



# **Base of Pyramid Business Models**

**Geschäftsmodelle die Armut mindern**

***Entwicklung findet Stadt***

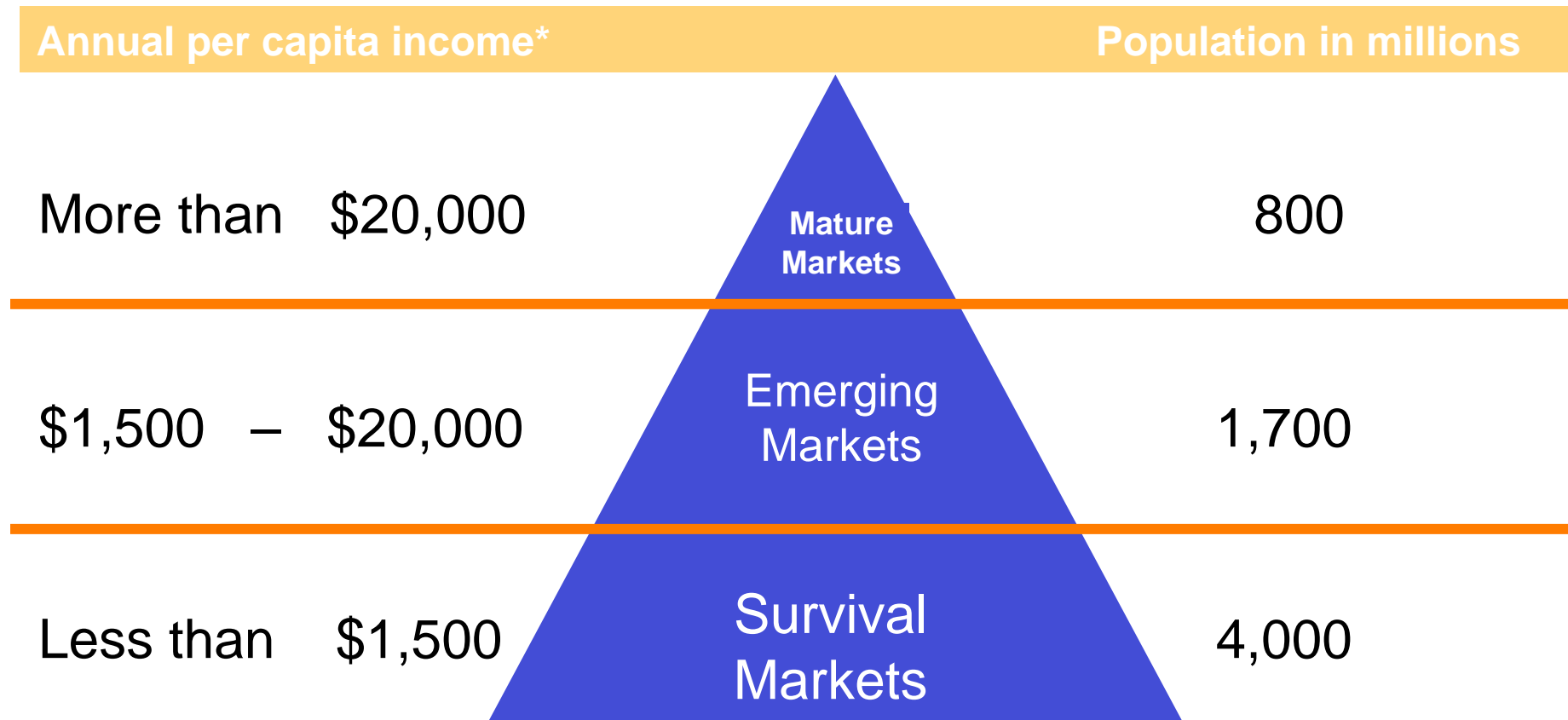
***Wien, May, 2009***

May 2009

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# Base of the Economic Pyramid:

## Business Opportunities with the Poor in Nutrition



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

Source: U.N. World Development Reports.

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# **Base of the Economic Pyramid:**

## **Business Opportunities with the Poor in Nutrition**

- **Two-thirds of world population is at BOP with 1 or 2 \$ income (nom) per day**
- **4–5% annual growth over next decade (GDP)**
- **Those in dire poverty will drop 30–40%**
- **BoP is becoming aware of many products**
- **Investment climate becoming more hospitable**
- **BoP represents *a multi-trillion dollar* market**

# Base of the Economic Pyramid:

## Business Opportunities with the Poor in Nutrition

BOP market—\$5 trillion

TOTAL BY INCOME SEGMENT

BOP3000



BOP2500



BOP2000



BOP1500



BOP1000



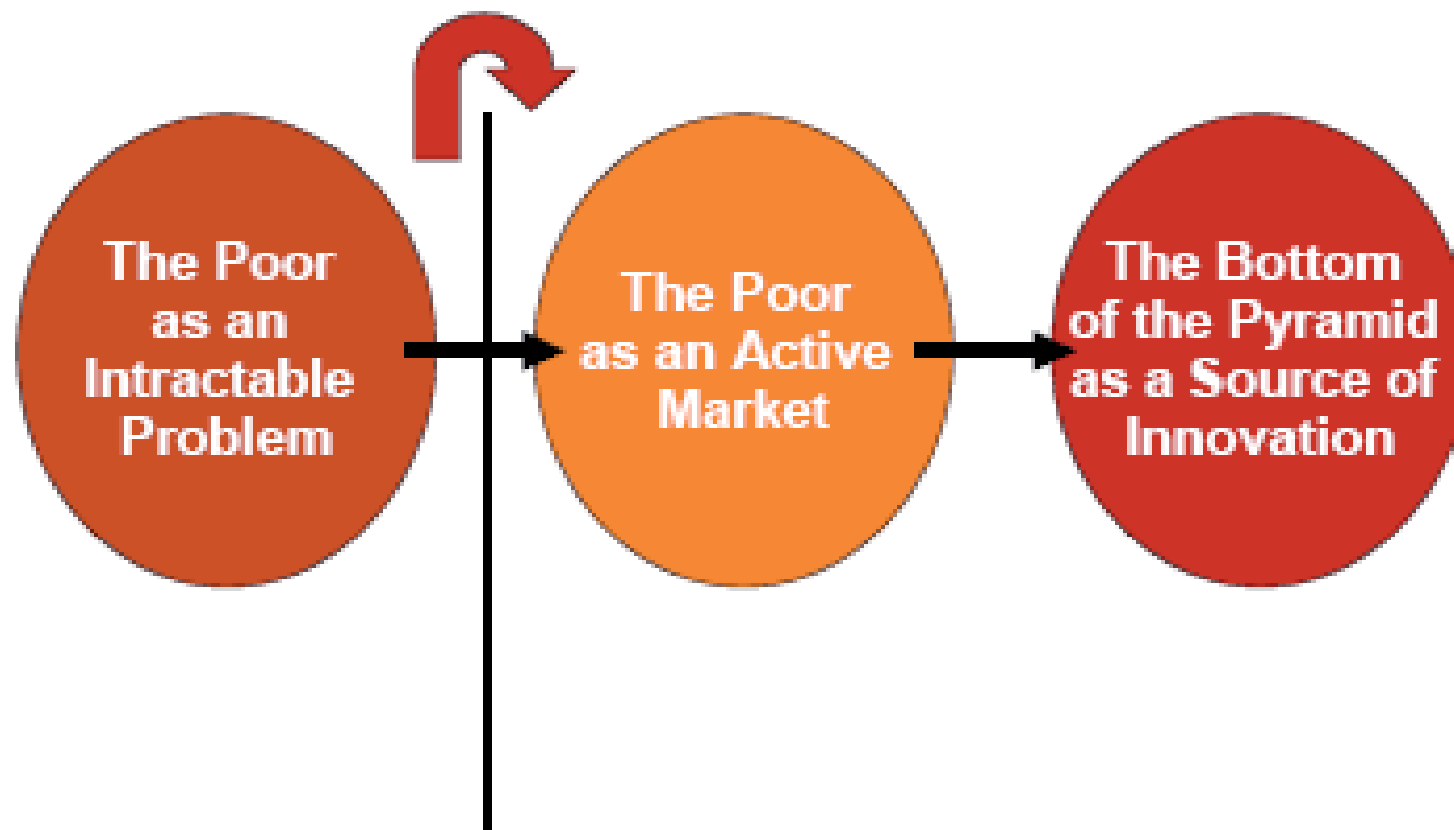
BOP500



# Base of the Economic Pyramid:

## Business Opportunities with the Poor in Nutrition

The Needed Shift in Mindset



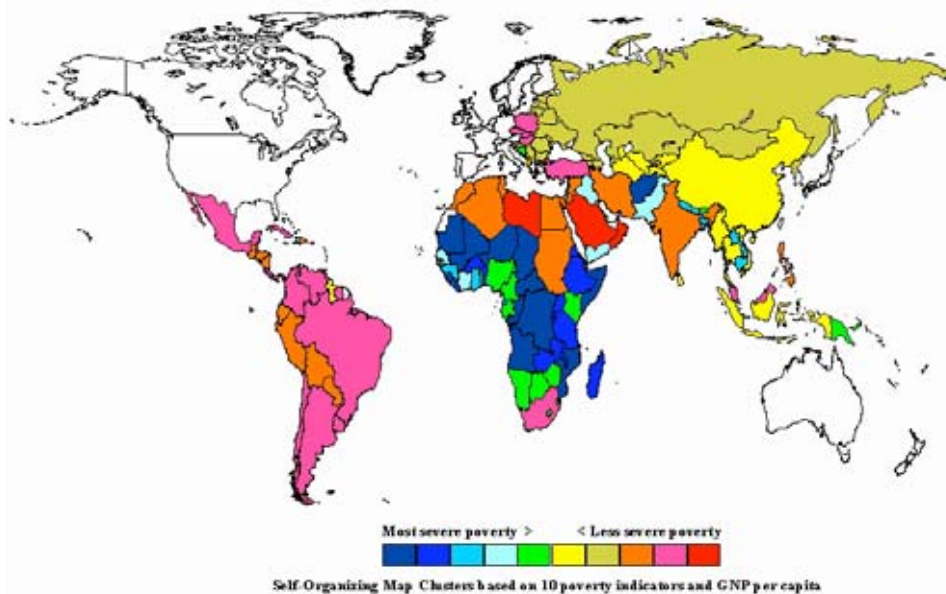
Source: C.K. Prahalad, "India as a Source of Innovations," 30 September 2005

# Base of the Economic Pyramid:

## UN Poverty Map and Hunger Map

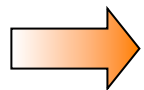
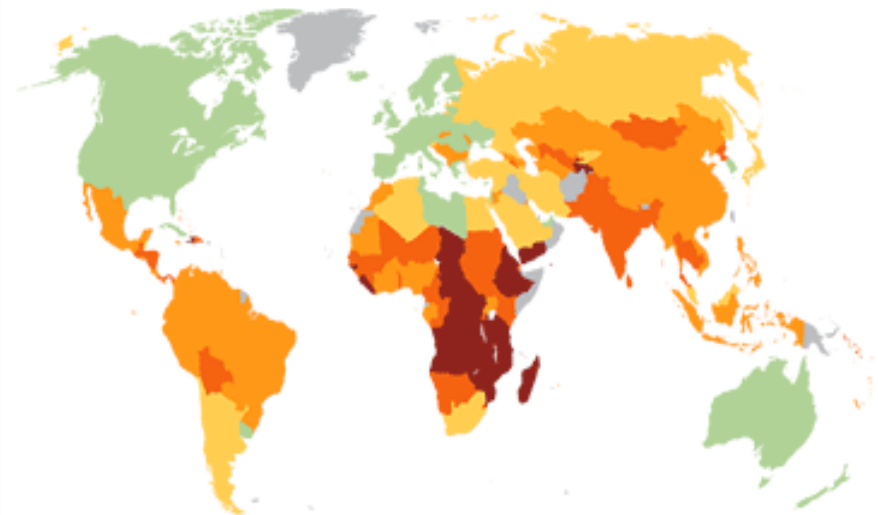
### World Poverty Map

Based on Multiple Poverty Indicators



### World Hunger Map

Based on Multiple Poverty Indicators



BoP/poverty regions are similar to the malnourished

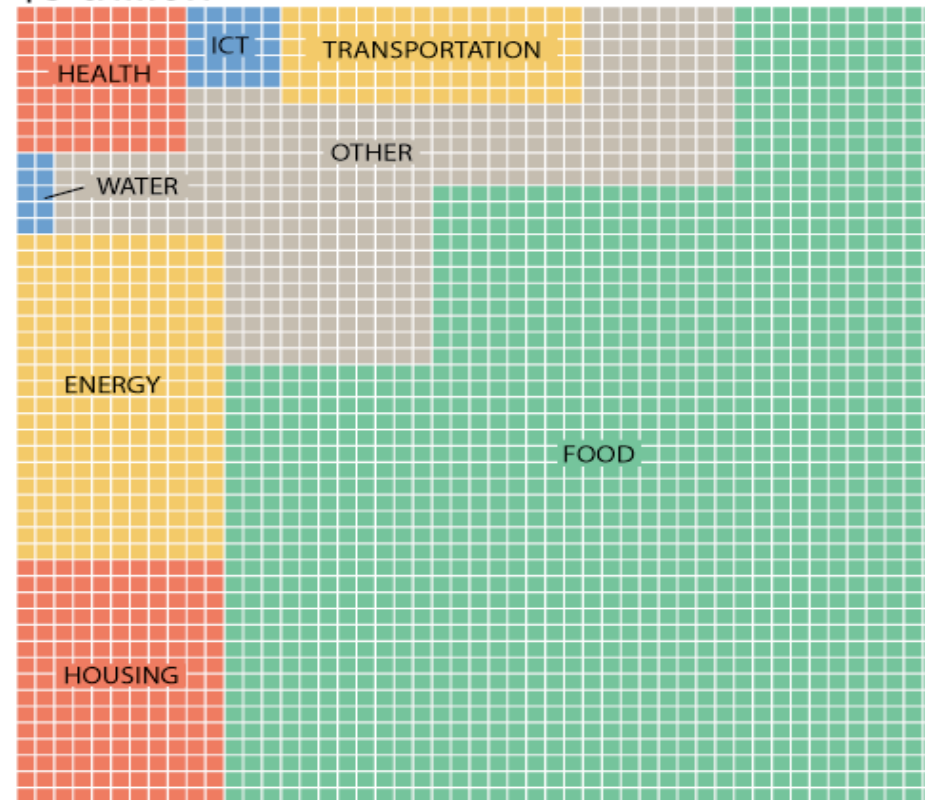
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# Base of the Economic Pyramid

## Demand for Solutions at the BoP

Estimated BOP market by sector  
\$5 trillion



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# **Base of Pyramid Business**

## Models and Examples

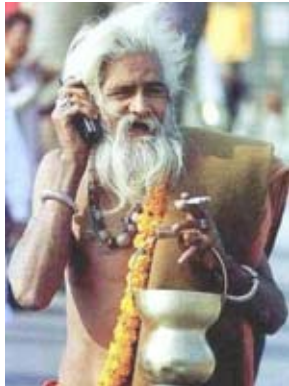
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# Base of the Economic Pyramid:

## Case Studies and Learning from other Sectors



Mobile Phones:  
Dust-resistant  
Anti-slip grip/pad  
*10-40 USD*



Portable PC:  
No hard drive, flash disk  
Wireless Broadband  
Rechargeable batteries  
*100 USD*



Hindustan Lever:  
Coated Soap for River Laundry  
Single-use Sachet Shampoo

Hindustan Lever Limited



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# Base of the Economic Pyramid:

## Case Study Food Fortification



Groupe DANONE

Price: € 0,06 per 90g cup

Cup: Bio-Degradable (BASF)

Nutrients: BASF

Strategy: Market Entry backed by profitable products, decentralized, HQ-driven

Production: Small and local

Supply: without cooling chain

Distribution: 'Danone Ladies'

Financing: Grameen Bank -> loans for distribution trolleys

Strong COM benefits for brand



Danone DREAM Project  
(Bangladesh)

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# Base of the Economic Pyramid:

## Case Study Food Fortification

### Success Factors Dream Project:

- Affordability
- HQ commitment
- Cultural sensitivity
- BoP adequate distribution that creates exclusive access to BoP
- Market-based
- Cost-effective
- Partnerships (GAIN, BASF)
- Follow-up products
- Long-term perspective



Danone DREAM Project  
(Bangladesh)

# Base of the Economic Pyramid:

## Business Model

### Six Principles

1. Affordability
2. Pro-Poor Value Added
3. Culturally Acceptable
4. Business Case
5. Partnerships
6. Scalable

# Micronutrient Malnutrition Challenges and Solutions for the BoP

## Products from Africa: Oil, Milk and Margarine



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Corn flour – Brazil  
Fortified with vitamin A,  
other vitamins and iron

## Margarine – Argentina

Fortified with vitamin A, D,  
calcium and zinc



## Cooking oil – Vietnam

Soya and canola oils  
Fortified with vitamin A, D, E

## Fortified Rice – Japan

Fortified with vitamin A



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# **Public-Private-Partnerships**

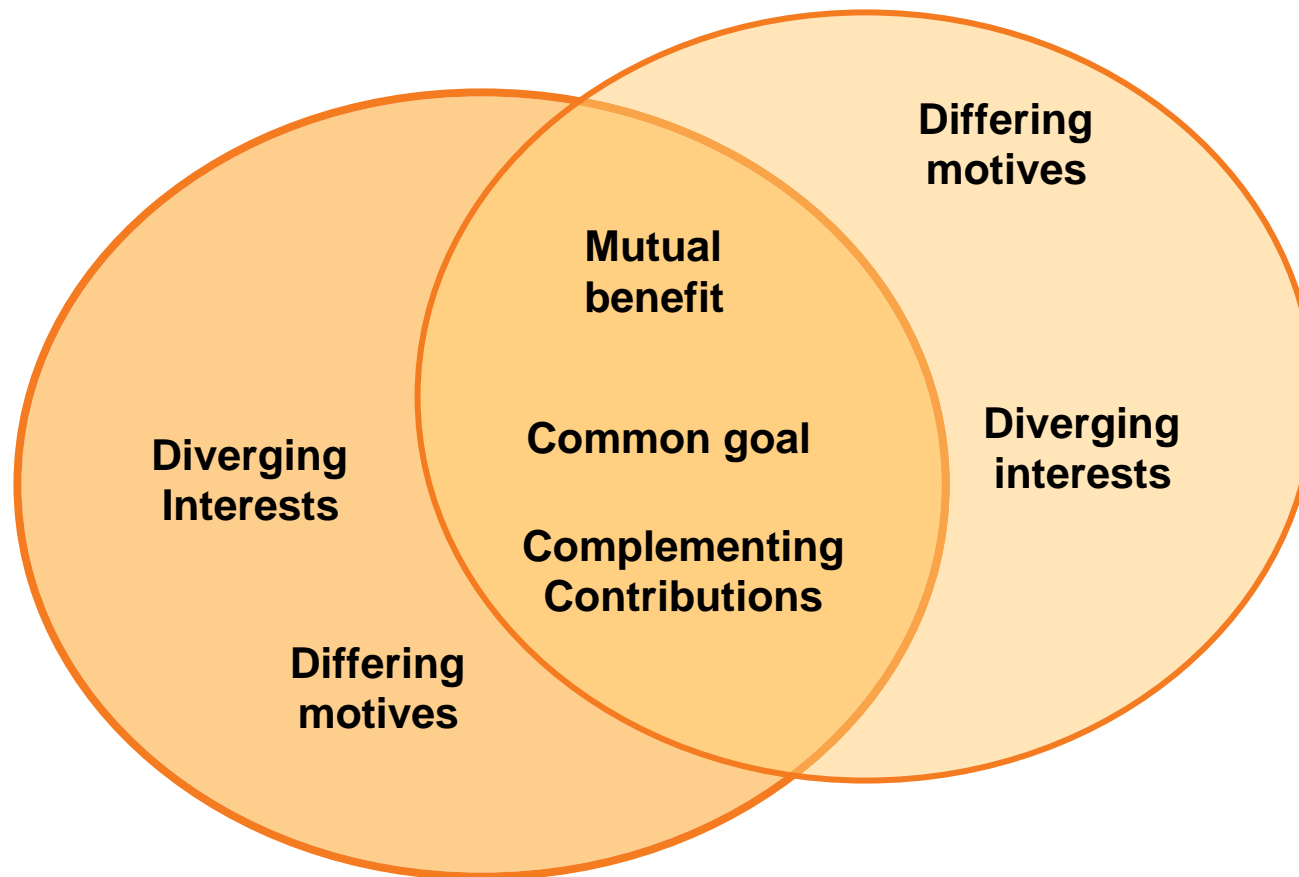
## Principles and Experiences

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# Public Private Partnerships

## Engagement Model with Partners





# Public Private Partnerships

## Do's and Dont's

### Do...

- ...find complementary partners
- ...allow mutual benefits
- ...tolerate diverging interests
- ...understand partners agenda
- ...and organizational culture
- ...ensure good information management
- ...give full support to project champion
- ...but engage experts, where available
- ...think in win-wins
- ...be patient
- ...think out of the box
- ...institutionalize partnerships
- ...spread the good results

### Don't...

- ...involve too many partners
- ...build on too complex models
- ...create dependencies
- ...become obsessed by financial issues
- ...form fractions in a partnership
- ...expect quick results
- ...go public with problems
- ...underestimate communication
- ...forget to formalize consensus
- ...discourage learning from mistakes
- ...forget the business case
- ...miss opportunity to replicate success



Thank you for your kind attention



Kenya Logo for  
Fortified Foods

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