

# Bottom of the Pyramid Marketing

Melissa Martirano<sup>1</sup>

<sup>1</sup> Pennsylvania State University, Schuylkill, PA, USA

Correspondence: Melissa Martirano, Lecturer in Business, Pennsylvania State University, Schuylkill, PA, USA.

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## Abstract

Throughout the developing world there have been numerous studies of the impact and ethics of marketing to consumers in the lowest socio-economic demographic, known as the Bottom of the Pyramid. These consumers make less than \$2 USD per day in many countries, yet will buy expensive items marketing by the media/the Internet, discussed on social media, and to keep up with peers (peer pressure). When such items are of benefit to the purchaser or their region, the result may be positive (computers for schooling, etc.) Yet spending on luxury items can cause such consumers to go deeply into debt or forego necessities, calling into question the ethics of targeting this group. In the United States, the poverty level is higher than in many countries, and access to media/social media/the Internet is ubiquitous. Americans are also susceptible to peer pressure, according to studies. Bottom of the Pyramid research, however, is lacking on American respondents. This proposal would fill that gap, considering such marketing and consumption from a behavioral and perceptive viewpoint. Hypothetical recommendations drawn from survey questions based on research questions developed through theoretical frameworks and scholarly literature review will suggest practical courses for American industry to sell to this population without ethical question. This work may also spur more in-depth analysis involving clearly defined demographic groups for deeper analysis and understanding. The research follows the qualitative method and is to be analyzed thematically using Likert format numbers.

**Keywords:** bottom of the pyramid, marketing, aspirational, peer pressure, corporate responsibility

## 1. Introduction

In the modern era, marketing has evolved depending on numerous factors. Prior to the advent of common print advertising, word of mouth was a primary method for attracting and retaining consumers (Silverman, 2011). Brand loyalty rose as a major component of marketing strategy and has remained a top consideration (Chang & Li, 2008; Elmore, 2015; Rahman, Hasan, & Floyd, 2013). For marketers whose products' name is synonymous with the product itself (Kleenex for tissues; Band-aids for adhesive strips; Kool-aid for flavored drink additive), one might think the job would be easier and in some cases it is. Still, marketers must adapt to the major means of information dissemination to reach the audience most likely to purchase the product or service they are promoting (Gupta & Shrivastav 2016; Vander Schee, 2014).

### 1.1 Introduce the Problem

When making strategic decisions regarding marketing, organizations are faced with conflicting data regarding how to best optimize their marketing efforts. Some retailers chose to sell in bulk at low prices and have climbed to the top of their respective industries by so doing (Ferguson, 2017); in this effort they often appeal to lower socio-economic consumers for whom saving money is important. Other companies have focused on high-end, designer products and services, and target their marketing at higher socio-economic groups. These two diametrically opposed approaches to strategic marketing leave out one potentially lucrative group: the "Bottom of the Pyramid." When making marketing decisions, organizations should have reliable data upon which to determine where to market and to whom to market. "Bottom of the Pyramid" purchasers are a relatively new target marketing audience (Mason & Chakrabarti, 2017) that is being explored, particularly in third world and developing nations with low average national incomes (de Sousa, Ayrosa, & Cerchiaro, 2013; Karnani, 2007; Mason & Chakrabarti, 2017). This writer believes that, by focusing abroad, researchers may be eliminating a potentially profitable group of consumers in the United States, who are susceptible to Social Media and Internet advertising pressure (Hajli, 2014; Tileaga, Nitu, & Nitu, 2014), and willing to make aspirational purchases

(Gupta & Shrivastav, 2016). The problem presented herein, therefore, is the efficacy of targeting “Bottom of the Pyramid” consumers in the United States by marketers.

### *1.2 Explore Importance of the Problem*

#### 1) Why is this problem important?

Given the problem as stated above, the purpose of this proposed study is to discern whether or not marketers in the United States should expend substantial or even moderate resources to attempt to stimulate purchasing of higher-end goods by lower socio-economic consumers. While industries owe a corporate social responsibility to society (Epstein, 2006), their primary ethical duty is to their shareholders, according to Martin Friedman’s theory of individualistic corporate ethics (Salazar, 2014). If there is a viable market, and if individuals will forego certain necessities anyway to purchase luxury items, a company would be remiss to not consider marketing to this group (Epstein, 2006; Singh, Bakshi, & Mishra, 2015). Marketers do not operate in a vacuum, of course, and products or campaigns that endanger human health should be off-limits. Pressure to be thin, for example, coming often from the diet industry but supported by the media, has caused mental, physical, and even fatal harm to some individuals. Operating with discretion, however, producers/sellers of iPads or designer clothing may be justified in reaching out to lower socio-economic consumers who desire the same goods and services that their more financially secure peers enjoy (Jebarajakirthy, Lobo, & Hewege, 2015). It has been posited that one reason socialism or communism would fail in our capitalist system is that everyone believes he or she might be the next millionaire (Kennon, 2018). Thus, targeting these aspirational purchasers may be advantageous to various industries. The purpose of this paper is to study and then recommend various aspects of the construct of “Bottom of the Pyramid” marketing from an economic and ethical viewpoint (Singh, Bakshi, & Mishra, 2015), and a potential research model for this concern, particularly with a shift in focus to American Bottom of the Pyramid purchasers rather than developing nations’ residents.

2) How does the study relate to previous work in the area? If other aspects of this study have been reported previously, how does this report differ from, and build on, the earlier report.

This study proposal fills a gap in research in that previous scholarship centers primarily on Bottom of the Pyramid marketing in the third world. Of the myriad studies discussed herein, none focus on the United States exclusively; many of them (Gupta & Pearce, 2014; Gupta & Shrivastav, 2016) examine corporate decision-making to market luxury or aspirational goods to third world, developing, or non-Western nations (Chang & Li, 2008; de Sousa, D., Ayrosa, & Cerchiaro, 2013).

### *1.3 Describe Relevant Scholarship*

In general, scholarly research regarding Bottom of the Pyramid marketing and purchasing concentrates on new consumers in developing countries who meet an internationally accepted definition of living in poverty. According to scholars, this includes individuals who earn less than \$2.00 (USD) per day (Prahalad, 2004; Gupta & Shrivastav, 2016). Due to the acceptance of this low level of income to define those who fit in the Bottom of the Pyramid, scholastic research has centered on countries such as China (Chang & Li, 2008), India (Gupta & Shrivastav, 2016; Karnani, 2007), and Latin America (de Sousa, Ayrosa, & Cerchiaro, 2013). With the advent of global trade (Simanis, 2012), much made possible via the Internet (Borges, 2009) and advances in transportation and shipping, individuals in remote or non-Western countries who are considered poor have access marketing of luxury goods and services, and may choose to forego necessities in order to purchase status-giving products once reserved solely for the wealthy. Such purchasing is known as aspirational purchasing (Gupta & Shrivastav, 2016), as it indicates a person’s hopes rather than their needs. This market has been untapped due to inaccessibility, but is now open and ripe for commercially aggressive strategies due to the “billions of aspiring poor who are joining the market economy for the first time” (Prahalad & Hart, 2002, p. 2).

Some studies indicate that corporations, bound to turn profits by their own ethical ties to their shareholders, may choose to appeal to consumers on the lower end of the socio-economic scale by offering luxury goods or fast-moving consumables that do not contribute to the economic progress of the individuals or their regional market (Gupta & Shrivastav, 2016). In developing countries, this may be undesirable, as marketing corporations could target consumers with products that will improve the lot of impoverished individuals rather than present opportunities for glamour (Gupta & Shrivastav, 2016; Payaud, 2014). Some researchers have measured consumers’ willingness to reject products from corporations who exploit rather than enhance the status of the globally poor (Gupta & Pirsch, 2014). Another study, drawn from the same concern, developed a choice of methods for corporations to market ethically to Bottom of the Pyramid consumers:

- (1) making the BOP market development less risky,

- (2) mask the CSR [corporate social responsibility] initiative as a BOP pilot project to generate internal traction within the organization,
- (3) integrating the BOP communities with the last mile of the supply chain of the organization,
- (4) bringing government intervention to accelerate scale-up, and
- (5) developing BOP as future markets for consumers and supply chain partners to make business more sustainable. (Singh, Bakshi, & Mishra, 2015).

Research shows that, although Bottom of the Pyramid consumers may be more cautious about daily, sustenance-type purchases, they will still spend significant sums for luxury goods, and this can be influenced by culture (Beniger & Robson, 2015). In some societies, Western designer products or electronics are purchased for status; in other areas, huge amounts may be spent on weddings or other celebratory occasions (Beniger & Robson, 2015). Such studies suggest that Bottom of the Pyramid consumers will adopt what some might consider being unwise spending patterns whether or not they are targeted through marketing, thus alleviating some of the ethical finger-pointing at corporations that focus on this market. The issue is the driving force behind the transaction—buyer or seller (Hill, 2010). If cultural norms dictate that money will be spent for a specific occasion, then the buyer is driving the transaction, as in the case of an elaborate wedding or funeral. This sort of spending will occur regardless of marketing. The obverse, which gives rise to ethical criticism (Karnani, 2007; Simanis & Duke, 2014), occurs if spending is influenced. When, for instance, Bottom of the Pyramid consumers are bombarded with images of luxury consumer goods such as designer clothes or expensive televisions and computers via selective marketing, the sellers (serving their shareholders) are the driving forces (Hill, 2010), a process Hill names naturological exchange, depicted below.



Figure 1. Naturological exchange for bottom of the pyramid transactions (based on Hill, 2010)

It is in such cases that many of the developing nation studies focus in relationship to ethical precepts and possible exploitation (Karnani, 2007).

While in developing nations the poverty level, which would encompass Bottom of the Pyramid purchasers, is set at those who includes who earn less than \$2.00 (USD) per day (Pralhad, 2004; Gupta & Shrivastad, 2016), in developed nations it is higher. Specifically, in 2017 the United States government considered an individual to be living below the poverty level if their income was less than \$12,060 per year, or \$33 dollars per day (Wissman, 2017). This amount is considerably higher than the \$600-700 per annum (USD) defined those considering the global situation (Pralhad, 2004; Gupta & Shrivastad, 2016). The difference in income levels alone may explain in part why many Bottom of the Pyramid marketing studies focus on the third world (Jebarajakirthy, Lobo & Hewege, 2015), where aspirational (Gupta & Shrivastav, 2016) or traditional forces influence spending patterns of the poor (Beniger & Robson, 2015), and imply ethical exploitation, or as termed above Hill's naturological exchange (Hill, 2010) by certain industries (Gupta & Shrivastad, 2016; Karnani, 2007).

Aspirational purchases, the concept of wanting to buy things out of one's price range due to marketing, would logically impact any market targeted by industry, regardless of location. In the United States, where there is such a high prevalence of media and social media influence (Hajli, 2014; Tileaga, Nitu, & Nitu, 2014), this type of purchasing would be expected to be prominent among all consumers, including those at the bottom of the pyramid. The idea that media/social media exerts pressure on Americans, especially youth, has been studied in

various contexts and found to be a determining factor regarding behavior. According to studies, young people starve themselves or go on harmful diets to achieve unattainable media images portrayed by thin models and celebrities (Greenberg, 2003; Robinson et al., 2008). Minority youth, often victims of poverty, are influenced heavily by such media and peer pressure, according to other research (Designer or luxury items marketed to youth, such as desirable name-brand sneakers (Air Jordan's, Reeboks) have caused not only unreasonable spending, but theft or even murder to acquire (Herman, 2017). Both media/social media and peer pressure, therefore, constitute theoretical frameworks that strongly support Bottom of the Pyramid spending in the United States.

#### *1.4 What Are the Primary and Secondary Hypotheses and Objectives of the Study, and What, If Any, Are the Links to Theory?*

Due to the dearth of research regarding Bottom of the Pyramid marketing/spending in the United States, this proposed study would explore two theoretical bases influencing purchases, as defined in the brief literature review. First is the theory of media/social media/internet marketing, as put forth by Tileaga, Nitu and Nitu (2014). This is a theory with strong applicability in the United States due to the prevalence of media transmitting devices (computers, televisions, tablets, and such) and good reception in most parts of the country compared to lesser developed parts of the world. Second, the peer pressure theory, often exacerbated by media forces (Greenberg, 2003; Robinson et al., 2008) will form a second prong of research in an American context. Although aspirational marketing/purchasing can be posited to contribute to much marketing and purchasing among Bottom of the Pyramid consumers in America, it has been studied on a universal basis and this writer believes the results of an American analysis would conform with prior outcomes such as those by Gupta and Shrivastav, (2016). The objectives of this proposal, then, are to test the extent of Bottom of the Pyramid consumption in America, focusing on the influence of media/social media/the Internet (theoretical framework one) and peer pressure (theoretical framework two). The potential ethical effects of marketing to American Bottom of the Pyramid consumers will be the final aspect of this construct.

To explore these issues, four research questions are presented which are formulated from the two theoretical framework concepts, as well as the idea of Bottom of the Pyramid spending in general and ethical implications—all centered within the United States as opposed to developing arenas. The research questions are as follows:

- 1) **RQ1.** Are American individuals willing to forego necessities to purchase goods and services that are out of their realistic price range?
- 2) **RQ2.** To what extent is media/social media/the Internet responsible for enticing low socio-economic purchasers to buy high-end items?
- 3) **RQ3.** What effect does peer pressure have on consumer purchasing in the United States?
- 4) **RQ4.** To what extent is it ethical, in your opinion, for corporations to market goods and services with the intention of encouraging those low socio-economic purchasers to buy high-end items?

These questions delving into these four research questions are derived from the theoretical framework regarding media/social media/the Internet influence and peer pressure. In the research phase of this proposed study, suggested questionnaire inquiries formatted in Likert style (McLeod, 2008) and related to these research questions drawn from the theoretical framework and the literature review will form the basis of thematic research within a qualitative methodology. They will also underpin the ten survey questions asked of the participants.

#### *1.5 What Are the Theoretical and Practical Implications of the Study?*

As has been explained above, the proposed study closes a gap in research due to the fact that existing scholarly work centers primarily on Bottom of the Pyramid marketing in the third world (Gupta & Pearce, 2014; Gupta & Srivastav, 2016). Many examine corporate decision-making to market luxury or aspirational goods to third world, developing, or non-Western nations (Chang & Li, 2008; de Sousa, Ayrosa, & Cerchiaro, 2013). This study will look at Bottom of the Pyramid spending in a nation with a much higher poverty level, which may influence the factors that promote such consumption. Media/social media/the Internet and peer pressure will be the primary motivators examined by the researcher. In addition, because the poverty level is disparate in the United States from the location of many previous studies, the attitude regarding ethical impact of marketing to this group diverge, and will make up a part of the study. In theoretical terms, this study will offer a starting point for comparing Bottom of the Pyramid marketing/spending between the United States and less affluent global markets. In practical terms, it will assess the ethical implications of targeting the higher income poor in the

United States, where development has already occurred and will not be assisted by such spending (Karnari, 2007).

## **2. Method**

### *2.1 Identify Subsections*

The writer proposes a qualitative methodology for this research. Of the three major methods (qualitative, quantitative, and mixed methods), qualitative is optimal for gathering and analyzing experiential data, that can include observations and reactions (Creswell, 2014). Quantitative methodology is used most often in scientific studies that lend themselves to statistical analysis, hence is the preferred method for empirical research of scientists (Crenshaw, 2014). Mixed methodology, which is very close to what the researcher proposes herein, combines both qualitative and quantitative to allow for perceptive responses that are analyzed objectively and mathematically (Driscoll et al., 2007). Although the questions utilized in the qualitative research tool based on the four research questions will be framed qualitatively, they will be formatted on a Likert scale that facilitates objective tabulation prior to thematic interpretation. This makes the present research close in style to mixed methods, although it is predominantly qualitative and characterized as such by the writer. The subsections of the methodology part of this proposal will present participant characteristics, selection, method of sampling, and adherence to ethical standards mandated in studies using humans as participants (HHS, 1979).

### *2.2 Participant (Subject) Characteristics*

Qualitative research is drawn from experiential human behavior (Boundless, 2016). Scholars utilizing qualitative method must describe and understand the phenomena at issue (here Bottom of the Pyramid marketing/purchasing): specifically: the “what” and the “why” of the subject. Thus, participants in qualitative research must be able to articulate their viewpoints and processes within the selected capable experience (Moen, 1998) through use of a number of potential tools, such as interviews, questionnaires, surveys, journals, artifacts and artwork (Lester, 1999). Qualitative methodology is optimal for experiential research such as that in social sciences, liberal arts, education, and other studies where perceptions or opinions matter (Berg & Lune, 2012; Crotty, 2003). This includes studies involving psychology (a social science), such as the current proposal.

Participants in the current study will be American (or living/visiting America), as the focus is impact on Bottom of the Pyramid marketing/purchasing activities and ethics in the United States. This writer believes that it is paramount to include in the sample individuals who fall within the Bottom of the Pyramid. Therefore, all research will be conducted in the United States. At least half of the participants will be sought from low income areas or even shelters. Conversely, when considering the impact of marketing to such customers in America, the writer believes that diverse attitudes will give a well-rounded picture of what societal members believe. Therefore, the remaining (approximately half) of the participants will be solicited at random from the public in venues such as shopping malls, college campuses and the like. Thus there will be a combination of participants from both those who are in the Bottom of the Pyramid and make the choices discussed herein (selected to meet a specific criterion), and those from other socio-economic groups classes (random selectees). Selected participants have the advantage of being able to speak from personal experience (Magilvy & Thomas, 2009), whereas random participants present a full scope of opinions and reduce bias (Shenton, 2004). The reader should note that the inclusion of college campuses and malls as venues for finding participants ensures a degree of youthful participation, in line with the media/social media/Internet theoretical framework (Tileaga, Nitu, & Nitu, 2014), and the peer pressure theoretical framework (Herman, 2017), both prevalent among this age demography.

### *2.3 Sampling Procedures*

The qualitative tool to be used in this research is a survey. Sample questions, set out in Likert format, are located in Appendix A. Three of these questions were drawn from RQ1: Are American individuals willing to forego necessities to purchase goods and services that are out of their realistic price range? Two apiece are derived from RQ2 (To what extent is media/social media/the Internet responsible for enticing low socio-economic purchasers to buy high-end items?) and RQ3 (What effect does peer pressure have on consumer purchasing in the United States?). The final three out of ten total have their genesis in RQ4: To what extent is it ethical, in your opinion, for corporations to market goods and services with the intention of encouraging those low socio-economic purchasers to buy high-end items? At least one question per RQ on the survey will be experiential (Do you...?) and at least one per RQ will be perceptive (Do you believe...?) There will be no demographic questions identifying the status of the respondents. All participants will be randomly approached and must voluntarily agree to participate without compensation, in accordance with the Belmont Report (HHS, 1979). Approximately 50%, however, will be a selective demographic of members of the Bottom of the Pyramid consumer group. In order to obtain participation from such members, a portion of the survey work will be conducted in

socio-economically depressed areas or even homeless shelters. The remaining members will be approached at generic public areas such as malls and college campuses. Due to the emphasis put on youth in the theoretical frameworks that apply to this paper, college campuses are included because most of their occupants are within the younger demographic. When qualitative research is conducted the size of the sample can vary tremendously. According to Polkinghorne, interview tools can be effective with as few as five to twenty-five participants (Polkinghorne, 2013). To assure that participation is ethically administered, i.e., voluntary, humane and just, as required by the Belmont Report (HHS, 1979), all participants will initial an explanatory protocol located at Appendix B.

### 2.3.1 Sample Size, Power, and Precision

Population Participants in a descriptive qualitative study must have experience with the problem being studied and possess the ability to describe accurately their experience to the researcher (Magilvy & Thomas, 2009). The goal is to collect meaningful data from participants and ensure saturation (Lane & Arnold, 2011; Mason, 2010). Although often associated with interviews rather than surveys (Polkinghorne, 2005) saturation occurs when interview data from participants becomes redundant, thus adding more participants will not further enlightenment regarding the issue (Marshall, Cardon, Poddar, & Fontenot, 2013). Saturation is attainable via Van Dessel's formula (2013) and careful selection of interviewees. Due to the use of a survey format in this proposal, van Dessel's calculative model for determining size will prescribe the number of participants (van Dessel, 2013). This formula considers three factors: response numbers at a high level (80%) as the participants will be handed surveys and fill them out/return them in front of the researcher, level of confidence (that answers are sincere), and margin of error (mismarking or other human mistake) (van Dessel, 2013). The level of confidence sought is 95% and margin of error 5%. The researcher is limiting participation to a geographic area with access to approximately 500 persons meeting the first criteria, and 500 within the second, for a total of a potential population of 1000. To fulfill the other requirements designated, therefore, surveys should be complete by 278 out of 348 invited members (van Dessel, 2013). The formula computation used to arrive at this number can be found in Appendix C. This survey size is optimal, based on population size and predicted return rate and meets saturation guidelines (Polkinghorne, 2005; Van Dessel, 2013). The participants are expected to be represented of the areas in which research involving them occurs, due to careful selection of venues.

### 2.3.2 Measures and Covariates

The questions used in the survey are drawn from the research questions, but have been worded in a more colloquial style to insure comprehension and validity of responses. The data will be collected by surveys formatted in Likert style, and presented to two separate cohorts: one group drawn from Bottom of the Pyramid members, hence selected to meet one criteria. The second group will be random, but with an emphasis on attaining responses from youthful participants, also controlled by the settings. Based on the theoretical frameworks and literature, younger members of society are more comfortable with media/social media/the Internet and peer pressure. Thus their responses relate an intentionally skewed result toward the results indicated in the literature. The researcher is a member of the participant society, thus familiar with its cultural values (Shenton, 2004) and psychometric nuances.

### 2.3.3 Research Design

The methodology for this study is qualitative, since the data gathered will consist of perceptions of Bottom of the Pyramid consumers and random societal members leaning toward the younger age spectrum. Perceptions will be gathered through a survey, tabulated via Likert scale processes, and then interpreted thematically. The only potential for researcher suggestion would be in the wording of the questions, as the researcher will not communicate with participants as they fill out their forms. This allows minimal direction through suggestion, allowing responses to take many directions, including unexpected ones, which is positive aspect in research because it propagates fresh outlooks (Leedy & Ormrod, 2010; Olsen, 2011). If one were to categorize this research, it would fall into the within-subject design, as all members responded to the same stimuli, although as qualitative research the line is not as clear as it would be in quantitative studies with control groups, variables and constants. Because the researcher is not a member of the Bottom of the Pyramid group, she researcher will seek participants through agents that they have a developed a trusting relationship with, such as clergy or healthcare providers to encourage participation and trust. In the case of mall or college campus interviews, this same barrier will not exist and no additional resource person will be utilized. The survey itself should take no more than five to ten minutes to complete. This coincides with the aim of understanding the very nature of the experience by reducing the experiences of participants with a brief, concise description attained through a descriptive qualitative design offered by the survey (Tavallaei & Abu Talib, 2010). While these survey questions

will focus on four central issues based on the Research Questions, it is acknowledged that the responses could vary into many different directions according to participants (Leedy & Ormrod, 2010).

Qualitative research can illustrate limitations of the existing theories and beliefs, which is one basis for this research being set in the United States rather than more studied areas of the world. Although such geographically-bound qualitative research is designed to be limited in its scope, it can produce results that are very rich in depth. Scholars may discern diverse perspectives, therefore, that occasion particular or peculiar outcomes (Hopper, 2011). Participants' responses to survey questions will be thoroughly and carefully analyzed. Such careful analysis of generates patterns and themes providing rich description and development of the topic under study, herein Bottom of the Pyramid marketing/consumption in the United States (Magilvy & Thomas, 2009).

The researcher will perform data analysis using both thematic and analytic processes. Thematic analysis places emphasis on the most frequent responses (Yliopisto, 2009). This type of analysis is based more on quantity of response than content, hence it removes researcher input and bias in a way not unlike quantitative methodology. In addition, however, the researcher will study the responses and note those that appear to her as somehow outside the norm. The results section will feature these responses. Each response will combine with the others to all of the responses will contribute to the discussion section of this study.

### 3. Results

In the Results section, summarize the collected data and the analysis performed on those data relevant to the discourse that is to follow. Report the data in sufficient detail to justify your conclusions. Mention all relevant results, including those that run counter to expectation; be sure to include small effect sizes (or statistically nonsignificant findings) when theory predicts large (or statistically significant) ones. Do not hide uncomfortable results by omission. Do not include individual scores or raw data with the exception, for example, of single-case designs or illustrative examples. In the spirit of data sharing (encouraged by APA and other professional associations and sometimes required by funding agencies), raw data, including study characteristics and individual effect sizes used in a meta-analysis, can be made available on supplemental online archives.

#### 3.1 Recruitment

This study is structured to gather information for a period of about two weeks. A viable time for the study to occur would be close to the Holiday season in the United States, as marketing and purchasing increase then. The researcher will approach individuals who reside in socio-economically depressed areas and possibly homeless shelters near her home (mid-Atlantic United States), probably with the assistance of a respected figure (clergy, health care provider) to assure the respondents that she is trustworthy. The remaining participants will be recruited at malls or college campuses nearby, both of which are public venues with highly random denizens.

#### 3.2 Statistics and Data Analysis

The Likert format consists of a range of responses from 1–5 (McLeod, 2008). In this study, the responses will range from 1 (never) to 5 (always), as depicted:

Table 1. Likert sample

<i>Question</i>				
1	2	3	4	5
Never	Sometimes	Neutral	Often	Always

The wording of each question will be intentionally designed so that higher numerical scores correlate with answers consistent with positive societal values (not overspending, not succumbing to peer pressure, not endorsing exploitative marketing). The surveys will be blindly administered and scores tallied by the researcher for each question, and then averaged for each of the for RQ groups. This should ensure accurate, unbiased, complete, and insightful reporting of the analytic treatment of data. The researcher will then draw insights and implications based on theoretical frameworks and literature in the field, as well as personal knowledge and experience.

#### 3.3 Ancillary Analyses

Although a future study could segregate the groups represented here using demographic data into two categories—those in the Bottom of the Pyramid and those selected at random—this will not be done in this

research. The writer expects that were further research to occur, such a division might yield diverse implications not part of this study.

#### 4. Discussion

Marketing to individual consumers at the Bottom of the Pyramid (low socio-economic demographic) has long been studied in developing nations (de Sousa, Ayrosa, & Cerchiaro, 2013; Karnani, 2007; Mason & Chakrabarti, 2017). There has been condemnation or questioning of the ethics of influencing impoverished consumers to spend money on luxury items in lieu of necessities (Singh, Bakshi, & Mishra, 2015). Little to no research has focused on Bottom of the Pyramid spending in the United States until this proposal. Four research questions (RQs) were developed to look at the influences, impacts, and ethical implications of such marketing, to be administered by the researcher of this study. The four RQs were developed based on a scholastic review of extant literature and theoretical frameworks of media/social media/the Internet effect on marketing in Bottom of the Pyramid members (Tileaga, Nitu, & Nitu, 2014), peer pressure influence on consumption in Bottom of the Pyramid members (Herman, 2017) and the ethics of such marketing (Singh, Bakshi, & Mishra, 2015), both from a theoretical and practical/experiential viewpoint. The four RQs are presented below:

- 1) **RQ1.** Are American individuals willing to forego necessities to purchase goods and services that are out of their realistic price range?
- 2) **RQ2.** To what extent is media/social media/the Internet responsible for enticing low socio-economic purchasers to buy high-end items?
- 3) **RQ3.** What effect does peer pressure have on consumer purchasing in the United States?
- 4) **RQ4.** To what extent is it ethical, in your opinion, for corporations to market goods and services with the intention of encouraging those low socio-economic purchasers to buy high-end items?

These questions have been translated into a ten point survey that is to be administered to members of the Bottom of the Pyramid in the United States, and also random individuals with an emphasis on young members.

As this is a proposal, the results of the survey are not available until it has been conducted. Nonetheless, based on the literature review and theoretical frameworks, and the intention nature of participants and design of questions, it is expected by the researcher that most of the respondents would score in the mid to high range (supporting cultural values of being influenced by peer pressure and media/social media/the Internet) in terms of actually buying items exceeding what they can afford. Conversely, it is expected that approximately half (the random participants) would score in the mid to high range (supporting cultural values against over-consumption, in the belief that industries should not intentionally target Bottom of the Pyramid consumers for non-necessities. If these assumptions prove correct, a sample result for RQ1's three questions, therefore, would look like the following:

Table 2. Hypothetical responses to RQ1, 3 questions

Q1	4.5
Q2	3.5
Q3	4.5
Average	4.16

Thus, if the expected result ensues after analysis, a high correlation would be shown amongst purchasing out of one's level to afford by all groups, including those in the Bottom of the Pyramid, a slightly greater tendency to regret such purchases (probably by the random participants) and a dismissal that such marketing is unethical by all groups.

The researcher believes that research which segregates the responses would show more variation, especially regarding the ethics of targeting Bottom of the Pyramid consumers to purchase luxury items. Designer bags and Brand Name sneakers do not advance the gross national product of the United States as their sale might in developing nations. On the other hand, sales of expensive self-improvement products such as computers (for education/communication) and automobiles (to improve transportation opportunities to employment, education, and community service groups) would benefit any society, including developed ones. Therefore, the response to the ethics RQ might vary depending upon what group was answering and if specific items/services were listed. Not doing so is a delimitation of this research that could easily be expanded in further research on this topic.



These findings will be important as they will either contribute to helping support or invalidate the way in which Bottom of the Pyramid marketing/spending works in America versus globally, particularly in developing nations. While theoretically interesting to marketing scholars, the ethical responses can inform industries regarding the efficacy of marketing to members at the Bottom of the Pyramid. Further research could do more to look closer at the variants between groups, but this research would be a needed first step at exploring Bottom of the Pyramid marketing/spending in the United States.

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## Appendix A

### Original Survey Instrument—Survey

Please circle the number that shows the correct response to each question below:

**Question Related to Research Question 1:** Are American individuals willing to forego necessities to purchase goods and services that are out of their realistic price range?

1. Do you stop yourself from buying items or services that you think you cannot afford but want anyway or do you just go ahead and buy them?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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2. Do you feel satisfied with such purchases if you make them or do you regret them?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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3. How often do you believe that other Americans buy items or services that are out of their price range?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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**Question Related to Research Question 2:** To what extent is media/social media/the Internet responsible for enticing low socio-economic purchasers to buy high-end items?

4. How often do you stop yourself from buying items you cannot afford but have seen advertised on media or the Internet, or heard of positively via social media (Facebook, etc.)?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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5. How often do you believe other Americans buy items they cannot afford after seeing them advertised on media or the Internet, or heard of positively via social media (Facebook, etc.)?

**Question Related to Research Question 3:** What effect does peer pressure have on consumer purchasing in the United States?

6. How often do you resist peer pressure (what your friends say/think) and stop yourself from buying something that you cannot afford?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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7. How often do you believe other Americans buy items they cannot afford because of peer pressure (what their friends think/have)?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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**Question Related to Research Question 4:** To what extent is it ethical, in your opinion, for corporations to market goods and services with the intention of encouraging those low socio-economic purchasers to buy high-end items?

<b>1</b> <b>Never</b>	<b>2</b> <b>Sometimes</b>	<b>3</b> <b>Neutral</b>	<b>4</b> <b>Often</b>	<b>5</b> <b>Always</b>
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## Appendix B

### Original Survey Tool - Protocol/Invitation

#### Dear Participant:

As an academic researcher, I am seeking responses that will assist me in understanding your perceptions of information or experiences related to people buying things that they cannot afford.

You have been asked to participate due to your experience with companies trying to get you to buy high priced items, whether or not you have done so, your beliefs as to whether such marketing is ethical, and in part your age demographic. I am asking you to take time to respond to prompts relating to your perceptions regarding this topic. This is a voluntary, confidential, anonymous questionnaire. No one will have access to your responses except Survey Monkey, a disinterested service, and myself. The responses will be compiled by me only after which they will be stored securely in my computer under password protection. They will be used for academic purposes only, and destroyed within two years of completion of this study.

I sincerely appreciate your taking the time to respond to these prompts to the best of your ability.

The process should take less than ten minutes

**Thank you very much in advance for your participation!**

Sincerely,

\_\_\_\_\_  
Researcher

## Appendix C

### Population and Sample Size Calculator (van Dessel, 2013, 1)

#### Calculate representative sample size

Sample size		
Population size:	<input type="text" value="1000"/>	How many people are in the group your sample represents? (The sample size does not change much for populations larger than 20,000.)
Margin of error:	<input type="text" value="5%"/>	This is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a margin of error of 4% and 47% percent of your sample picks an answer, you can be "sure" that if you had asked the question to the entire population, between 43% (47-4) and 51% (47+4) would have picked that answer.
Confidence level:	<input type="text" value="95%"/>	This tells you how sure you can be of the margin of error. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the margin of error.
<b>Required sample size:</b>	<b>278</b>	Number of respondents needed
Estimated response rate:	<input type="text" value="80%"/>	What percent of those asked to participate in the survey will do so. Response rates vary greatly depending on many factors including the distribution method (e-mail, paper, phone...), type of communication (B2C, B2B...), quality of the invitation, use of incentives, etc.
<b>Number to invite:</b>	<b>348</b>	This is the number of individuals out of the population you need to ask to participate, in order to achieve the required sample size based on the expected response rate.

#### Calculate sample size margin of error

After your survey is complete and you know the number of respondents you actually have, you can use this calculator to determine the actual margin of error.

Margin of error		
Population size:	<input type="text" value="1000"/>	How many people are in the group your sample represents? (The sample size does not change much for populations larger than 20,000.)
Number of respondents:	<input type="text" value="278"/>	The actual number of respondents that answered your survey.
Confidence level:	<input type="text" value="95%"/>	This tells you how sure you can be of the error of margin. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the margin of error.
<b>Margin of error:</b>	<b>5.00%</b>	

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