

# Base-of-the-pyramid DNA: Companies and the Common Good in Brazil

**Professors  
Edgard Barki and Juracy  
Parente from FGV-EAESP  
explain the particularities  
of Brazil's poorest socio-  
economic market and  
what it takes to be in  
business at the base-of-  
the-pyramid.**

**Related research:** *Challenges  
and opportunities of the  
last mile for the base of the  
pyramid: the case of Brazil,  
Edgard Barki and Juracy  
Parente.*



*An alliance with a purpose*

# THE 3 Ps IN A CoBS POD

 **PERCEIVE**  
with a set of key takeaways

 **PROJECT**  
with food for thought: on yourself, your organisation and the wider context

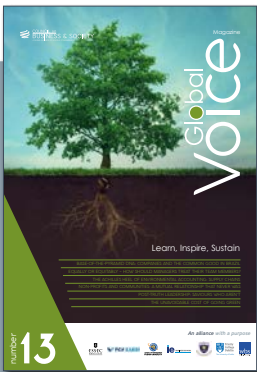
 **PERFORM**  
by putting it all into practice using action tips





## ● PERCEIVE with a set of key takeaways

- The base of the pyramid market (BoP) is used to refer to the demographic of a population which is the largest, but poorest socio-economic group in a marketplace.
- In Brazil, covering the last mile to reach this market is very tough, yet some companies have made it, implying a distinct competitive advantage. The population is benefited through reduction in vulnerability, improvement in well-being, and access to basic products.
- Operating in this market has high costs. The marketing channel is longer and the product passes through more intermediaries. Other problems are of general security and poor infrastructure. Small retailers have a strong competitive advantage—emotional bonds and customer loyalty—over large retailers, who are trying to enter this market.
- Being successful in this market requires 'Base-of-the-pyramid DNA' as company strategy. It includes recognising the potential of such a market and treating it with the same respect as compared to other markets. Such organisations are more willing to serve the demographic and are more likely to create a satisfactory distribution strategy.
- Execution in these markets is important to attain success. Here, small companies are able to achieve more success since they are more flexible, more agile, and operate in a small region, ensuring efficient distribution and lower costs. Relationships have a higher degree of relevance in this market, which is more informal and less professional. Coca-Cola Brasil successfully leveraged this DNA to make an impact and reap benefits.
- The use of technology is a key supplement to this DNA. The technology allows easier access to the market for organisations and consumers alike, particularly for education, health, and financial services. Technology helps in efficient distribution systems, thus reducing the poverty penalty.



Download the full article on Profs. Edgard Barki and Juracy Parente's research on Base of the Pyramid DNA in Global Voice magazine #13





# PERFORM

by putting it all into practice

## CHECKLIST

- 1. Following the example of Coca-Cola Brasil, create a dedicated 'social' business unit for your company and engage in extensive market research.
- 2. Carry out a study of the various populations that will form the basis of your market. Where do they live, what is their culture, what are their needs? How do they currently obtain the type of goods you expect to offer? Who are your competitors – if any? Who are your allies – if any?
- 3. As with Coca-Cola Brasil, define a set of metrics for your venture that include business and social indicators (youth employment, confidence in the future, retail sales increase, local tax contributions, environmental impact, health and healthcare, etc.). Set up a system to monitor progress and keep a check on costs.
- 4. Carry out a study of the existing infrastructure – roads, railways, waterways, secondary arteries or rural tracks. How can you most efficiently, most sustainably, fairly and ethically reach your target customers?
- 5. How can you entrust efficient and cost-effective distribution to the suppliers and their local networks? What would the deal look like? Who should manage it? What back up would you have in case of unforeseen events and issues? How can your business benefit these small retailers? The community?
- 6. Which small retailers are present? Which are the most trusted and successful with the local populations? What are their business models? How do they manage to retain their customers? What do they add to the community and the social fabric of that community?
- 7. Partnerships tie together the network of suppliers and retailers in remote areas. How, as a supplier, can you foster closer relations with your retailers both professionally and on a personal dimension?
- 8. What meetings and processes can you set up to get to know each other and develop your relationship? How can you involve these small retailers in the decision-making process?
- 9. What communication process and system can you put in place that ensures regular exchange of information, transparency and the rapid solving of possible issues?
- 10. What technology can you use to help your customers access the market? What solutions can you use to help your suppliers and distributors?
- 11. Identify local NGOs with whom you can work and give a voice to. Identify other well-established companies present in the region. Foster ties with these and explore joint-projects and shared resources. How can you work together to ensure positive impact for the local region, its people and the environment?



# Getting involved


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