

ADVERTISING TO BOTTOM OF THE PYRAMID CONSUMERS: DESCRIPTIVE ANALYSIS OF CSR ADVERTISING

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Abstract

The paper aims to understand through primary research the effectiveness of advertising where corporate social responsibility (CSR) messages are given in an international marketing context in a developing country. The work would benefit marketers devise their international marketing strategy and would give new insights into positioning a brand strategically in the developing world. The discussion is on the practice of Telenor, a Norwegian telecommunications company in Bangladesh, a South East Asian country.

Other than the commonly perceived utility of corporate reputation management and risk reduction, CSR can contribute to individual brand identity development. A company that integrates CSR in its business operations and strategies may increase sales and market share and strengthen the image and positioning of its brands. Communicating CSR activities is a way of strengthening a brand, but literature is not definitive as to the nature of CSR communication and few experimental studies have been undertaken to understand the overall impact where CSR is a major focus in advertising. Moreover, there are very few research studies undertaken in the context of developing countries involving large low income consumer groups conceptualized as Bottom of the Pyramid consumers whose understanding and perceptions toward CSR may vary from that of the developed world. The paper aims to fill in this gap.

Keywords

Bottom of the Pyramid; Advertising Effectiveness; Corporate Social Responsibility.

Introduction

Telenor, a Norwegian global telecommunications company, adopted several key strategies in penetrating a largely untapped mobile telephone market in Bangladesh, a developing country in South East Asia. Their strategy included focusing on consumers at the bottom of the economic pyramid and making an alliance with an internationally acclaimed Nobel Prize winning development (micro-credit) organisation, Grameen Bank (GB), adopting the local corporate name Grameenphone (GP). Making this alliance and capitalizing on the early mover advantage, GP has been able to project the image of a company dedicated to the social

good of the country. The success of GP's strategy is reflected in its superior business performance – it has become the market leader in the mobile telecommunications industry by a significant margin. GP's superior business model in alliance with GB is beyond doubt. What remains to be known is their ability to continue with their “socially good” image through communication of various corporate social responsibility (CSR) programmes that they undertake as part of their corporate strategy. The paper focuses on the advertising component of the communications mix and tests with the vast bottom of the pyramid (BOP) target audience its effectiveness while communicating CSR messages and to identify and generalise the way forward for companies as such in similar markets.

BOP Consumers and Marketing

More than 4 billion of the world population can be estimated as marginalised because of their very low income (below \$2 per day) and they constitute a \$5 trillion global consumer market (Hammond *et al.*, 2007). This population is spread all around the world with the majority of them living in Africa, Asia, Eastern Europe and Latin America and the Caribbean. The economic definition of a BOP consumer varies (Prahalad, 2009).

Although there were arguments for (Prahalad, 2009) and against (Karnani, 2007; Warnholz, 2007) it, many multinational companies started going for the “fortune” to be found among the BOP consumers. For example, Procter & Gamble (P&G) established a unique distribution system in Mexico in 2007 to sell small portions (sachets) of soap, laundry detergent, and single diapers. P&G started selling these via mom-and-pop type stores no bigger than a closet where 80% of the poor Mexican population used to buy their wares (Byron, 2007). In Africa, Unilever launched Annapurna Salt sachets of 100 to 500g, selling for as little as \$0.06 (Unilever, no date); Arogya Parivar in India by Novartis India (Pharmabiz, 2008) is another example.

Prahalad (2009) suggests that the BOP market is extremely brand conscious as well as value conscious by necessity. He elaborated that population at the BOP dream of a new and different quality of life and they expect good quality at a price that they can afford. Conversely, from an ethical perspective, Karnani (2009) explained that “romanticizing” the poor will not help the cause of poverty alleviation. He also mentioned that corporations, governments and non-profit organisations should take extra care to protect the BOP population. Further, he stated that marketing efforts must not be so aspiring for the BOP population that they shift their spending to non-essential products instead of spending regular amounts on their necessities or essentials (Karnani, 2009).

CSR and its Communication

Communication methods targeting different audiences are becoming increasingly important and strategic for any organization (Larsson, 1997). As perception of communication varies among the target audiences according to their socio-economic background, organizations look for a common ground to develop a communications strategy.

When it comes to CSR communication, many authors are of the view that we need to explore innovative ways of communication (Lindfeldt, 2006; Maignan & Ferrell, 2004; Takala, 1996). Whatever the business of the organization, ethical principles and good deeds are to be communicated to various stakeholders including consumers belonging to various socio-

economic groups. Mark-Herbert (2004) found that most of the companies have traditionally paid more heed to the fact that stakeholders make generalizations about the product and the company on the basis of perceived communication and previous experiences. Previous experiences like product offerings, brand experience, different activities and company profile all contribute positively or negatively towards understanding of the stakeholders. Unquestionably a strong brand is desired for the growth and success of the organization; however, it is vulnerable to influential stakeholders' negative verdict. CSR can benefit businesses but that must be intelligently crafted in the communication and in different initiatives to relevant stakeholders, especially the consumers (Maignan & Ferrell, 2004, 17). Our focus in the study is how companies like GP can develop their brands by CSR advertising among the BOP consumers. Advertising traditionally attracts a greater share of communications budget, so it could be a great opportunity and innovation to integrate brand advertising with CSR communications or vice versa.

It must be noted that devising marketing communication strategies for the BOP population, solely or along with other target groups, is challenging from the vantage points of ethics and literacy/comprehension. Corporations want to develop a good brand and corporate reputation to sell products to them while simultaneously trying to do well for society and the people. They want to highlight in their communications, e.g. advertising, the good things they are doing. But how the BOP market responds to such communications in developing economies is largely unknown in the available academic literature.

In an effort to fill in the gap, primary research was conducted with a view to analysing how BOP segments perceive GP's advertising with and without CSR messages. This will identify if there is any gap between the companies (e.g. GP) as such and the BOP consumers' perception of the brand and the corporate entity.

Methodology

Two types of advertisements of GP (and that of Banglalink (BL), the main competitor) were tested. In one case, social responsibility was the main message, while in another, social responsibility was not the main message. Moreover, there were questions before showing the advertisements and similar questions were asked after showing the advertisements so that the immediate impact the advertisements had on the consumers could be compared. It was also to understand the male and female consumers' receptiveness, comprehension, purchase intent, etc. after watching the advertisements. BL is included to minimize the effect of a brand and its creative execution that may make the results biased when trying to generalize the effectiveness of advertising in such contexts.

The advertisements being tested were chosen after preliminary exploratory focus groups with four groups of respondents where four different advertisements from each category were shown. There were on average seven to eight respondents in each focus group. By "category", the researcher means advertisements where social responsibility is the main focus and advertisements where social responsibility is not the main focus. The advertisements were chosen initially based on representation of the category and later based on general likeability in each category as it is a good indicator of advertising effectiveness. This preliminary exercise in choosing the advertisements was completed with a view to increasing the reliability and validity of the results that the quantitative study later on generated.

In this quantitative study, 122 respondents were considered, all of whom were from the BOP income group (Tk. 1,000-4,999, *Taka* being the local currency in Bangladesh – £1=Tk.

108.994 on 30 January 2010). The respondents were equally divided between male (50%) and female (50%). They were all in urban areas (in Dhaka) and their age was between 18 and 55 years. A structured questionnaire consisting of 19 questions on a Likert scale was tested before the final data collection process actually started. A stratified sampling approach was followed to identify the slum areas where the BOP population in Dhaka resides. After that, a systematic sampling technique was followed to select and talk to the participants. This was done to have a good representation of the target population from concentrated slum areas there.

The CSR-based advertisements tested had themes of patriotism, doing good for the common people and for the development of the country. The advertisements without CSR had the theme of mobile phones bringing people closer (father, mother and daughter). Both sets of advertisements worked on an affective level rather than a cognitive one.

Limitations of the study

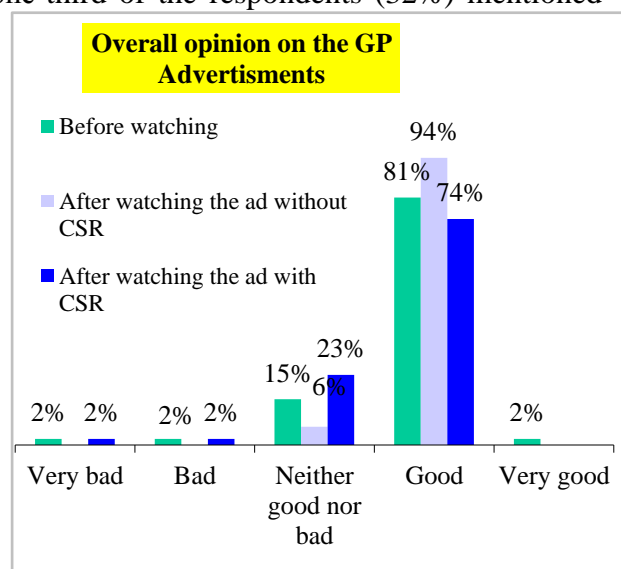
A larger sample size for different categories of respondents would have been better, but time was a constraint. Also, a number of advertisements in each category could be tested. For the questionnaire-based study, the advertisements were shown on a large-screen mobile phone and then responses were taken. Visual and poor sound quality due to mobile handsets is a limitation. On average, each questionnaire took more than an hour to finish. So, it limited the number of advertisements to be shown.

Analysis of Findings

Overall opinion: After watching the GP advertisement with CSR, 20% fewer respondents found it as good compared to the advertisement without CSR and before watching any advertisement from the interviewer (13%).

An almost identical percentage of respondents said that both the BL advertisements without (95%) and with CSR (92%) were good. Some difference between male (83%) and female (100%) respondents' opinion was observed in this case.

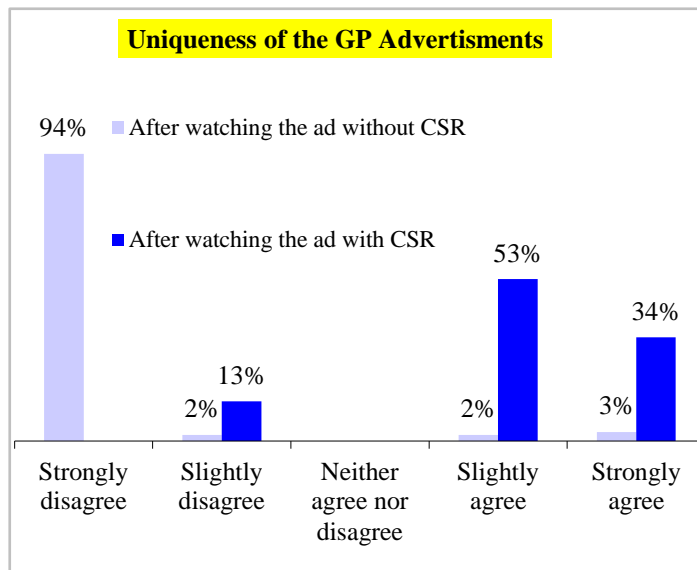
Main message: After watching the advertisement without CSR, two-fifths of the respondents (40%) said it “brings smile to people”; and one-third of the respondents (32%) mentioned reinforcement of relationship (father missing his daughter) as the key message. Opinions varied a lot between male and female respondents. More than half of the female (52%) respondents found that “bringing smile” was the key message whereas around half of the male (48%) respondents found that relationship was the key message. Variety in the opinion of male and female respondents was also observed in the case of the advertisement with CSR. More than two-fifths (42%) of the male respondents found that social development (working together to develop the country) was the key message



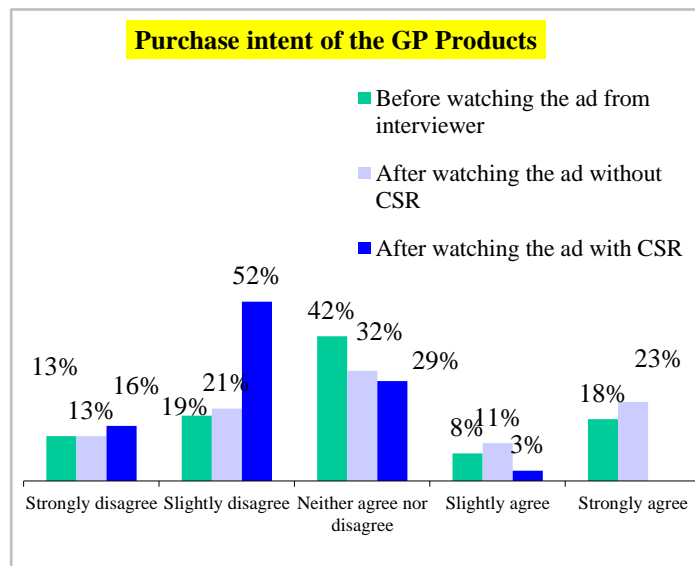
while a similar percentage (42%) of female respondents thought “bringing smile” was the key message. “Brings smile to people” has come in both the answers as GP communicate this message in both formats (with or without CSR).

Uniqueness: The majority of the respondents (94%) strongly opined that the advertisement without CSR was not at all unique. On the other hand, more than one-third (34%) of the respondents strongly agreed that the advertisement with CSR was unique and more than half (53%) of them replied that it was unique to some extent. More males (39%) than females (29%) found the GP advertisement with CSR completely unique.

Respondents differ in their opinion about uniqueness commenting on the BL advertisement without CSR (8%) and with CSR (70%). A good percentage of female (87%) and male (53%) respondents also differed in their opinion while describing the BL advertisement with CSR as unique.



Attractiveness: Almost twice the number of respondents found the GP advertisements with CSR (68%) attractive compared to the one without CSR (35%). More female (74%) than male (61%) respondents found the GP advertisement with CSR to be very attractive. A different response was found as a number of respondents found the BL advertisement without CSR (58%) and with CSR (55%) to be very attractive. In the case of BL advertisements, a difference was also observed when comparing male responses to the female ones.



Purchase intent:None of the respondents strongly intended to buy GP products after watching the advertisement with CSR and only 3% intended to an extent to buy. After watching the advertisement with CSR, more than half of the sample (52%) expressed their lack of intention to buy GP products. However, around one-fourth of the respondents (23%) expressed their positive purchase intent after watching the advertisement without CSR.

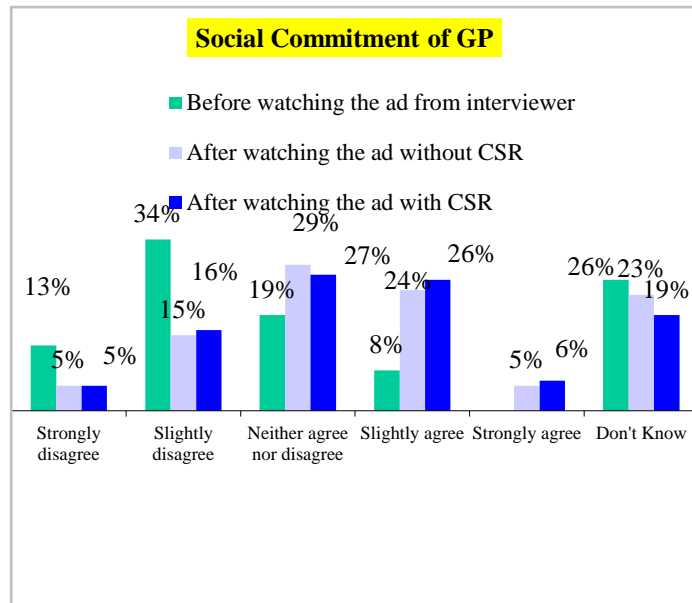
GP being socially committed: Before watching any advertisement, only 8% of the respondents slightly agreed that GP was socially committed. However, after watching the advertisements, a minimal effect can be observed in the case of advertisements without (29%) and with CSR (32%) messages. A minimal differential impact was observed for male and female responses as well. Only 5% more respondents commented that they thought BL was

socially committed after watching the advertisement with CSR compared to the advertisement without CSR.

Overall comment on GP product: “High call rate of GP” was mentioned by many of the respondents after watching both the advertisements without CSR (73%) and with CSR (84%) messages.

Overall comment on GP organization: When asked about the organization, the same product-related feedback was given, which is understandable as the

researchers were talking to a financially constrained target audience. Also, the company and the brand name being the same, there was some confusion in understanding the difference on the part of the respondents many of whom were not literate and had not had the opportunity to attend primary or secondary school. Once again, “GP should reduce the call rate” was the most common comment (90%) by all the respondents after watching both the advertisements without and with CSR messages.



There are differences in male and female responses in many cases but the overall opinion about CSR advertisements is not that good as compared to that of advertisements without CSR (for both GP and BL). Interestingly, they found CSR advertisement much more unique (for both GP and BL). On the criterion of attractiveness, GP with its strong CSR agenda received a positive response. The result was inconclusive for BL – probably because they were not that strong on the CSR agenda and it depended on consumers’ acquiescence and the advertisement’s creative execution element. Interestingly, purchase intent does not seem to increase as an immediate effect of exposure to CSR advertising. In fact, a large number of people are either not interested in buying the product or are indifferent. This could be due to BOP population’s price sensitivity and preoccupation with individual survival struggle rather than awareness of social commitment and issues. Many of them mentioned that the mobile companies should reduce the call rate. Again, interestingly, when asked about the social commitment of the company, CSR advertising always has a positive (though minimal) differential impact across all the spectrum of the Likert scale.

Conclusion

CSR advertising did well on criteria like uniqueness (highly differentiated), and to a degree in generating a positive image about the company’s social commitment. The major challenge lies in generating immediate purchase intent which may be a resultant factor of the overall opinion of the brand and the company. Issues like call rate may be inhibiting factors for the BOP consumer group no matter how socially responsible the companies are. International marketers need to take these 4P related issues into consideration when devising communications strategies incorporating CSR. They need to improve on the creation of purchase intent and in forming an overall positive opinion about the brand while

communicating CSR messages in advertising. This could be an area for further research. Also, it is relevant here to note that the study empirically confirms one of the assumptions of Prahalad that BOP consumers are both brand and value conscious by necessity. Tapping the low end market like BOP has far-reaching developmental and economic implications for the developing countries and the international marketers operating in them. BOP consumers are becoming more important as the world population increases and increased globalization generates more wealth but continues to divide the rich and the poor.

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