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## Innovation and Creativity at the Bottom of the Pyramid

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### ABSTRACT

#### Purpose

The purpose of this study is to illustrate how innovative and creative companies develop products and services at the bottom of the economic pyramid (B.o.P) markets. This paper attempts to gain further insight regarding the usage of the 4A perspective developed by Anderson and Billou (2007) and the Triple Bottom Line (TBL) framework developed by Elkington (1999) as guidelines to achieve success in BoP markets.

#### Design/methodology/approach:

The authors of this paper come from three different countries (Sweden, Norway and Belgium), which gave a possibility to gather qualitative data from companies located or founded in these three countries. The 4A's perspective and the TBL framework is used as a theoretical foundation to further investigate the phenomenon regarding how western companies act on B.o.P markets. Thus, this paper attempts to answer the following research questions: How can (social) entrepreneurs (or any companies) adapt the 4A perspective to introduce disruptive innovations and still, with the help from the TBL framework, maintain their sustainable, responsible and ethical approach? Additionally, how can the mind-set of innovation and creativity at the bottom of the pyramid in developing markets be transferred to social entrepreneurs in developed markets? Primary data was gathered through interviews with Solvatten (Sweden), MicroStart (Belgium) and Easypaisa (Norway).

#### Findings:

The 4A perspective was proven to be an effective tool while approaching B.o.P markets. Companies must think outside the box of traditional marketing and be creative, to achieve their goals. In dynamic markets, a company will struggle to keep up with all constraints. The case companies struggled most with acting sustainably while achieving profitability.

#### Research limitations/implications:

To further validate the results, the sample size should be bigger including several different companies and informants.

#### Originality/value:

This paper contributes to the literature of the already-established 4A perspective and the TBL framework by providing in-depth research, by investigating companies and their operations from three different countries (Sweden, Norway and Belgium). To our knowledge no prior case studies have been conducted in these countries.

### Keywords:

Bottom of the Pyramid (B.o.P), 4A perspective, Triple Bottom Line (TBL), disruptive innovations, creativity, Solvatten, MicroStart, Easypaisa

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### 1. Introduction

The Bottom of the Pyramid (the B.o.P) is a segment

consisting of more than four billion people, who are living on less than two dollars per day. The segment cannot be described deeper since the participants come from different countries, cultures and therefore have

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unique needs, behaviours, attitudes, priorities as well as preferences. Each country's city. This creates barriers, which can lead to heterogeneity within the segment. However, the segment accounts for five trillion dollars in purchasing power, which implies that there is a market in serving the world's poorest. The market, which itself consists of multiple markets, is unorganized and fragmented, which is one of the many challenges companies face when they try to penetrate those markets. B.o.P markets are often being ignored by bigger firms, due to their complex nature, which is why companies need to know more about the dynamics of those unserved markets. Countries that belong to the B.o.P market are underdeveloped and characterized by poverty; some countries in Asia such as India and Vietnam, many countries in Africa and some countries in Latin America. When companies sell to this market, the ethical dilemma seems to be unavoidable, since achieving profits out of customers who have little or hardly any money just does not seem right (Prahalad, 2012). Prahalad and Hart (2002) state that B.o.P markets present enormous business opportunities, especially for multinational companies as there is a possibility of converting B.o.P markets into profits due to the billions of potential customers joining commercial markets for the first time. Due to the large size of these untapped markets, B.o.P markets collectively counts as a multi-trillion-dollar industry. (Karnani, 2006) In general, companies that focus solely on their main market employ sustaining innovations in contrast to disruptive innovations. Disruptive innovations can be in forms of both technology and business models (Kandachar, 2009).

Disruptive innovations describe a product or service which take root in simple applications in the bottom of a market and moves relentlessly up the market, before it displaces its established competitors and in some cases, creates a new market. Most organizations end up providing products or services that are too expensive and sophisticated for many customers in their existing market, like B.o.P markets. By charging high prices to their most demanding customers at the top of the market, they also open the door to disruptive innovations at the bottom of the market. This may allow consumers from B.o.P markets to access a product or service that originally was aimed to consumers with higher purchasing power. The B.o.P can present a potential new market for companies to successfully employ disruptive innovations. The main drivers for the up-rise of the B.o.P and the need for disruptive innovations have been listed by Prahalad and Hart (2002): people in the B.o.P have increased information access, multi-national companies (MNCs) can be supported by non-governmental organisations (NGOs) due to gradual withdrawal of international aid, competition at the top of the pyramid is intense, and, by serving B.o.P markets MNCs can prevent people from migrating to urban areas - which would make the potential customers even more difficult to find.

Because of the opportunities created by the drivers of the B.o.P it would be beneficial for companies to know how they can penetrate B.o.P markets and conquer the ethical dilemma of charging consumers that have little or hardly no money at all. Companies therefore need to know how to make their product or service available, affordable, acceptable and how to create awareness about

the offering. Penetrating B.o.P markets by caring for the environment, the people, and at the same time make profits, requires creativity from the company. People, planet and profits - also called the Triple Bottom Line (TBL). The TBL framework is developed by John Elkington (1994) and the framework considers the financial health of an organization, as well as the social and the environmental impact. The creativity that innovators in B.o.P markets use could also be transferred to developed markets, but companies do not have enough knowledge on how to do so, since previous research in this field has not had the viewpoint used in this paper. The 4A's perspective is a marketing tool used in this paper to comprehend how companies design their offerings to answer the needs and wants of a specific market. When using the 4A's perspective, the focus is on the consumer rather than on the product itself. That is what makes it a particularly relevant tool for analysing B.o.P. markets, where consumers differ greatly from one market to another. (Anderson and Billou, 2007)

The purpose of this paper is to describe how companies can make their offering available, affordable, acceptable and how companies can make potential customers aware of the offering. This was undertaken by investigating three companies which have penetrated B.o.P markets and have managed to establish business there. Furthermore, this paper aims to give managerial implications for companies in need of more information about how B.o.P markets can be penetrated and how this method could be transferred to developed markets. The aim is to answer the following research questions (RQs):

*RQ1: How can (social) entrepreneurs (or any companies) adapt the 4A perspective to introduce disruptive innovations and still maintain their sustainable, responsible and ethical approach?*

*RQ2: How can the mind-set of innovation and creativity at the bottom of the pyramid in developing markets be transferred to social entrepreneurs in developed markets?*

## **2. Theoretical framework**

To introduce new products and services, and successfully maintain their position in B.o.P markets, companies must consider vast differences that occur between B.o.P and developed countries. With an emphasis on the 4A's perspective and the Triple Bottom Line (TBL) framework, the authors present ways in which companies can achieve sustainable and profitable success. As an addition, a definition of disruptive innovations, creativity and social entrepreneurship is given to achieve clarity among the several different definitions.

### **2.1 Disruptive Innovation and Creativity**

The dilemma regarding the actual definition of disruptive innovation has raised a lot of discussion and misunderstandings (Markides, 2006). According to Thomond and Lettice (2002) a disruptive innovation is something that is revolutionary in its nature and therefore, the product or service eventually shakes the conventional market. It allows a whole new segment of consumers to access a category of products or services,

which were exclusively accessible to wealthy or skilled individuals prior to the disruptive innovation. As Danneels (2004) states, the whole topic requires comprehensive exploration and needs to be investigated further. Furthermore, Markides (2006) emphasizes that very unclear understanding regarding the concept is prevailing. To clarify the prior definition, Schmidt and Druehl (2008) argue that a disruptive innovation is an innovation that is introduced from the bottom and up, causing anomalies in the market. To further investigate the phenomenon, the concept of creativity will be defined; creativity, according to Maley (2003) is a collection of ideas rather than just a word with a synonym. It is described as creating something new, using old things or ideas in new ways, finding connections that are new or bringing exciting surprises to someone (Maley, 2003). It is therefore not sufficient to “think outside the box”, the result of the thought process must create value for someone. The literature on creativity has throughout the years offered several ways to look at the concept. Barron (1955) tried to define creativity as something that must be original and effective. One of the latest attempts to give an updated definition of creativity was made by Corazza (2016), who emphasizes that creativity does not have to be original and effective, rather it is “possible” that creativity is original. As comprehensive research has been made regarding the attempts to define what creativity is, authors like Simonton (2016), has argued that to understand what creative ideas are, people should understand what creativity is not. Thus, creativity means to do something in a way it is not normally done, since doing something the normal way will not work out. Creativity could be concluded as a mind-set referring to thinking outside the box of normalities and finding new ways of doing things, while providing value, i.e. being creative.

## **2.2 Social Entrepreneurship**

Recently increasing international attention has been given to social entrepreneurship, in literature (Chell, Nicolopoulou & Karatas-Özkan, 2010). Dees (1998) emphasised the confusion that comes from the concept of social entrepreneurship. People started using the concept to describe how not-for-profit (NFP) firms started business ventures with an aim to make profits. Zahra, Gedajlovic, Neubaum and Shulman (2009, p.1) defined social entrepreneurship as:

*“Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”.*

To give a further understanding regarding social entrepreneurship, Shaw (2004) described it as the work done by people and organizations that are thriving towards better societies - not only for financial reasons. Christie and Honig (2006) stated that due to the rapidly emerging field of social entrepreneurship, several major concerns regarding the conceptualization and its definition have occurred. This is due to the broad usage of the concept “social entrepreneurship” in various

settings including entrepreneurial firms, NFP organizations and the general public. Even though the usage of the concept is relatively new, social entrepreneurs have existed for a long time. As Dees (1998 p.1) stated:

*“The language of social entrepreneurship may be new, but the phenomenon is not. We have always had social entrepreneurs, even if we did not call them that. They originally built many of the institutions we now take for granted”.*

Weerawardena and Sullivan Mort (2006) brought up the fact that most literature considering social entrepreneurship occurs within nongovernment NFPs. Therefore, the authors of this paper, emphasised the importance of understanding the role of for-profit organizations as social entrepreneurs. As Wallace (1999) suggested, all social enterprises exercising for-profit activities to support NFP activities can be viewed as social entrepreneurs. Thompson (2002) expanded this to firms aiming for profits with some commitment to do good, set up for a social purpose and operating as a business.

## **2.3 The Triple Bottom Line**

To gauge the sustainability of a company, the Triple Bottom Line (TBL) accounting framework will be used. The TBL was developed by John Elkington (1994) and accounts for both the financial health of an organization, and the social and environmental impact; referred to as the 3P's: profits, people and planet. A nominal figure cannot be put on all economic, environmental and social variables that may be affected by an organization or a project. Therefore, the measurements used in the TBL do not share a common unit. The choice of indicators used in each of the 3P's will vary from one organization or project to another. This further depends on the nature (business, non-profit, government, etc.), the domain of activity and the geographical location. Economic (**profit**) measurements should include variables relating to the financial balance of an organization or project: income, expenditures, and factors that may influence those (e.g. taxes and employment). Environmental (**planet**) measurements should include variables that reflect the impact that an organisation or project has on natural resources. These can include the impact on air and water quality, energy and land use and emissions. Social measurements (**people**) should include variables that reflect impact on communities or villages; in terms of what the company does for the people living there. (Slaper and Hall, 2011)

## **2.4 The 4 A's**

The 4A's perspective is an approach born as a complement to the traditional marketing mix (the 4P's). The former is more consumer-oriented, with a focus on providing the customers with the four essential values they seek: availability, affordability, acceptability and awareness; the latter is more product-oriented. A company must adapt the four criteria to their target market to be attractive to consumers. The criteria are especially useful to design an offering to B.o.P markets, in which customers' needs, budget, location and access to marketing channels differ drastically from those of a

person in a developed country. Local specificities often make it impossible for a product designed for a developed market to simply be sold as it is to B.o.P consumers. Furthermore, the product and marketing strategies associated with it must be redesigned to fulfil the 4A's for each developing market. Creativity is key to tailor the offer to the specific needs of consumers in a specific market, which is further assessed through the 4A'S perspective. Since many consumers in B.o.P markets do not have access to products and services that are being taken for granted in developed countries, there is room for disruptive innovations where the 4A's can be properly and creatively applied. (Anderson and Billou, 2007) The 4A's will hereunder be defined and each A will be described with a focus on how they can be applied to ensure successful penetration to B.o.P markets.

**2.4.1 Availability**

According to Sheth (2012), availability can be defined as the extent that customers can acquire and use a product. Failure to meet this criterion will lead to a rejection of the product, due to its scarcity or complete absence in the target market, or because of practical difficulties when customers buy. In developing markets, finding or setting up proper distribution channels is a major hurdle to overcome to bring the product to the buyer, mostly since the state of the infrastructure is inadequate. A significant part of B.o.P markets are in rural areas - which makes it crucial to develop a proper supply chain to gain access those in remote locations. Commercial harbours and airports, an efficient railroad network and well-maintained roads are crucial means to distribute goods, but traditional distribution channels cannot be relied upon when attempting to reach geographically isolated segment of consumers. The company must establish an efficient distribution strategy in order to deliver their offering while minimizing the impact on the price. (Anderson and Billou, 2007)

**2.4.2 Affordability**

Affordability can be defined as the consumer's ability and willingness to pay the price for the product (Sheth, 2012). Failure to provide affordability will lead to rejection of the product since it is too expensive to fit consumer's monthly budgets, or deemed as such by consumers. A typical B.o.P consumer lives on less than 2\$ per day and hardly has savings to spend; the consumer spends most of the income on food and survival. It is therefore crucial to offer products at a very low price to reach the largest possible portion of the market. A redesign of the product will often be necessary (e.g. selling smaller and more affordable packages), as the price needs to be decreased drastically compared to similar offers in a developed market. Profitability will be achieved by high turnover - by reaching many people. (Anderson and Billou, 2007)

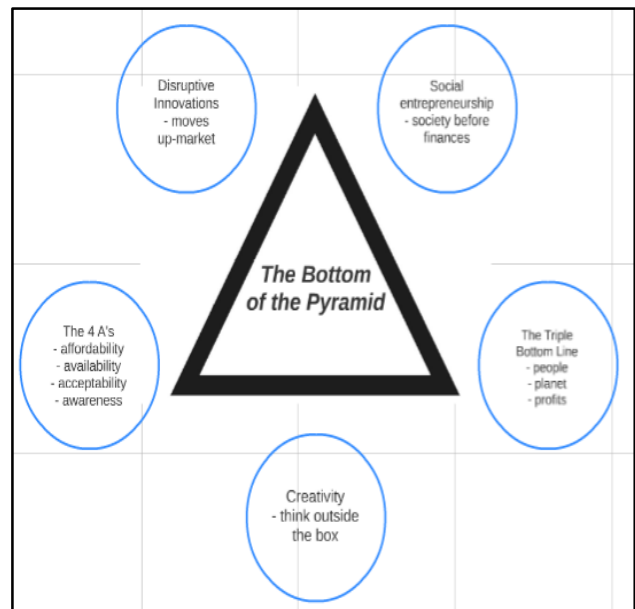
**2.4.3 Acceptability**

Sheth (2012) defines acceptability as the extent to which a product reaches the consumer's expectations. Failure to achieve product acceptability will lead to rejection as it does not fit local tastes or cultural specificities, or does not fit with existing business practices. Practical and cultural considerations impact the way a product is used or consumed and greatly

varies from one developing market to another. As an addition, business models to which consumers are accustomed to are very different from one region to another. Thus, a successful offering in developed markets might not be as successful in the B.o.P and vice versa. It is therefore, crucial for a company that wants to enter such markets to conduct in depth research on their potential customers to understand their habits, with regards to the product category. Companies may have to tailor the offerings and adapt the products to each market, or they may need to educate customers on how to use the product so that it can be understood and accepted as intended by the company. (Anderson and Billou, 2007)

**2.4.4 Awareness**

Awareness is defined as the extent to which a customer gains knowledge about a product's existence and characteristics, and is incited to try it as well as reminded to purchase it (again) (Sheth, 2012). Failure to promote awareness will lead to rejection of the product due to lack of visibility. Access to modern media is not guaranteed in all parts of the developing world, since televisions and computers with an access to internet can be a rare sight. It will therefore prove unsuccessful to advertise products through these channels. For example, setting up advertising signs in gathering points such as stores and on the side of roads, and hiring brand ambassadors that will advertise the product by word of mouth will prove far more efficient as they will reach a far greater public. Advertising must fit local specificities to ensure proper visibility of the product. The local language, culture, religion, laws and regulations should be considered to create awareness. (Anderson and Billou, 2007)



**Figure 1. Theoretical Summary**

**2.5 Theoretical Summary Discussion**

Companies face several challenges when attempting to penetrate B.o.P markets. These challenges include the difficulties to get the products to the people living in



rural areas, how to ensure that people in countries with a very low GDP per capita can afford to buy the products; how companies can overcome the possible liability of foreignness and how will the companies make their products visible so that people get information about them. As an addition to achieving profits a company can ensure its sustainability by having a positive impact for the people in B.o.P countries, and by focusing to keep the planet safe (e.g. reducing emissions). Based on the previous literature the authors developed the B.o.P penetration model (picture. 1), which illustrates the framework, perspective and concepts used in this study. The B.o.P penetration model will further help the authors answer the research question and it harmonizes the 4A and TBL framework, disruptive innovations, social entrepreneurship and creativity.

### **3. Methodology**

This research followed qualitative design, which according to Bryman and Bell (2013, p.411) is a design that aims to describe contexts and give a deeper understanding of a subject. Qualitative studies have some negative aspects; there is a risk for subjectivity, low scores on replicability and generalizability, there is also a risk for low transparency in the methodology (Bryman and Bell, 2013, p.417). The first three are results of comparisons made between quantitative and qualitative studies, which means that since the two types of researches are designed differently due to different goals, they also have different advantages and disadvantages. By acknowledging the negative aspects however, the writers of this paper minimized the negative effects; by not involving their own thoughts to maintain objectivity and by keeping the methodology transparent so that the reader could understand how the research was planned and executed; both transparency and replicability were therefore heightened in this paper. To generalize the results, the writers recommend that the findings should be confirmed in future studies using quantitative study design. The main advantage with qualitative studies is that researchers get more in-depth information which can be analyzed and used to provide both researchers and practitioners in the field with a deeper understanding; which is the main argument for the research design chosen in this study since that relates to the paper's purpose.

#### **3.1 Data Collection**

The data was collected through interviews with leaders from the three chosen companies. The interview questions were developed to function as guidelines since they had to be adapted to each company, due to differences between the companies' innovations. The interviews were semi-structured, which according to Bryman and Bell (2013, p.474) is a recommended type of interview when flexibility is required for the subject and for answering the research questions. Since this paper researched three different companies with no purpose of comparing them, flexibility enhanced the data collection since it gave different perspectives while still following the same theme by espousing the interview guideline. It was key to collect similar data from the three different companies since the data was to be analysed in the same

way; it therefore had to be representable and comparable in the sense that it would help the writers answer the research questions. Lastly, company websites were used as information sources that helped establish a foundational understanding of the companies before the interviews were conducted. The data collection also included searching for news articles in which the companies were mentioned.

#### **3.1.1 Selection of Informants**

Three companies were examined, one from Sweden, one from Norway and one from Belgium. The Belgian company was chosen to give perspectives from as many countries as possible and for answering the RQ2. The Belgian company's business idea had been inspired from the B.o.P market, which is why it was interesting to see how that had been launched in Belgium. The Swedish and the Norwegian companies were chosen with focus on RQ1 and they were selected using five criteria that they had to fulfil:

- All companies had to be selling to end-consumers (B2C);
- All companies had to be selling an innovation that could be argued as being disruptive;
- One company had to originate from Sweden and one company had to originate from Norway;
- All companies had to be making profit or have the vision to be profit-making - NGOs were excluded;
- The innovation of each company had to be launched in the B.o.P.

These criteria were chosen for answering RQ1 and to make sure that the data sampling from the two different countries would be somewhat similar from the beginning. Both companies had to be selling to end-consumers due to the differences in business models between B2C and B2B - if these would have been mixed, the collected data would not have been able to answer the same questions. The criteria were also made because the B.o.P was the chosen market and companies selling B2B are not conducting business directly in the B.o.P. Since disruptive innovations was one of the main topics of this paper the companies had to be selling products or services that could be defined accordingly. The last criterion was adopted to widen the research question to RQ2. Furthermore, using three different companies which originated from three different countries was based on two things. The authors come from three different countries and could therefore get easier and better access to companies based in their home-countries. Secondly, even though no comparison between the countries was made in this research, the use of three different countries in the data sampling gave a broader perspective and kept the focus away from the countries, since this paper did not have the purpose of investigating a country in particular. Due to RQ2, all companies had to be profit-making - if they would not have been, the complexity regarding ethics had not been discussable to the desired extent. Lastly, the definition of a disruptive innovation is that it starts in the B.o.P and climbs its way up the ladder and therefore the last criteria was connected to follow that definition.

### **3.1.2 Interviews**

Prior to the interviews, the interview guideline was sent to the informants. This was made to ensure that the respondents would be prepared for the topic of discussion and to make sure that the informant was going to be able to answer the questions, as well as for making the respondent feel prepared for the interview.

A semi-structured interview with **Petra Wadström**, the founder and CEO of Solvatten AB was held in Stockholm Sweden where the head office of Solvatten is located. During phone calls prior to the interview, the informant was briefed about the purpose of this study to provide sufficient knowledge regarding the topic. The interview, which lasted for 42 minutes, was held in a conference room that ensured the communication to flow freely without any distractions. The informant gave her consent to record the interview and therefore, the interviewers mobile phone was recording the whole interview. To further investigate the phenomenon, the interview with Petra was desirable due to her ability to provide comprehensive knowledge and understanding about the company. Her long history with the development of the product, several modifications with it so it can solve real problems and her long history in the field (e.g. research in Nepal and constant trips to B.o.P countries) have given her the experience that not many have. These, among many other reasons, is why Petra is considered as a reliable and legitimate source to share information that can be used to answer the research questions. Petra's true passion and enthusiasm regarding the topic and her company made the interview exciting. Her willingness to contribute to the research and detailed examples clarified the daily operations that a social entrepreneur is handling.

A semi-structured interview with **Roar Bjærum**, Telenor's Group Head of Financial Services in Asia and the man behind Easypaisa, was held through Skype as he is currently based in Bangkok, Thailand. The interview lasted for 56 minutes and the informant was happy to share his long history with the development of Easypaisa and his experience with operating in the B.o.P market in Pakistan. The informant was willing to provide interesting insights about Easypaisa and did his best to present the information in a relevant way, constantly referring to the B.o.P and disruptive innovations.

A semi-structured interview with **Adrien Lippolis**, a team leader at MicroStart in Brussels, Belgium was conducted. The interview took place in MicroStart's conference room. Initial contact was made by email with Adrien. The purpose of the interview was discussed and explained in advance. Adrien received the questions at the beginning of the interview on printed sheets. He gave his consent to be recorded, which was done using the interviewer's phone. The entire meeting took 45 minutes and was not interrupted. The informant has worked at MicroStart for 3 consecutive years and has changed positions within the company. He could provide great insight of the company that he was working for and also, he had a great level of knowledge regarding the history of microfinance. He gave the writers accurate information about how the company was working and

what are the challenges it might have to overcome in the following years.

### **3.2 Development of interview questions**

To answer the research questions, the authors carefully formed a set of questions (see appendix 1) that guided the interviewees to give relevant examples. According to Jacob and Furgerson (2012), the interviewer should have comprehensive understanding of the relevant literature. Therefore, after thorough review of previous literature, the authors could differentiate the questions of this study from prior similar studies. This helped to form meaningful (and not too broad) questions. As Jacob and Furgerson (2012) stated, by narrowing the interview questions, the researchers can obtain meaningful data.

The aim of the first four questions was to get familiar with the companies and to relax the informants by asking something they were familiar with, to set the mood for the interview. Questions 5, 6 and 20 were formed to get a better insight to the overall challenges and views of the companies. Regarding question 7-10, the focus was to find thorough examples and explanations that are following the 4A framework. Questions 11, 12 and 13 were kept brief, and asked to get a better understanding regarding what disruptive innovations, creativity and social entrepreneurship mean to the informants. Questions 14- 16 were formed to investigate suggestions of transferring the mind-set of entrepreneurs at B.o.P markets to entrepreneurs in the developed countries. The remaining questions (17-19) were formed to understand to what extent and how the companies consider people, planet and profits.

All the above-mentioned questions guided the interviews to a comprehensive and thorough discussion. Since qualitative research is to a large extent about materializing sudden and unexpected explanations from the informants (Jacob & Furgerson 2012), the questions were purposively stated expansively. This gave the informants room to think and create in depth answers without feeling restricted. Thus, this way of structuring the questions gave the interviewers and informants a feeling that they were in a conversation instead of in an interview. Table 1 (see below) shows how the questions refer to the theories and how the answer to each question bring meaning to this paper, regardless of what the answer will be.

### **3.3 Data Analysis**

After the interviews were completed, full transcripts were written down (appendices 2, 3 and 4). Sweden's interview with Solvatten was held in English and therefore no translation was made in appendix 2. Norway's interview with Telenor Easypaisa was held in Norwegian and was therefore translated afterwards into English (appendix 3). Belgium's interview with MicroStart was held in French, upon the respondent's request, therefore appendix 4 was also translated into English afterwards. The transcripts were summarized and the writers searched for typicalities in each summary, which were then discussed separately, topic by topic and country per country in the discussion. Main findings were highlighted and stressed by using quotes from the three interviews.

## **4. Company descriptions**

To further gather valid data, three companies were chosen due to their suitability to the previously-mentioned criteria. The three case companies are listed below and briefly introduced with an aim to give a better understanding of their nature.

**4.1 Case Company Sweden: Solvatten AB**

Solvatten AB is a Swedish social enterprise that offers portable water purification containers with an aim to give everyone around the globe an easy access to clean and safe water that can be used for drinking and bathing (Swedish Cleantech, 2017). The innovation: the Solar Safe Water System is also called Solvatten. It brings affordable water to customers, charities and distributors located in B.o.P markets. Solvatten is used in more than 20 countries around the world and therefore the innovation enhances the wellbeing of people in the B.o.P. By using natural UV radiation to render contaminated water, within two to six hours (depending on the weather) the contaminated water becomes drinkable.

This contributes to the fight against poverty, since now millions of women and children do not need to walk several miles every single day to get water that mostly is not clean enough. Due to this, women and children can contribute to other more productive actions (e.g. farming and education) (Solvatten, 2017). Other ways in which Solvatten protects the environment and enhances the whole world, is reduced carbon dioxide emissions and deforestation that comes about when the number of users of Solvatten increases. As Solvatten (2017) states *“Up to 70% of the energy used by a typical home in Sub-Saharan Africa is used for these purposes. This strong dependence on natural resources lead to smoke inhalation, burn injuries, carbon dioxide emissions, and deforestation, which give rise to environmental problems. Indoor plumbing and secure electricity supplies are distant dreams for far too many people”*. Solvatten is a valid case company to investigate since it fulfils the requirements of offering direct sales to consumers (one out of five main customer segments) and it is a limited company with an aim to do good without losing its profitability (Climate Solver, 2017).

**Table 1.** Operationalization

<b>Q</b>	<b>Reason:</b>	<b>Thoughts:</b>	<b>Framework:</b>	<b>Theory:</b>	<b>Writer and year:</b>
<b>1 -4</b>	Company information	The writers aim to get to know the companies			
<b>5 -6</b>	General	The writers want to see if the company struggled more or less with one or more of the 4 A's (RQ1)	The 4 A's	By using the 4 A perspective the offering can be adapted	Anderson and Bilou (2007)& Sheth (2012)
<b>7</b>	Acceptability	The writers want to know how the company made the consumers accept the offering (RQ1)	The 4 A's	Companies need to know the target group and their expectations	Anderson and Bilou (2007) & Sheth (2012)
<b>8</b>	Awareness	The writers want to know how the company made the target group aware of the offering (RQ1)	The 4 A's	Non-classic market communication to spread information and create interest	Anderson and Bilou (2007) & Sheth (2012)
<b>9</b>	Availability	The writers want to know how the company made its product available in B.o.P markets (RQ1)	The 4 A's	The supply chain and the distribution channels need to be considered	Anderson and Bilou (2007) & Sheth (2012)
<b>10</b>	Affordability	The writers want to know how the company managed to make the offering affordable for the target group (RQ1)	The 4 A's	To make the offering affordable companies need to have the volume perspective on sales	Anderson and Bilou (2007) & Sheth (2012)
<b>11</b>	Disruptive innovations	The writers want to know if and how the company's innovation could be disruptive (RQ1)	Disruptive innovations	Starts in the B.o.P and moves up-market	Schmidt and Druehl (2008)
<b>12</b>	Social entrepreneurship	The writers want to know the company's view on social entrepreneurship (RQ2)	Social entrepreneurship	People and organizations that are thriving towards better societies, not only financial goals	Shaw (2004)
<b>13</b>	Creativity	The writers want to know the company's view on creativity and its connection and importance on B.o.P markets (RQ2)	Creativity	A process which leads to something new and useful	Maley (2003)
<b>14-16</b>	Transferring mindsets	The writers want input on what companies on developed market could/should learn from the company (RQ2)			



17	Profits	The writers want to know how profits are ensured (RQ1)	The Triple Bottom Line	Variables relating to financial balance	John Elkington (1994)
18	Planet	The writers want to know how the environment is being taken care of (RQ1)	The Triple Bottom Line	Variables relating to environmental impacts	John Elkington (1994)
19	People	The writers want to know how the people are being taken care of (RQ1)	The Triple Bottom Line	Variables relating to social impacts	John Elkington (1994)
20	General	The writers want the company's view on corporate social responsibility (CSR) (RQ1)	The Triple Bottom Line	CSR should not be a marketing tool	John Elkington (1994)

**4.2 Case Company Norway: Telenor and Easypaisa**

Telenor Pakistan is a 100% owned subsidiary of the Norwegian Telenor Group. In 2010, Telenor launched its first mobile financial service offering, Easypaisa, in a country where 88 percent of the population did not have access to financial services and where only 16 million bank accounts existed, in a population of 180 million people (CGAP, 2010). The lack of accessibility to financial services was mostly prevalent in the rural areas, which is also home to 105 million people. Even though most of the people did not have a bank account, many people owned or had access to a mobile phone. After acquiring 51% of Tameer Microfinance Bank, Telenor was provided with a banking licence. Easypaisa was the result of these factors and it gave its customers fully functional (but virtual) bank accounts. Tameer Bank's customers could enhance their regular bank account with mobile functionality. To deploy the service, Telenor employed over 5000 agents and spread them over carefully selected locations to link the disparate and disconnected Pakistani population. Easypaisa provided financial services to the huge rural population of Pakistan, who until then, never had been able to access them due to the isolation. The initial service allowed payment of bills via the mobile phone, however, within a year Easypaisa provided more sophisticated services such as money transfers, retail purchases, settlements and cash withdrawals (Fundamo, 2010). Telenor Pakistan and Easypaisa is a valid case for investigation because it is a service aimed for end-consumers (but also B2B), it was launched in a B.o.P market and the innovation can be argued as disruptive, since it has taken market share from the traditional banks, i.e. it has to some extent changed the structure of the banking industry in Pakistan.

**4.3 Case Company Belgium: MicroStart**

MicroStart is one of the leaders in microloans in Belgium, the only location where they are active. The company offers loans up to €15,000, to make it possible for consumers to start an activity or finance a development. Most of the clients are unable to acquire a loan through banks, often because of precarious financial situations, such as having little or no capital or due to unemployment (Adrien Lippolis, 2017). Their vision is that "every man or woman, regardless of income, education or origin, has a fundamental right to an economic initiative that allows them to take their destiny in their own hands" (microStart, 2017). Beyond their role as a microcredit company, they offer counselling and training in many areas that customers need to start a business: management, accounting, marketing, sales, public relations, etc. A personal coach can also accompany the client through the many hurdles he or she might

encounter while starting the planned activities. MicroStart is a social cooperative company (a form of commercial company) as well as a non-profit, which puts their social role at the very heart of the company's activities (MicroStart, 2017). MicroStart is a valid case company because it allowed the authors to answer RQ2 while adding perspective to RQ1. Microfinancing originally appeared in B.o.P markets and has been transferred to developed markets, by companies such as MicroStart, whose business model is intrinsically socially-oriented.

**5. Discussion and Analysis**

The three main strategies for achieving **availability** were: building networks, using established agents and close personal contact. The Swedish and Norwegian cases show that the companies contacted organizations and agents on the local market and developed a network from that; to reach the target markets and make the innovations available for consumers. The agents within the network would then be able to connect with the target market by close consumer contact. This follows the theoretical aspect of the 4 A's, since finding or setting up distribution channels is essential to be able to access remote locations. The companies were rarely in direct contact with consumers because of the use of intermediaries in the supply chain, the personal contact was rather achieved by the local agents and organizations. The concrete explanation to this was that the consumers would not trust an outsider, therefore the agents and organizations had to be locally embedded and known by the target market. As for the case of MicroStart, similar methods were used. The company did not use agents or organizations since the company was based in Belgium and its employees were locally embedded. Personal contact, without the use of agents, was another key aspect in making the service available to the target market.

*"The key is to form collaborations with other banks. If only 20 percent of bank-excluded people were introduced to our service, Microstart would have enough projects to work through an entire year."*  
 (A. Lippolis, personal communication, March 27, 2017)

To make the innovation **affordable** there were two main drivers shown from the three cases: finding money elsewhere and highlighting benefits by benchmarking. None of the three cases showed anything regarding reaching a mass and making the product affordable by large scale sales; which is what the 4A's typically

discusses. The Swedish case showed that subsidized pricing was a demand since the target market could not pay the full price of the product. This was achieved by using actors within the network: organizations and governments. The first refers to lobbying banks to lower their interest rates when consumers take loans to buy the company's product. The latter demonstrate to governments the health benefits of the innovation and thereby making them invest in the infrastructure of the country, by making the innovation subsidized for consumers. Other than that, consumers themselves got together and saved money collectively to afford it. The Swedish company also targeted people living and making money in cities and convinced them to buy it for their family and relatives in rural areas. Lastly, the Swedish company worked with companies in the developed world, and sold "CSR-packages" to them; which basically means that these companies buy and donate the innovation to the people in the developing world and then use that in their marketing. This could then lead to enhanced value for those companies' customers since they could feel that by buying this, they help people in the developing world get access to clean water. According to the 4A's perspective, people in the B.o.P spend most of their income on food and survival; which means that a product falling into this category is more affordable, and dependent on the benefits of using the product. The case of Norway shows that benchmarking was needed, since the target market had to understand why they should choose the service over the already-established alternatives. The affordability part took time since it was more about convincing the target group about how safer their service is, and thereby the price could also be motivated.

*"Easypaisa gives confidence that people now are told their wages and that they can go to collect his salary at one of our agents, by showing ID card. Before their salary was sent by the postman. They found it affordable since they never had to worry about losing parts or full amounts of their money. So we truncate out mass wastage, with this kind of way to distribute money." (R. Bjærum, personal communication, March 29, 2017).*

The case of Belgium shows that affordability was never an issue since their target group is formed by people who cannot get a loan elsewhere, which motivates the fact that the company's interest rates are higher than the banks'. The company takes risks that no bank wants to take, but still the company tries to collaborate with subsidies to lower the rates without it affecting the company.

To achieve consumer **acceptability**, the Swedish case shows that extensive consumer research was made during the development of the innovation. To overcome culturally affected rejections, the CEO met with possible consumers and asked them what they thought of the prototype. Afterwards, the product was changed according to the possible consumers' input; which follows the 4A since the theory says that it is crucial for companies to get to know the consumers and their habits

in depth. Since the product answered a need based on a true health issue and because it was easy for consumers to see the benefits of using the product right away; they could save money and time and improve their family's health conditions. Therefore, acceptability was not an issue for the Swedish company. In the Norwegian case, the idea of transferring money was not new, but the idea of doing it safely was new. This could be interpreted as if it could have been easy for the company to get the consumers acceptance since they were already transferring money, but the company struggled with convincing people to pay more money (than they already did) for buying something that they felt that they already had a solution for.

*"It's like any other start-up business, one must have extremely high expectations for this and convince people about this. So, after a two years, things loosened up." (R. Bjærum, personal communication, March 29, 2017).*

To get the consumers' acceptance, the company worked hard at highlighting the benefits and showing consumers that it was a more profitable solution for them in the long run; since they would always know where their money is and the fee would always be the same; safe and convenient. It took the company some years to achieve consumer acceptance, perhaps the company did not know the consumers' habits well enough prior to launching the product. The acceptability factor is very much related to the availability factor; neither of the two companies would have gotten accepted without the use of local partners and agents. As for the Belgian case, the consumers that the company targeted were the ones that no other bank had accepted, which is why it was easy for them to achieve acceptance from the target group - they had no other choice if they wanted to borrow money. The company transferred the idea of trusting the untrusted, from the B.o.P to a developed country, and served an unserved market.

To create **awareness** of the product, the Swedish case shows that traditional marketing channels such as TV, radio and the internet were not available, as the 4A's perspective prevailed. Therefore, the company used social engagement to promote the product; agents were sent to villages to talk about it, which led to word-of-mouth spread by the consumers. As Petra Wadström said in the interview:

*"It was like people, as on the picture you see the women dancing around Solvatten in Kenya, they were, they called it the magic box. They blessed Solvatten. And they thought it was amazing." (P. Wadström, personal communication, March 21, 2017).*

The Norwegian company could draw benefits from belonging to a well-known brand; this gave the company a lot of media coverage and access to an existing sales network, since the big brand that it belonged to already knew the market and vice versa. Therefore, the Norwegian case did not follow the 4A's, since the company could use traditional marketing channels on

their specific market, though, the advertising was adapted to fit local needs regarding language, culture and religion, which does follow the 4A's. The Belgian case shows the social engagement strategy; the company targeted the group and became visible in areas where the target group had been predicted to be. Informative flyers were personally distributed by the company's employees, in the city centre, near other banks and outside the unemployment office, for example.

### **5.1 The Triple Bottom Line**

MicroStart is as previously mentioned, a social cooperative company, i.e. a commercial company created with the specific intent to have a positive social impact, people are thus at the very core of their business. The company offers loans to people who are thought to be insolvent by banks and, thus rejected from the classic loan industry because of precarious financial and personal situations. The company offers the possibility to pull themselves, their family, and their community out of precarity. MicroStart finances projects and accompanies customers through the many struggles of starting an activity. The company uses surveys to measure variables related to the social aspect of the TBL, i.e. to measure the impact on communities and people they are involved with:

*"We measure our social impact through surveys, that among other things have shown that 60 percent of the businesses we have helped to create are still alive after 3 years and 20 percent of them changed activity but are still operating."*  
(A. Lippolis, personal communication, March 27, 2017)

Solvatten was founded with one idea: helping people get access to clean water. Petra Wadström, the CEO of Solvatten, insisted on the fact that Solvatten was created to respond to an existing need of vital importance. Having a positive social impact is thus the very reason for the company's existence. Solvatten cooperated with Uppsala (SLU) Landsuniversitetet to measure the social return on investment through an impact calculator, which measured health improvements and time savings. The calculator also considered as diverse factors as household savings, area of forest saved and number of sick days as an effect of having a Solvatten. Even though Petra said that it is hard to put money on the social impact, the estimation was a return of twenty-six dollars for each dollar that the company had invested. This type of calculator is what the TBL suggests for companies interested in measuring their social impact.

Easypaisa was developed to offer access to banking solutions. Through the project, two major impacts on communities where they were active could be found. First the agent network grew from 3000 to 60,000 agents in a few years. Those agents now have a job that offers them stability and comfort. Secondly, only a small part of the population had access to banking systems (mostly located in big cities) before Easypaisa. Other than facilitating daily exchanges Easypaisa allows consumers to rapidly send money when they need to. When consumers have severe money shortages, they tended to limit their spending on food or education,

which is not necessary with Easypaisa. Easypaisa's main social impact is that the company has made banking services more accessible and safer to use.

The companies studied in this paper were developed on the idea of providing a solution for a specific consumer need. Thus, their primary concern is with **people**. The second most important factor is to take care of the environment. Taking Solvatten as an example: they offer a solution for producing drinkable water, mostly to Sub-Saharan Africa. The impact of their products on communities is tremendous. Even though the environment (**planet**) was not the primary concern, Solvatten has had, and will continue to have a positive impact on it as the use of firewood for boiling water is reduced, which lead to less wood cutting and more trees to stay in the forest. Furthermore, most of the companies with social impact as a main goal are confronted with difficulties to stay or become **profitable**. With all existing constraints, most of the companies must make a choice regarding the impact they have on the planet. The environmental concern is most of the time difficult to balance with financial success. MicroStart prefers to loan money to eco-friendly projects but is not opposed to financing exports of old automobiles to Africa, for example. People are thereby being prioritized before the planet. Though the possibility of being both social and ecological is preferred, it is difficult to achieve. However, since MicroStart and Telenor are mostly service businesses, their environmental impact is quite low. Indeed, environmental variables considered in the TBL are mainly the impact on air and water quality, as well as energy and land, which are negligible compared to a manufactured product such as the one Solvatten offers. Solvatten's innovation is however, an energy saver since it runs on solar energy, which is friendlier towards the planet in the long run. The innovation rather has a positive effect on air and water quality since that goes hand in hand with the need the product is developed from.

When looking at sustainability from the TBL perspective, we also need to consider the economic side of the equation, i.e. look at the variables that contribute to the financial balance of a company. Both MicroStart and Solvatten emphasized the difficulty of balancing economic viability with their social goals. Therefore, they both use as many financial aids and funders as possible, mainly in the form of subsidies from public institutions. Solvatten also relies on a system where a company in Sweden pays for the product to be delivered to a family or community in a developing country, essentially a form of charitable donation. MicroStart is not profitable, though the company aims to break-even through several changes. On the other hand, they are automating parts of the application process, a change that cuts cost by reducing the work time of counsellors, the major cost at MicroStart, but consequently reduces the social role they play for the client. Diversifying the offering through products such as micro insurance or loans of higher value, is also considered. Telenor insisted on the importance of a positive cash flow, even though the company lost money for three years before achieving profits. Telenor does not think that being highly appreciated for its actions is a goal that justifies losing money. It could be said that their main driver is financial sustainability, i.e. making profits.

## 5.2 Creativity

There is one significant difference between developing markets and developed markets – in developing markets the need is answered, while in the developed market the need is created or argued for. According to Petra from Solvatten, social engagement is lacking in the developed world and that that is the biggest difference between developing and developed markets. In developing markets, it is not about making money for the month, it is more about long-term impacts through investments.

*“Companies should think more about solving problems, instead of increasing consumption and creating needs that do not exist. The developed markets should increase the care for their stakeholders.”*  
(P. Wadström, personal communication, March 21, 2017)

Starting up a new creative idea in a developing market can be tough. The competition is different from the developed market. Roar from Telenor said:

*“...the main difference between these markets is that people tend to think the opposite way. In developing markets, there is more passion, and people are more driven to achieve their goals. They are more ambitious, and work a lot harder than what Telenor experienced in western countries.”* (R. Bjærum, personal communication, March 29, 2017).

The willingness to succeed is extreme, mainly because of the tough competition. As a multinational company, Telenor has experienced that having one corporate identity and mind-set throughout several markets does not work out. The authors find MicroStart to be a good example of a company that has transferred elements of mind-sets from companies operating in developing countries. Due to heavy regulations in Belgium (and in other developed markets), the threshold for receiving a loan is usually high and the consumer needs to fulfil several criteria. MicroStart got inspiration from developing countries in terms of trusting their consumers, even though they were in precarious situations. It is worth mentioning that it is not fully transferable, since the starting capital for receiving microcredit in the developing world is very low, but in Belgium it is rarely less than 7000\$. This gives a microcredit-company (and other companies) operating in a developing country a much higher risk, but these companies are also less-willing to take that risk.

As mentioned, products introduced to developing markets were invented to fill an empty hole (an existing and important need). The products tended to be completely new, innovative and disruptive. In the case of Solvatten, the consumers were in desperate need of that sort of solution. Even though Solvatten said that the innovation was not disruptive, Solvatten's way of thinking might rather be. Entrepreneurs in the developed world could harvest success by being more willing to take risks, they need the encouragement to

start. When Telenor was asked if the company categorized Easypaisa as disruptive, the company said that it would rather be categorized as an assembled innovation. For Telenor, this meant combining already-existing services to launch a new, cheaper and more convenient offering. As more consumers in developed markets tend to look for cheaper options, the idea of assembled innovations could pique the interest of entrepreneurs that are active in developed markets.

## 6. Conclusions

The research questions will be answered in this section:

***RQ1:** How can (social) entrepreneurs (or any companies) adapt the 4A perspective to introduce disruptive innovations and still maintain their sustainable, responsible and ethical approach?*

***RQ2:** How can the mind-set of innovation and creativity at the bottom of the pyramid in developing markets be transferred to social entrepreneurs in developed markets?*

Achieving availability on a market where infrastructure is lacking excludes traditional methods for making the product available for consumers. This research has shown that building networks with local agents and organizations is the main strategy for making the products **available** to consumers in B.o.P markets. This was achieved by having close personal contacts, which were essential to build up new distribution systems. This research also highlighted that making the product **affordable** for the target group and making profits from a market with low cash flow demanded creativity; finding money elsewhere and making people with money pay for the product as well as extensive emphasis on safety, convenience and health benefits. As for getting the target group to accept the product, this research has shown that it is imperative to have an in-depth knowledge about the target group and its habits, as well as having patience and not to expect success overnight – the long-term perspective on business is required for achieving **acceptability** in B.o.P markets. This research has shown that to create **awareness**, the product has to speak for itself. It must be a truly great product which answers to an existing and important need. To some extent traditional media channels can be used in some countries in the developing world, however, not in all. Therefore, social engagement is essential when promoting products to people in rural areas.

The findings conclude that one of the hardest aspects of running a company aiming to be sustainable is finding the right balance between the three P's: **planet, people, profit**. The three companies studied were socially oriented. Yet, for two of them, the primary objective was to improve quality of life by answering customer needs. Profits were needed to finance the activities and keep the business afloat, but it was not a main objective. Most projects must be subsidized by public institutions, NGOs or private partners to get the product or service to the market. The third also filled a void to answer customer banking needs, though their focus was to have a positive cash flow, thus showing the importance of profits in the company vision. By improving financial security for

many people, however, their social impact is tangible. All the studied companies aim to attain profit by improving quality of life; environmental considerations were an afterthought and a positive side-effect. It is an extremely tough challenge to start a company and break even. Thus, it should not be a surprise that balancing financial realities with environmental and social considerations can sometimes seem impossible. Therefore, it may be necessary to think of a company as one or the other, firstly as a social impactor and secondly as an environmental impactor; one of the two will have a bigger role.

Transferring one mind-set from a developing market to a developed market can be difficult. These markets have different needs and preconditions and for any company operating in one of these, it is crucial to be adaptable. The case of MicroStart is an example of how that mind-set can successfully be transferred even though western regulations make the enterprise more hazardous. Furthermore, entrepreneurs with any interest in learning from those adaptations could succeed between those drastically different markets.

The 4A's perspective has proven to be an effective tool while approaching B.o.P markets. Companies will have to think outside the box of traditional marketing to achieve their goals. In these dynamic markets, a company will struggle to keep up with all constraints. The studied companies struggled most with integrating sustainability without compromising profitability.

## 7. Limitations and further research

This paper contributes to the literature of the already established 4A's perspective and the TBL framework by providing in-depth research, by investigating companies and their operations from three different countries (Sweden, Norway and Belgium). Originally the authors planned to find ways in which companies could achieve profitability while maintaining their ethics. The ethical part demands a more in-depth analysis of each company. Due to time limitations, this was not achieved and is recommended for future studies.

Three interviews with three different companies gave a hint to how companies from the developed world operate in B.o.P markets. To further validate the results the sample size should be larger, including several different companies and informants. A larger number of informants would also reduce the possibility of bias and innovation or situationally based answers. The differences in the nature of the selected companies might be proven too large to generalise the results. Further research is needed to compare the findings from this study in similar industries and markets. As written in the definitions, B.o.P markets differ substantially from country to country and should not be treated as one united market.

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## Appendix I

### Interview questions

1. Why did you choose a developing market?
2. How would you describe the market you have most presence on?
3. How did you initially get to that market?
4. What was your strategy to enter it?
5. What was the most difficult part in launching your company in a developing market?
6. What was easy when you launched your company in a developing market?
7. How was your innovation first perceived by customers?
  - o What did you do to overcome possible consumer resistance?
8. How did you manage to promote your product?
9. A lot of villages in developing countries are hardly accessible, how did you manage to get access to those remote locations?
10. Many people in the developing countries live with less than 2\$/day. What have you done to ensure that those people can get your product?
11. In what way is (could ... be) your innovation disruptive?
  - o What role did it play for you to access the market?
12. How would you describe a social entrepreneur?
13. How would you describe creativity?
  - o How did creativity help you to get to the developing markets?
14. What advice would you give to start-ups wanting to follow in your steps?
15. How would you describe the main differences between operating developed markets and developing markets?
  - o Similarities?
16. How do you think that companies in the developed markets could learn from the mindset of companies located in the developing markets?
17. How do you ensure your long-term profitability?
18. Do you measure your environmental impact? How? Have you put specific policies in place to minimize it?
19. Do you measure your social impact? How? Have you put specific policies in place to have a positive impact on stakeholders (customers, employees, communities where your company is implanted)?
20. How would describe social responsibility?
  - o What can companies in developed markets learn from you?