

# The Fortune at the Base of the Pyramid

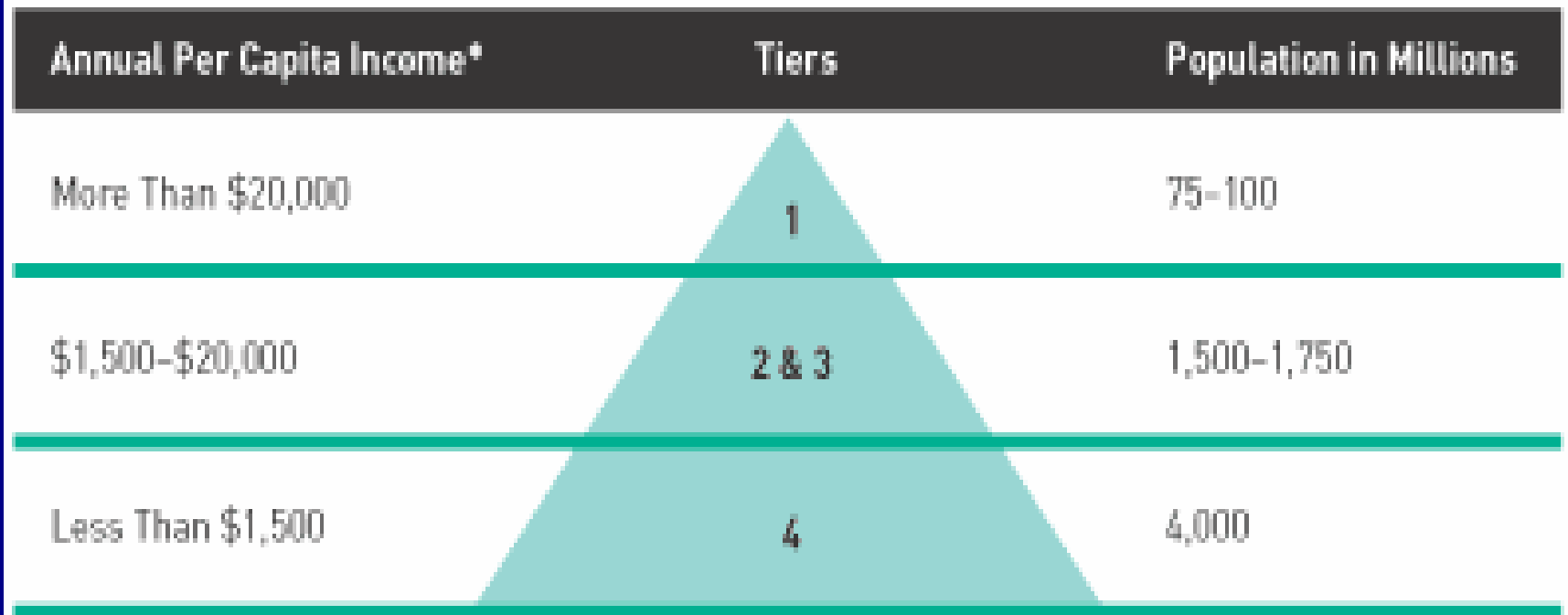
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# What is the Base of the Pyramid?

Exhibit 1: The World Economic Pyramid



\* Based on purchasing power parity in U.S.\$

Source: U.N. World Development Reports

Source: <http://www.changemakers.net/library/temp/fortunepyramid.cfm>

# An Opportunity and A Service

- An opportunity for the world's wealthiest companies to seek their fortunes and bring prosperity to the aspiring poor.
- Requires
  - Radical innovations in technology and business models.
  - Reevaluation of price-performance relationships for products and services.
  - Increased capital efficiency and new ways of measuring financial success.
  - Transformation of understanding of scale, from a "bigger is better" ideal to an ideal of highly distributed small-scale operations married to world-scale capabilities.

# Innovation Creates Opportunities

## Exhibit 2: Innovation and MNC Implications in Tier 4

Drivers of Innovation	Implications for MNCs
Increased access among the poor to TV and information	Tier 4 is becoming aware of many products and services and is aspiring to share the benefits
Deregulation and the diminishing role of governments and international aid	More hospitable investment climate for MNCs entering developing countries and more cooperation from nongovernmental organizations
Global overcapacity combined with intense competition in Tiers 1, 2, and 3	Tier 4 represents a huge untapped market for profitable growth
The need to discourage migration to overcrowded urban centers	MNCs must create products and services for rural populations

# New Strategies

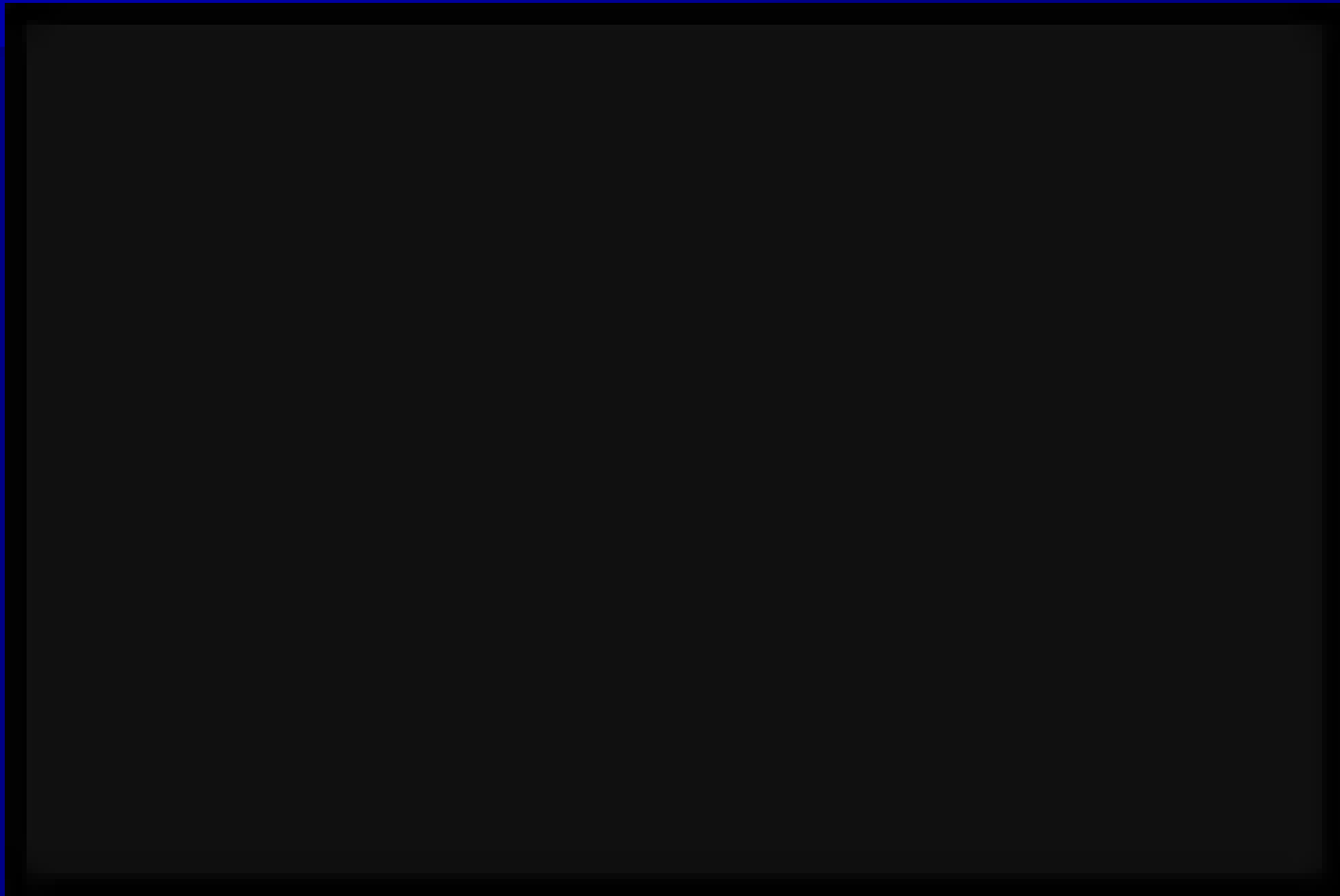
## Exhibit 3: New Strategies for the Bottom of the Pyramid

Price Performance	Views of Quality
<ul style="list-style-type: none"><li>• Product development</li><li>• Manufacturing</li><li>• Distribution</li></ul>	<ul style="list-style-type: none"><li>• New delivery formats</li><li>• Creation of robust products for harsh conditions (heat, dust, etc.)</li></ul>
Sustainability	Profitability
<ul style="list-style-type: none"><li>• Reduction in resource intensity</li><li>• Recyclability</li><li>• Renewable energy</li></ul>	<ul style="list-style-type: none"><li>• Investment intensity</li><li>• Margins</li><li>• Volume</li></ul>

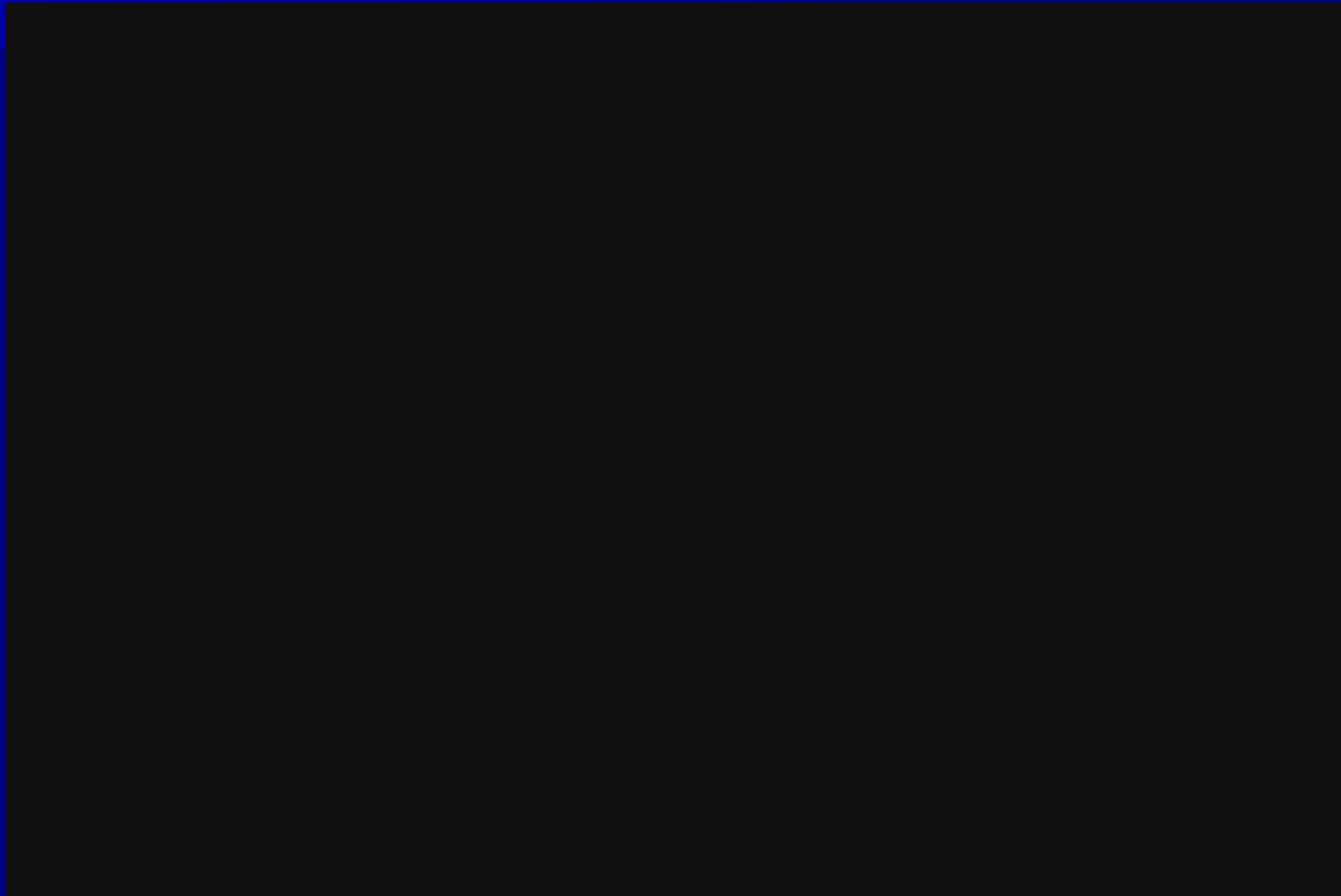
# Recipes for Success

- Examples
  - Jaipur Foot
  - EID Perry
  - CEMEX

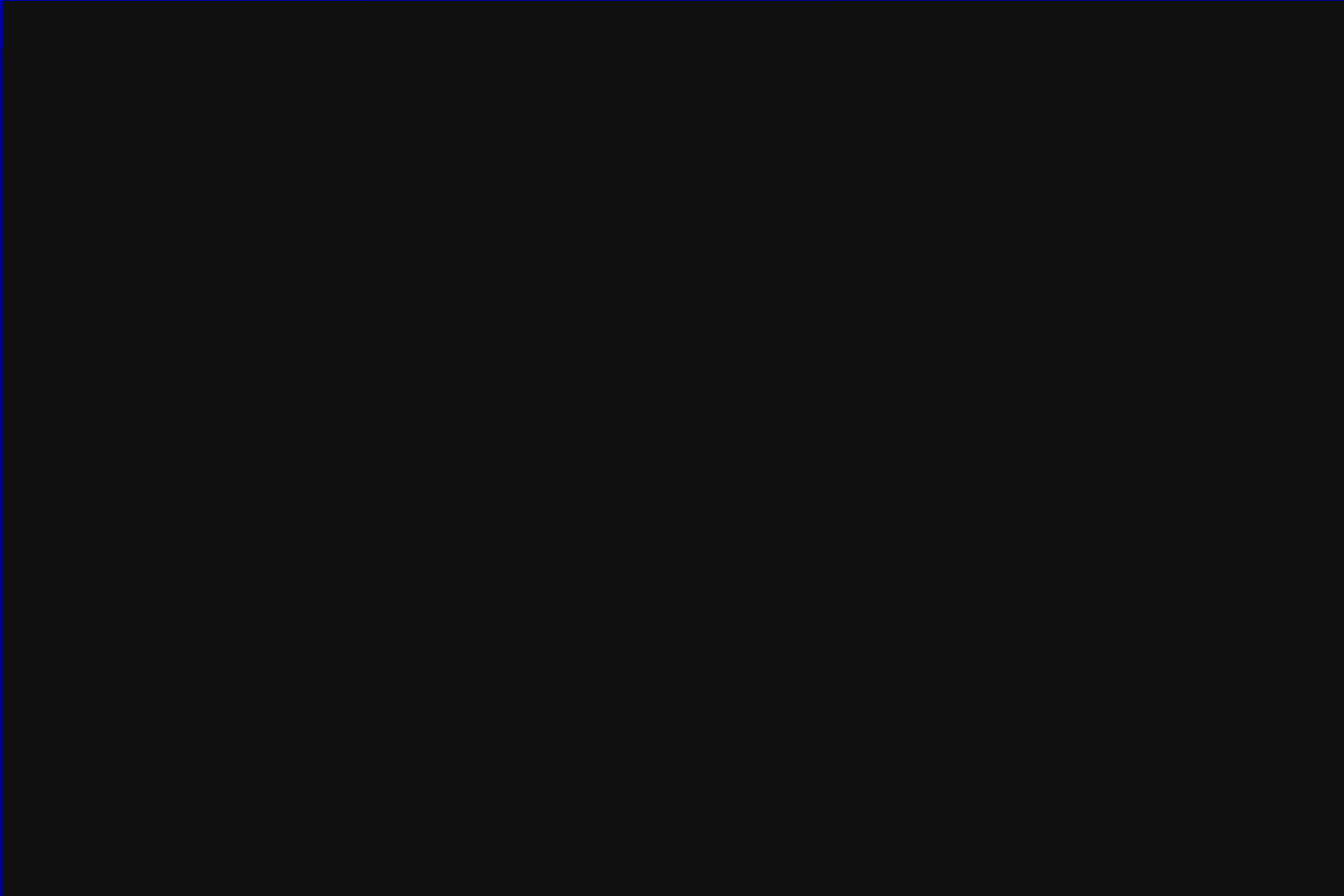
# Jaipur Foot



# EID Parry



# CEMEX



# Creating Soy Foods Businesses to Serve this Market

- Integrate soy into existing food production and supply chain
- Product development
  - Serve a real need
  - Perceptible benefits
  - Consumer awareness
- Manufacturing
- Distribution
- Price
- Low investment required