4A’S MARKETING STRATEGY AND BOTTOM OF PYRAMID POPULATIONS: THE CASE OF GUA MUSANG, KELANTAN

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Abstract - This is a conceptual paper to observe the alternative marketing strategy on the bottom of pyramid (BOP) population particularly at Gua Musang, Kelantan. In general, marketing strategy is associated with 4P’s; product, place, price and promotion. These elements are vital in almost any business. On the other hand, for the bottom of pyramid cases, the researcher attempts to adopt 4A’s such as affordability, awareness, access and availability instead of 4P’s. This study will be held at Gua Musang Kelantan because there are many bottom of pyramid population who stay at Gua Musang, Kelantan.

Keywords: Marketing Strategy, 4A’s, Aboriginal People, Gua Musang Kelantan.

1. Introduction to Bottom of Pyramid.

Prahalad and Hammond (2002), suggests that the bottom of pyramid consumer is defined as having an annual per capital income which is less than $2000 while Gupta and Pirsch (2014) argue that the bottom of pyramid consumer is an individual that earning approximately $2 per day.
According to Bapna (2014), the bottom of pyramid population represents the world’s lowest socio-economic level, which comprised of approximately 4 billion people who earn less than $2 per day. This chunk of people is also the daily consumers which spend their money like the rest of the society. Thus, certain organization deemed to generate a lot of profit among this group of population.

Organization can adopt an attractive marketing strategy to attract this group of consumer. However, the marketing strategy is different from the middle income or high income level consumers. Organization should comprehend their target market in order to make sure marketing strategy implemented is suitable with their potential target market.

2. The Bottom of Pyramid in Malaysia.

The cost of living in Malaysia keeps increasing including the basic need. More Malaysian is struggling to make a living and to support their family. This situation is even worse for the bottom of pyramid consumer. According to table 1 below, it shows that the persons who earn RM100 and below are considered as part of the population at bottom of pyramid.

<table>
<thead>
<tr>
<th>WILAYAH</th>
<th>MISKIN</th>
<th>MISKIN TEGAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ISI RUMAH</td>
<td>PER KAPITA</td>
</tr>
<tr>
<td>Sem. M’sia</td>
<td>RM 720</td>
<td>RM 180</td>
</tr>
<tr>
<td>Bandar</td>
<td>RM 740</td>
<td>RM 185</td>
</tr>
<tr>
<td>Luar Bandar</td>
<td>RM 700</td>
<td>RM 160</td>
</tr>
<tr>
<td>Sabah &amp; Labuan</td>
<td>RM 960</td>
<td>RM 200</td>
</tr>
<tr>
<td>Bandar</td>
<td>RM 970</td>
<td>RM 200</td>
</tr>
<tr>
<td>Luar Bandar</td>
<td>RM 940</td>
<td>RM 190</td>
</tr>
<tr>
<td>Sarawak</td>
<td>RM 830</td>
<td>RM 190</td>
</tr>
<tr>
<td>Bandar</td>
<td>RM 860</td>
<td>RM 190</td>
</tr>
<tr>
<td>Luar Bandar</td>
<td>RM 810</td>
<td>RM 190</td>
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</tbody>
</table>
Table 2: Incidence of Poverty by Ethnicity, Strata and State, Malaysia, 1970 – 2012

According to table 2, it shows that the highest ethnicity who categorized in bottom of pyramid is Bumiputera (define Bumiputera) which is 2.2% at year 2012 compared to other ethnicity. Most of the villagers can be categorized as the poor population. According to statistics, the level of poverty in Sabah is the highest which is at 7.8%. Kelantan is the second highest which is at 2.7%. It’s because most of the villagers there are aboriginals’ people.

3. Introduction to Target Population.

Gua Musang is the largest district in Kelantan. Gua Musang is administered by the Gua Musang District Council. Gua Musang district is bordered by the state of Pahang to the south, Terengganu to the east, Perak to the west and the other Kelantanese districts of Kuala Krai and Jeli to the north. Most of its citizen is actually the aboriginal people or known as Orang Asli (OA). Most OA has resided the nearby the forests of Kelantan and Perak for the thousands of years (reference). Some of them maintain their traditional beliefs in the natural surroundings and other forms of animist elements. According to Ministry of Rural and Regional Development of Kelantan, there are 27,841 OA in Kelantan; 9003 of them belong to the bottom of pyramid population.
Table 3: Poverty Status Aboriginal Population

Table 3 shows that there are a huge number of people who had been has categorized in the bottom of pyramid population (paraphrase). If the organizations use the suitable strategy they can attract more buyers in these populations.

In a general, organization used 4Ps marketing mix that which comprised of product, price, place and promotion. This 4P’s are common and basic things in marketing strategy.
4P’s consists of four elements which are product, price, place and promotion. For products, the company will focus on the variety of product that they can offer to the customer.

In product, they also will focus on the quality of the products, the design of product to help to attract the potential buyer and also the packaging. Not only that, brand name and features also include in the element of product.

In the element of price, the company will focus in list prices, discount that they can offer to their buyer, the payment period and also credit term that they can give to some people.

In place element, its include a channels that need to be use, the location of our store which is near to the buyer and transportation that can be used to deliver the products to our end user.

Last but not least is promotion. Promotion normally includes personal selling, sales promotion and public relation.

In this paper, researcher will use other marketing mix strategy that has been introduced by Coimbatore Krishnarao Prahallad which is Affordability, Awareness, Access, and Availability. This model or we all as 4A’s model actually is suitable to use to carter the bottom of pyramid population.

<table>
<thead>
<tr>
<th>Marketing Mix</th>
<th>Definition</th>
<th>BOP Marketing Mix</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>The amount a customer pays for the product (list price, discounts, allowances, payment period, credit terms)</td>
<td>Affordability</td>
<td>The degree to which a firm’s goods and services are affordable to BOP consumers.</td>
</tr>
<tr>
<td>Promotion</td>
<td>The methods of communication used to provide information about the product (sales promotion, advertising, sales force, public relations, direct marketing)</td>
<td>Awareness</td>
<td>The degree to which BOP consumers are aware of a product or service and how companies can use alternative promotion channels in order to increase awareness.</td>
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<tr>
<td>Product</td>
<td>An item that satisfies what a consumer needs or wants (product variety, quality, design, features, brand name, packaging, sizes, services, warranties, returns)</td>
<td>Access</td>
<td>The extent to which BOP consumers have the opportunity (being easy) to acquire and use a product or service that will bring them benefits.</td>
</tr>
<tr>
<td>Place</td>
<td>Providing the product at a place which is convenient for consumers to access (channels, coverage, assortments, locations, inventory, transport)</td>
<td>Availability</td>
<td>The extent to which a product is available to be bought by BOP consumers and how companies can use alternative distribution channels in order to increase availability.</td>
</tr>
</tbody>
</table>

Table 4: Adaptation from Kotler (1994) and Anderson and Billou (2007)
4. Framework

![Diagram showing four elements of the marketing mix (Affordability, Awareness, Access, Availability) and the three Marketing Mix Strategies for Bottom of Pyramid Consumer: Product, Price, Place, Promotion.]

Figure 3: 4A’s as Independent variable in order to find out the Marketing Mix Strategies for Bottom of Pyramid Consumer

4.1 Affordability.

Bottom of pyramid consumers have low disposable incomes, and products may also need to match the cash-flows of customers who frequently receive their income on a daily rather than weekly or monthly basis. According to Mardh and Correia (2013), there are two types of pricing strategies which is low margin and high volume, and the other one is high margin and low volume. Between those points there are different pricing strategies that can be adopted by firms in order to differentiate themselves on the market (Thompson, 2012). According to Prahalad (2010), firms have to change this traditional pricing strategy in order to succeed at the bottom of pyramid market. They need to ensure that their products and services on offer are affordable to their target segment. Garrette and Kamani (2010) argue that the bottom of pyramid consumers like inexpensive, low-quality products.

Bottom of pyramid actors cannot afford luxury and manage their daily lives with a limited amount of resources that force them to make choices and to smartly balance their investments. The affordability factor needs to be considered in the perception of the bottom of pyramid actor, meaning that because of the perceived benefit of a solution, they may be able to invest more than usual and make a trade-off with another investment (Klein, Mancheron, Heck and Collee, 2012). Low price is important but it is not enough to meet the limited budget needs of the BOP because affordability goes beyond the number on the price tag (Prahalad, 2010).

Based on those researcher, I can conclude that bottom of pyramid people actually price sensitive which is they will buy the product that they afford to and they did not really care about the quality. As a formula that has been produce by some marketers which is high price, high quality and low price, low quality. So in order to aboriginal
people from Gua Musang which is bottom of pyramid population to buy the product, they will be price sensitive people.

4.3 Awareness

Awareness is actually can be define as knowledge that something exists, or understanding of a situation or subject at the present time based on information or experience. In this situation, marketers will take some action in order to make sure their target market known the existence of their company or their products. Marketers also can highlight the benefits of their products and what are that product can help it user to solve their problems. One of the easy example is vegetable. In Kenya some doctors say: ‘Managou (a vegetable) is good for children’. This is the way mothers become aware of the importance of giving their children vegetables to eat. Klein, Mancheron, Heck and Collee (2012) said that just as any product or service in any market, bottom of pyramid actors must be made aware of what is available and on offer, how to use it and how to benefit from it with minimum risks.

Creating awareness is complicated by the fact that many people at the bottom of pyramid live in media-dark zones are illiterate, and/or belongs to minority language groups. In the bottom of pyramid, word of mouth (what is said by the people they know and trust), and hierarchies (perceived position in the community) play an essential role in awareness raising when traditional media (TV, radio and the Internet) are less prevalent, hence less relevant (Klein, Mancheron, Heck and Collee, 2012). Marketers must make sure that aboriginal people from Gua Musang know about their product. Marketers need to figure out what are the best mediums that they can use which are very effective to make all target consumers know about their product. In this case, researcher will try to find and ask the villagers about how they know about some product and figure out the best medium that can be used by the marketers.

4.4 Access.

Prahalad (2010) said that company should shift from a focus on product to access. Access mean that the ability or right to approach, enter, exit and communicate with someone or something. In the sense of marketing mix the product aspect represents how a company can decide to use their product lines, which then often are connected to price as well. For example, different product lines can be introduced in order to serve different segments of the market or the company can focus on one high-end product line in order to focus more on its differentiation strategies expressing its high quality products (Parment, 2008).

Chikweche & Fletcher (2012) argue that the development of offerings to the bottom of pyramid segment should consider the degree of essentiality and potential added value to the consumers. Prahalad (2010) said that companies should develop products that acknowledge the bottom of pyramid market constraints making it possible for those consumers to consume products that otherwise would be unavailable.
4.5 Availability.

The decision of where a firm should sell its products is the question raised under the P of place of the marketing mix. Place strategies can be classified as exclusive, selective, and intensive, which are connected to what kind of image a company wants to have. Exclusive means few places and selling only one brand. Selective is the middle way, where the products are sold at selected places that could be outside the company but with high collaboration between the two parties. Intensive strategy is just a matter of being visible and available everywhere and is most used by low-price/high-volume strategies (Parment, 2008).

According to Klein, Mancheron, Heck and Collee (2012), to build a loyal customer and producer base at the bottom of pyramid, there must be an uninterrupted supply and uptake of products and services. This is a challenging endeavor in markets lacking an established logistics infrastructure.

In this case study, marketers should make sure that the product that they sold or service that they offer need to be access or known by aboriginal people at Gua Musang.

Gua Musang actually a rural area that lack of many facilities such as road, electricity, water, internet, and many more. In order to make sure aboriginal people from Gua Musang can access marketer’s product, marketers must distribute their product into the aboriginal people area. In this situation, marketers should find a suitable transportation or suitable ways to send their product into that place.

5. Conclusion

From the debate in the current literature, researchers agree that changes regarding the traditional marketing practices should be made. Therefore, our research question leads to an exploratory study, which Saunders et al. (2009) say is applicable when it aims to find out what is happening. In the end of this paper, researcher can identify and answer the research question which is ‘how and what do companies adapt in their marketing mix strategies in order to target the Bottom of Pyramid at Gua Musang area?’

The finding on this thesis can be used by marketers who have intention to sell their products or services to the aboriginal people at Gua Musang, Kelantan. They can use a suitable ways in order to attract their target market to buy their products or services.

References.


