Foreword

Deciding what fragrance to splash on before attending a party is a first world problem. Deciding whether to spend what’s left of this month’s wages on tobacco or medicine is a third world problem. Yet millions of consumers around the world face both decisions all the time, whether they happen to live in a wealthy country or a developing country.

As the chapters in this volume vividly illustrate, a consumer behavior framework is relevant to a broad range of issues from managing debt, purchasing perfume, or encouraging sustainable choices. Around the world and every second, people make decisions related to personal expression, lifestyles and values, ethical priorities and physical or spiritual well-being. Our choices – whether we live in London or Lagos – are influenced by powerful yet often unseen forces such as social class, group and cultural norms, environmental cues, and even the credibility of the source of a persuasive message as well as the way that message frames the behavioral options it advocates.

The lion’s share of consumer behavior research has to date focused upon first world problems. This is not surprising given the sophistication of legions of marketers who work in the private sector for large CPG firms and global advertising agencies. However, as evidenced by the publication of this book, that picture is changing for two reasons.

One reason is pragmatic; these multinationals are waking up to the economic potential of “the bottom of the pyramid” where the large majority of customers in the world actually reside. Many major companies like Unilever and Procter & Gamble are working hard to capture the money they have left on the table when in the past they ignored developing countries. In the process of course they must adapt their strategies to confront the realities of vastly different value chains, cultural nuances that influence the attractiveness of Western brands, and operational realities that may dictate smaller package sizes to reduce the price per unit.

It’s worth noting that there is a positive side of this need to disrupt business as usual to confront the realities of marketing to developing economies. Very simply, “necessity is the mother of invention.” The ingenuity required to adapt to local conditions can culminate in reverse innovation, where products originally designed to circumvent adverse environments eventually find their way back to compete with more sophisticated - and resource-heavy - options in first world markets. Whether in the form of the smartphone-based M-Pesa financial transfer system popular in Kenya, a General Electric baby warmer developed in India that replaces fluorescent bulbs with an inexpensive LED device, or the Nokia 105 mobile phone that costs about $20, today innovation is a two-way street.

The second reason for this nascent interest in the discipline is that global aid workers in the public sector increasingly recognize the value of understanding principles of consumer behavior as they seek to educate and influence practices on the ground in developing countries. Many now seek to form
partnerships between private companies and NGOs that enhance consumer welfare and also promote sustainable behaviors (such as the relationship between Living Goods and BRAC in Uganda that fosters better healthcare practices). And, as more organizations adopt a Triple Bottom Line perspective that values both financial and non-financial returns on investment, we can expect to see these partnerships flourish in the coming years.

In addition we witness the development of exciting and novel business models that have the potential to empower vast numbers of poor yet ambitious consumers in developing countries. Microloans allow small businesses to germinate in formerly barren soil. Microfranchises (inspired by the direct selling paradigm pioneered by Avon, Amway and others) turn relatively uneducated people into thriving entrepreneurs as these distributors provide their neighbors access to cosmetics and cleaning products, but also eyeglasses, solar lamps and cellphones. In the process these networks empower vast numbers of people (primarily women) as they rework the fabric of traditional societies.

As new models continue to evolve – such as Internet.org, a consortium of tech giants committed to providing web access to virtually everyone in developing countries – this progress will only exacerbate our need for a more robust and ever more granular understanding of consumer behavior. Such knowledge-building is increasingly necessary to solve both first world and third world problems. This volume is a step in that direction.

*Michael R. Solomon*

*Saint Joseph’s University, USA*