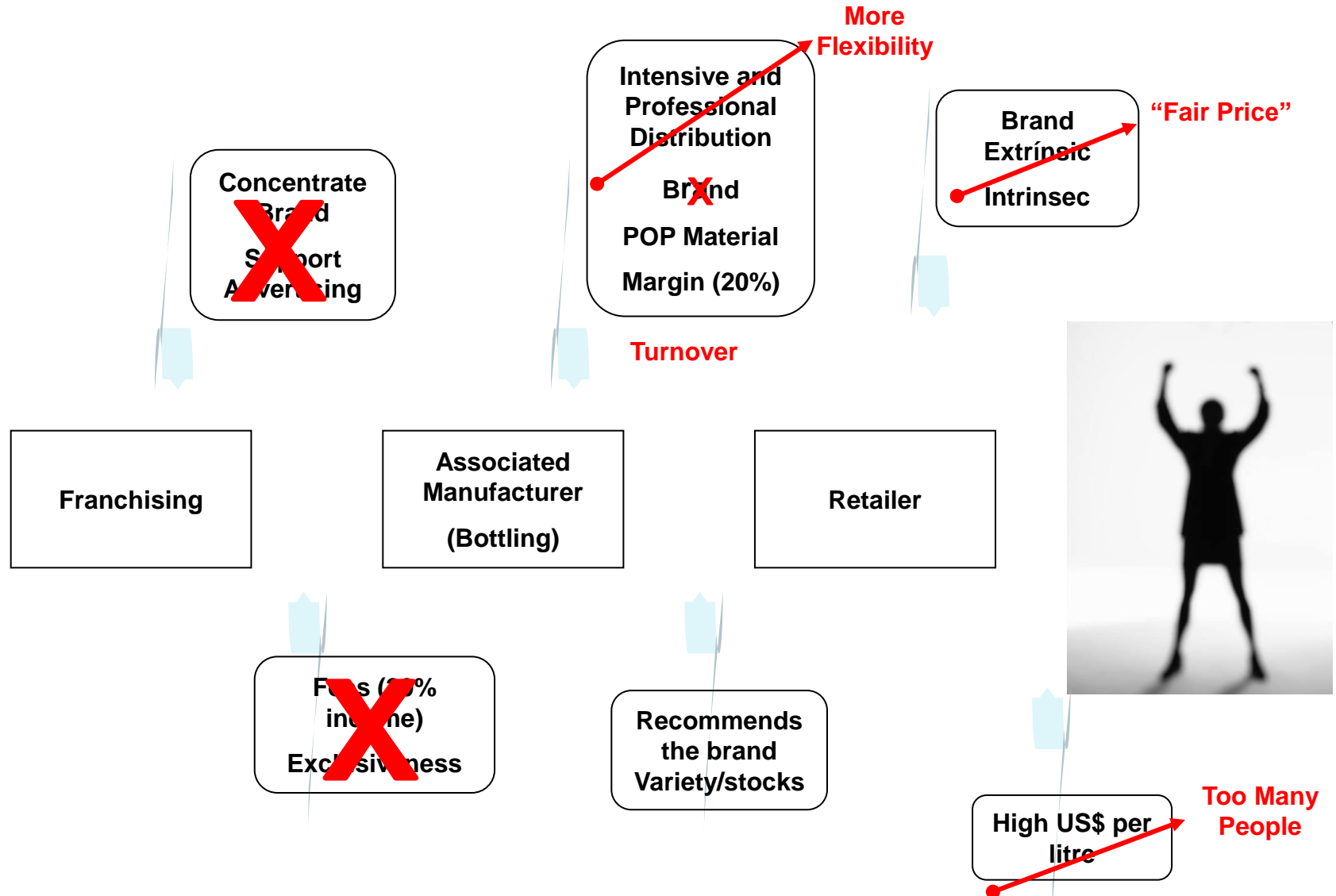
Angel[®]



The Bottled Soda Market in Peru (1990s)



How Kola Real Changed The Bottled Soda Market in Peru (1990s)



Kola Real (Ajeper)



Magazine Luiza

(Brasil)



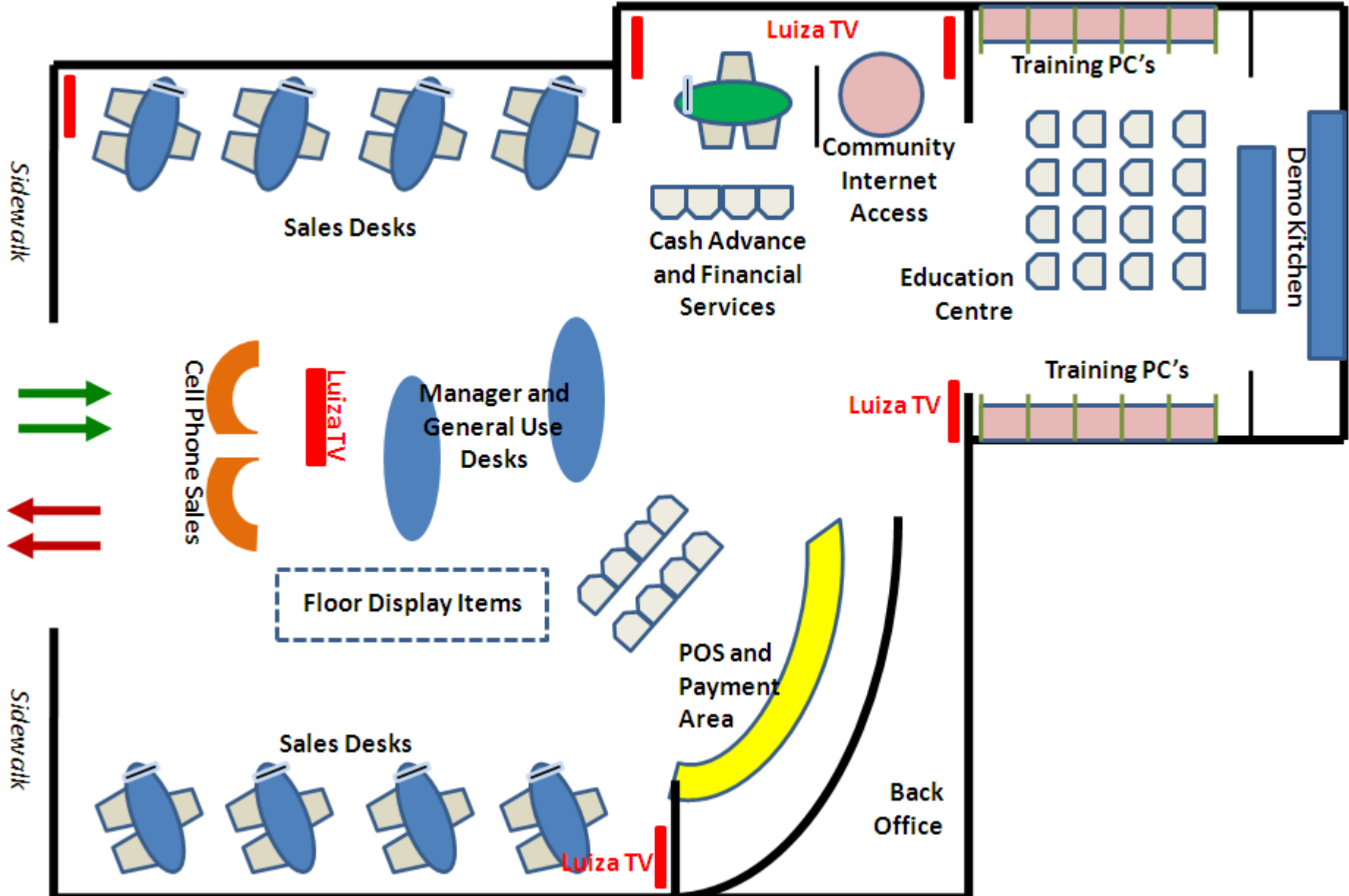
www.magazineluiza.com



Magazine Luiza

(Brasil)





Edenor (Energy Distribution - Argentina)



What could we learn
from BOP experiences in
Latin America and Other
Regions?

Some Key Issues Regarding BOP

1. Needs \neq Market
2. We need high margins (´pxq´ don´t work!)
3. Intermittent cash-flow in consumers
4. Distribution challenges
5. Supply chain

...Some Key Issues Regarding BOP

6. Strong Analysis of Consumer Needs

7. Innovative Value Propositions

8. Convert Products on Services?

9. Corporate Culture and Structure could
block BOP incursions.



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