



**Indian Institute of Management Calcutta**

**Working Paper Series**

**WPS No. 800  
September 2017**

**Consumption and Purchase Patterns among Bottom of Pyramid Consumers: Propositions,  
and Implications for Public Policy**

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## **Consumption and Purchase Patterns among Bottom of Pyramid Consumers: Propositions, and Implications for Public Policy**

### **Abstract**

In this research, we analyze the peculiarities in the consumption and buying patterns at the bottom-of-the-pyramid (BOP), and provide public policy implications to shape policies for poor consumers. We conduct semi-structured in-depth interviews of 36 poor customers in two states in India. The data is analyzed for emerging themes, and emerging relationships between these themes. Based on the analysis, we suggest six propositions emphasizing on the peculiarity of BOP markets triggering specific parameters for shop and product selection, thereby lead peculiar consumption patterns among consumers at the BOP. Our paper may serve as a conceptual basis for the managers to formulate an effective policy mix in order to serve the base of the pyramid more effectively. We conclude the paper by positing consumer-based policy implications tailored for the financially poor consumers at the BOP.

**Key words:** *bottom-of-pyramid consumers, consumption, consumer behavior, low income, India.*

**Paper Type:** Empirical Paper

Although the micro-economic models are the pioneering attempts to understand the choice process, their bias towards the concept of utility maximization does not always hold true in all marketing contexts. In context of the Bottom-of-the-Pyramid (BOP), consumers generally strive for acceptable levels of satisfaction and not always utility maximization (March and Simon, 1958). Besides, consumers lack perfect knowledge regarding products, and they frequently manipulate each other's preferences in the prevailing socio-demographic setup with several non-action variables. BOP markets are characterized by compactly networked and close-knit communities (Viswanathan, Gajendran and Venkatesan, 2008) on which they depend to trounce their deficiency of purchasing ability, access, and skills (Viswanathan et al 2008). Therefore, in addition to product's price some other parameters are also considered for its selection (Petroshius, 1981). Evaluation of existing consumer choice models suggests that they inherently have limited applicability in resource-constrained environments such as that faced at BOP. Therefore, as an illustration, the Nicosia Model can be criticized for not been empirically tested in such contexts (Zaltman, Pinson and Angelman, 1973). In addition, many of the variables (e.g. perceptual bias) were not clearly defined and hence cannot be measured (Lunn, 1974). Understanding the implementation of the model in BOP aspect is even more difficult given the fuzziness of the definition of the BOP itself. Nonetheless, it is still difficult to assure whether the existing consumer behaviour models in marketing literature do represent the pragmatic process of buyer-decision making in the BOP market at all, and can predict the accurate values of all the observable and latent variables (Erasmus, Boshoff et al. 2001). Hence,

the present study concentrates on developing a more realistic model of buying and consumption behavior patterns in context of the BOP markets.

In the present study, based on several in-depth interviews with BOP customers, we conceptualize and propose a new model of consumption and purchase behavior among BOP consumers. Our study contributes in the following ways:

- It attempts to draw inference on the consumption peculiarities at the BOP based on existing literature and exhaustive interviews.
- It develops an integrated and constructive framework of purchase as well as consumption as a pioneering attempt by establishing linkage between the peculiarities of the product as well as shop selection parameters at the base of the pyramid. .
- It identifies intra-familial behavioral disparities, interactions and influences as an integral part of household choice heuristics at the BOP.

The rest of the paper is structured as follows. We first provide the theoretical background of previous research on BOP consumers. This is followed by methodology, findings and discussion, and we finally conclude the paper with implications & concluding remarks.

### **Theoretical Background**

According to Sheth, Newman and Gross (1991) choice decisions are based on five major values namely functional value, emotional value, social value, conditional value, and epistemic value. However, functional value is assumed the most important influencing variable of consumer choice. This assumption is derived from the Marshallian ‘utility theory’ (1890) and most often considers the customer as "rational economic man." However, as mentioned earlier that since 1980's the researchers vehemently argued over the concept of rationality of the consumer actions (Erasmus, Boshoff et al. 2001). Quite often, the rational information processing approach of the model falls short to interpret the non-conscious behaviors of the customers (Bozinoff 1982, Erasmus, Boshoff et al. 2001); especially for the low-literate BOPs (Viswanathan, 2005).

In the BOP markets, although considerable debate has been generated on the imprecise definition of the BOP market i.e. whether it should be per capita income below \$300 in the local purchasing power (Hammond, 2007; Karnani 2007) or the per capita income below \$2 per day at Purchasing Power Parity (PPP) rates \$750 per year (Pralhad, 2002), yet, there is no doubt that the BOP consumers have to be treated as significantly different from that of the Top of the Pyramid ‘experiencers’ or ‘I-am-Mes’ (Pralhad, 2004). On the other hand, this diverseness of BOP customers both in terms of earning and ignorance might provoke them to skew their expenditure towards unnecessary and unhealthy habits (like tobacco or alcohol) instead of constructive and essential needs as child education (Pitta et al. 2008). Moreover, due to extreme poverty, they compromise with both qualities and adequate quantities of purchase and consumption (Chakravarti, 2006; Pitta, Guesalaga et al, 2008). Quite obviously, in such a poverty-situation, the poor spend 80% of their total income on food, clothing, and fuel with almost nothing left for other products (Karnani, 2007). According to some other sources, the BOP customers spend 50-75% of their income on food and basic consumer items (Andrea et al., 2004). That leads to their marginal propensity to consume for the food items at much higher

ratio than their TOP counterparts (Pitta et al., 2008). Therefore, though consumer's income, previous income (Friedman, 1957) or relative income (Duesenberry, 1949) are some of the important macro-economic criteria for buyer behaviour in general, but the social-demographic (e.g. literacy, gender) structure plays a major role to explain buyer behaviour in BOP context.

However, post globalization, the social structure in which the purchase and consumption decisions are taken, is shifting its paradigm. Nevertheless, the gender-biased familial privilege regarding the provision of basic education is still revealed by the lower literacy rate amongst the females (Kanter, 2002). Despite the wide prevalence of self help group activities (Ganguly and Scrase, 2003) which have catalyzed a sea change in the societal activities, the normative precincts on the role of females as a buyer in context of family purchase still prevails even in BOP communities (Hapke, 2001).

In harmony with such social practices, illiterate and ignorant consumers generally rely on a single information cue while making purchasing decisions (Viswanathan et al., 2005). Information, though is the basis of some contemporary consumer behaviour models (Bettman 1979, Andreason 1965), with significantly low level of literacy the information processing is highly constrained (Viswanathan, 2005) in the BOP market. This has subsequently led to the "missing information strategies" (Burke, 1996) for the 4 billion (Brugmann, 2007) BOP market. One such strategy is the postponement the buying decision until the information to the extent of satisfaction is acquired. Sometimes, even with missing information the ignorant customer continues buying and even accommodates missing information by compromising own shopping style (Viswanathan, 2005). However, the most critical consequence of compromising such "missing information" is replacing them with own predispositions and perceptual biases (Gardial and Schumann, 1990; Burke, 1996).

In continuation to these researches, Viswanathan et al. (2005) and Adkins and Ozanne (2005) in their studies on low-literate adult education students in the USA portrayed that because of lower literacy level, the BOP consumers do process the symbolic or significative cues offered by the society or marketers quite distinctly. The information processing stage, here is often observed as a blend of concrete thinking (processing single cue in an abstract manner) and pictorial thinking (visualizing the color of the packet, pictures, photos etc) (Viswanathan, 2005). It is quite evident from these studies, that the, basic information and 'missing information' processing components of the semi-literate consumers' were basically memorizing functional and emotional attributes of the products, unitary and frequent purchases of basic products, and loyalty for nearest grocer or "kirana". Furthermore, Viswanathan et al. (2005) segmented the BOP market based on extent of literacy and concluded that the apparently homogeneous BOP market is quite dispersed and heterogeneous in reality. Functionally low-literate consumers exhibit distinctive cognitive preference, choice rules, and tempo of diffusion and adaptability (Viswanathan, Rosa, & Harris, 2005). For the semi-literate customers, reading ability influences the memory outcomes and their capacity in carrying out memory-related tasks (Chiappe, Hasher, & Siegel, 2000).

The consumer decision heuristics in terms of essential products and services are often restricted by the prevalence of unavailability (Prahalad, 2005), unaffordability (Karnani, 2007), lack of accessibility, awareness and appropriateness (Mukherjee, Bandopadhyay, Bhattacharya, 2007) in the subsistence market place. Chakravarti (2006) mentions that many economists argue that due to extreme poverty at BOP, well-being should be understood not in terms of basic needs or utility derived out of essential products and services, but rather as consumer's capability; that is the "value" derived by him from the commodity in the genuine state of freedom generates the sense of well-being (Amartya Sen, 1999). Nonetheless, even though the BOP customers are varied in terms of their geographic and demographic features, their perceived value derived from the product often pivots around "price-sensitivity" (Pitta et al. 2008). This clearly indicates that the BOP customers incline towards more "value for money", as the monetary loss from the under-performance of the product is considered much greater for the bottom of the pyramid customers compared to their top of the pyramid counterpart. In particular, the Afro-Asian BOPs tend to be more brand loyal due to the uncertainty and perceived financial loss attached to the new brand (Andrea et al, 2004). Therefore, as Prahalad and Hart (2002) suggest, the 4 million at the base of the pyramid appreciates the combination of low cost, good quality, sustainability (e.g. pouch packs of established brands at marginal price) and therefore, this blend is ought to result in profitability for the BOP marketers.

However, a common concern of all the 'analytic' models principally underlies with the latent nature of many of the variables (Foxall 1983). Moreover, to understand the behaviour of subsistence customers it is not only needed to focus on purchase but also emphasis has to be laid on the 'functional value' of the commodity in terms of its consumption (Newman et al., 1991). To be more precise, Sen (1991) distinctly demarcates between the capability approach and alternative approaches of well being generated out of consumption. For the purpose, Sen (1991) has categorically focused on the concepts of commodities and the range of its characteristics per se. Though, obtaining certain quantity provides the person to command over its functional attributes (Sen, 1987), nonetheless, even if the commodities possessed by the consumers are identified, it is quite difficult to ascertain what functional value (Newman et al, 1991) they are going to accomplish by using these commodities (Sen, 1987). This is because the rate at which individuals are able to convert these characteristics into functioning usually differs across the individual (demographics, and psychographics) and external determinants (like culture, environmental factors) of buyer behaviour (Sen, 1999). For example, at the BOP, overnight's leftover rice or roti dipped in water may serve the function of breakfast, while rice or roti are principally lunch or dinner items in other households in India. These, innovative modes of functioning (e.g. using mobile missed calls as symbolic language) may also result in utility and generate epistemic value to the customers (Sen, 1983). While only utility is deemed to be an inadequate measure due to its adaptive nature and limited relationship to objective well-being; it is the chain from commodities – characteristics – functioning – utility, Sen argues in combination to person's freedom and capacity may be considered to be constitutive components of their well-being (Sen, 1992)

In this scenario, it may be mentioned that, even within the narrow-price levels (Viswanathan, 2009), consumers do exhibit freedom of capability (Sen, 1997) to discriminate (Prahalad, 2004). They, even sometimes intend to pay little more as compared to necessary items (e.g. rice) if the

functional/social 'value' (Newman et al, 1991) derived from the product is higher e.g. cell phones (Viswanathan, 2008). Thus, the perception of "value" seems to be more prominent issue than the notion of price as the only cue.

Therefore, in the BOP markets, the choice heuristics in terms of household consumables (rice, dal, sugar etc) sometimes do not follow the significative or symbolic cues as mentioned in the inclusive consumer behaviour model by Howard-Sheth (1969) and rational information-processing model of Bettman (1969). Moreover, the BOP consumers usually earn less than \$2 per day (Prahlad and Hammond, 2002) and thereby, are devoid of sufficient access to the necessities of life (food, health, and education). They are characterized by very low levels of literacy and computational ability (e.g. addition, subtraction etc) (Viswanathan, Torelli et al, 2009). Specially, the rural subsistence customers suffer from inaccessibility in terms of mode of transportation and this even result in unavailability of treatment in last minutes (Mukherjee et al, 2007). Because of these restrictions arising out of poverty and geographical location, these customers are subjected to limited consumption alternatives (Hammond et al, 2007; ; Viswanathan and Rosa 2005).

### ***The Indian BOP Market***

Keeping the dimensions of poverty and hunger into notion, Government of India, in 2006-2007 disseminated 31.6 million tones of basic food grains (rice and wheat) through the licensed dealers under the established Public Distribution System (Government of India, 2008). To be mentioned, that since 1997, the Government firmly endeavored to segment the market for the poor through targeted PDS (Khera, 2008). As an outcome of such attempt, in 2001, the Antodaya Scheme was launched for the poorest of the poor, which followed the rule to fix the price at half the 'economic cost' incurred by FCI for the BPL cluster (Madhura Swaminathan, 1995). However, the flawed targeting and implementation of the targeted PDS followed by lopsided distribution only 26.5% of the rural households and 10.5% of the urban households were roofed by BPL card. The most alarming issue is that even less than 3% of the rural households really possess Antodaya card on a pragmatic note (Khera, 2008).

The erroneous targeting process on its own course of time originated a skewed consumption pattern in the same BPL cluster (Khera, 2008 and Hirway Indira, 2003). Swaminathan and Mishra (2001) mentioned this as mis-targeting because of mis-segmentation of the poor households done using just three criteria operational landholding size, type of house, and ownership of assets. It was analyzed by Khera(2008) based on survey in Rajasthan, that the Type I errors for all the three segmentation criteria were reasonably high. It was almost 85 per cent in each case. In a survey-based paper, considering five Andhra Pradesh villages, the incidence of wrong inclusion and exclusion were also apparently in congruence with Khera's study (Indrakant, 2000).

Another critical note to be looked upon was the skewed rural-urban distribution pattern of possessing ration card itself. It was observed that in rural India out of the total ration card holders, roughly 10% were scheduled tribe households, 42%, 22% were OBC, and scheduled caste households respectively. The general households in rural India covered under rationing scheme were approximately 26%. On the flip side, in urban areas, the proportion of the

schedule caste, OBC, and general category out of the total ration cardholders were 16%, 35%, and 47% respectively. These figures demonstrated a paradox given the higher percentage of poverty in rural India as compared to the urban India. (NSSO Report 2006-7, InfoChange News and Features, July 2007)

In congruence to this, it may be argued that there would be considerably dissimilar choice behavior in terms food and other consumables amongst the BPL with Antodaya card (getting rice Rs. 2 per kg, etc) and without the same. Even with Antodaya card, sometimes, lack of availability or inferiority of the supply force the cardholders to opt for open market purchase of necessary items at a higher price (NSSO Report, 2006-7). Therefore, it is quite obvious that subsistence customers without the Antodaya card, are easily subjected to semi-equipped distribution points (local small kiranas) and by paying even the ‘monopoly’ prices many a times (Pitta, 2008) to buy inferior products following the SCM pattern identified by Viswanathan and Sridharan (2005). In fact, as they are subjected to very low and unstable income, they usually depend on buying the household necessities from the local stores on daily basis in very small quantity (Andrea et al., 2004; Pitta et al, 2008). Andrea et al (2004) claimed that the inter-personal networks with the stores’ people also have an affirmative influence on the consumer’s loyalty to the local kiranas. In this particular context, the BOP consumers across the globe have notable congruence. In fact, it was observed that outlet owners who were prepared to sell such smaller quantities on a regular basis to the “disadvantaged” consumers were ushered with profound consumer loyalty (Viswanathan and Sridharan, 2008). Further, need recognition has been identified as the commencing point of decision-making in both the models. However, the BOP customers who quite often are not the Marshallian rational economic man, fails to recognize the need in right time. For example, if the health care service providers of Indian rural sector are considered, then to make the rural BOP customers recognize the need for appropriate curative or preventive health care at right time is perhaps the biggest challenge (Mukherjee, Bandopahyay, and Bhattacharya, 2007). In summary, the above highlights some of the major departures from the extant knowledge about richer customers, and how BOP customers offer a unique context for a new understanding of poor customers.

## **Method**

We adopted a qualitative research design (e.g. Yin 2003). All the authors and their team of researchers conducted depth interviews (Huberman and Miles, 2002). We collected interview data from 36 consumers at bottom of the pyramid in two cities in India. The choice of these cities- Kolkata (21 interviews), and Jammu (15 interviews) was guided by these cities being one of the poorest in India in terms how base of the pyramid is described, as well as authors’ proximity to BOP individuals there. Our method of data collection is also consistent with prior studies carried out in BOP context (Barki, 2010. Chikweche and Fletcher 2010, Viswanathan, Rosa and Haris, 2005).

We interviewed those who expressed an interest in participating in the study, and their anonymity has been maintained. We did not provide any remuneration for their participation. All interviews were audio recorded and later translated into English from *Bangla* or *Hindi* (spoken by interviewees) and transcribed verbatim. These transcripts ran into more than 95



pages, and were then analyzed for emerging themes and the emerging relationships between these themes. Both researchers also made extensive notes during the interviews. On most occasions, the mother/wife or the father (head of the family, and may not be the only breadwinner in the family) served as the primary respondent.

The BOP interviewees had a daily income of less than US \$2 ( ~Rs 100 per day; \$1 is approximately equal to Rs 49.5), with education levels less than 12<sup>th</sup> grade, and with occupational profiles that included those of household help, migrant daily wage earners, rickshaw pullers, small shop owners, or street vendors. These classification criterion are consistent with literature (e.g. Prahalad and Hammond 2002), and with those included in the United Nations Human Development Index that suggests income and education to be important factors indicating poverty. Interview lengths varied from 25 minutes to more than 1 hour. Each began with a question asking the respondent(s) what they ate, which products they bought and consumed, how their family chose brands, how aware they were of the brands, and how they made decision on what to buy?

## **Findings & Discussion**

Our analysis of primary data yielded insights that substantiated and characterized our propositions. Figure 1 shows the organizing framework for our findings. Examination and elaboration of our propositions using the findings shows how (1) specific features of the BOP markets can trigger distinctive parameters of point of purchase (shop selection), followed by unusual parameters of product selection (Propositions 1-2), (2) each of these two parameters can trigger selection/choice of purchase points, and choice of products(Propositions 3-4), and (3) choice of purchase point (shop) can also trigger choice of products(i.e. constrained exchange and consumption) (Proposition 5), and, (4) These features of BOP markets thus lead to certain consumption patterns at the BOP(Proposition 6). We now discuss our findings below.

-----Take in Figure 1-----

### **Features of the BOP Consumers and Purchase Decision Making**

Consistent with the BOP literature, our data shows evidence that BOP consumers adopt different heuristics compared to rich customers in deciding the parameters for selection of retail outlet, as well as the product/service to be consumed.

### ***Features of the BOP Consumers and Parameters for Shop Selection and Product Selection***

The evidence from our interviews show that key peculiar features observed in the BOP markets consists of low incomes, low literacy levels, and low purchasing power. These features in combination strongly influence consumptions in terms of periodic and frequent purchase. It also brings a much higher levels of dependence on the social networks of the poor individuals who are dependent on their relatives and friends to take the bridge loan to overcome the continual and persistent gap between low purchasing power, and consumption triggered by basic needs, and emergency needs. We also found that although many poor customers are also covered under the federal government's subsidy program through below the poverty line (BPL) cards, yet most poor customers we interviewed preferred to go to the open market shops. These

observations made by us substantiate previous research on BOP consumers that suggest that poor consumers' dependence on their own close social networks is driven by their urge to cope with their deficiency of purchasing ability, access, and skills (Viswanathan et al 2008).

Such features of the BOP consumers trigger heuristics that lead to a constrained choice set in the minds of the BOP consumers for selection of shop and the product/s for their consumption needs. As one poor woman aged 50 said, "The shopkeeper keeps this product in his shop and he said this is good. It is also cheap, and I buy in small quantities".

We asked another old female BOP consumer how much she paid for a particular brand of oil she bought, to which she replied, "Exactly I don't know, my husband buys. But it is cheap and affordable to us, otherwise, my husband would not have bought."

Such responses show that BOP consumers due to their severe limitations, may often compromise with qualities and/or adequate quantities of purchase and consumption (Chakravarti, 2006; Pitta, Guesalaga et al, 2008). Moreover, this style of purchase decision making also accommodates for the 'missing information' by BOP consumers, (Viswanathan, 2005).

Other parameters for shop selection included, credit facility availed at the shop, the social network influence, shortage of time, convenience, and scope for negotiation and bargaining. Largely, these parameters for shop selection are geared towards reducing cognitive load, or constrained information processing (Viswanathan, 2005) commonly observed in the BOP markets (cognitive load is reduced by increasing dependence on the local shopkeeper). This also substantiates that poor customers, in addition to product's price, also consider other parameters in purchase decision-making (Petroshius, 1981), although their own ability to take decisions is constrained.

The over-dependence of poor consumers at BOP on their local neighborhood shop was overwhelming in our set of interviews. One typical case is that of a migrant construction worker, Rajesh, who supports a family of five. Upon asking, he mentioned the name of his shopkeeper so many times in his responses to our questions, he said, "His shop is nearby, and he maintains a *khata* (ledger book) for us. So we get products in credit also, especially since I buy in small quantities." Based on the literature support and interview data, we post the following propositions (P1 and P2):

**Proposition 1: Features of BOP consumers (such as low incomes, low literacy levels, low purchasing power, frequent regular purchase, and dependence on close social networks) triggers specific parameters for shop selection (subsidy, credit facility, time-utility, place utility, scope for negotiation and bargaining, dependence on social and economic networks) as a pattern in their purchase decision-making.**

**Proposition 2: Features of BOP consumers (such as low incomes, low literacy levels, low purchasing power, frequent regular purchase, and dependence on close social networks)**

**triggers specific parameters for product selection (constrained resources, constrained knowledge resulting in incomplete ‘evoked set’, social proximity and influence of the local retailers and high price-sensitivity and availability in fair price shops) as a pattern in their purchase decision-making.**

*Parameters for Shop Selection and Product Selection, and Choice of Shops and Products*

From our in-depth interviews, we observe that parameters of shops selection as discussed above, leads to selection/choice of specific types of products and/or shops. We noticed from our data that parameters for shop selection led to selection of points of purchases that were either fair price shops (that distributes government’s subsidies food grains), or local and nearby retailers, which are in the geographic proximity of the BOP consumers. More surprisingly, the brand names are often substituted by the price tag especially while the product is purchased from the fair price shop. To elucidate, we may mention that one of our aged rickshaw-puller stated, “Yes, that is why we are getting rice, dal, atta(flour) in cheaper rate. We even get biscuits in Rs. 10 pack.” However, due to uneven and skewed distribution of BPL cards (Khera, 2008) the nearby retailers assert a strong social, and emotional and economic influence on the consumers. This was reflected by one of our respondent’s ( a middle-aged woman rail-hawker) statement , “We have applied for BPL card. We are yet to get it. Therefore, we are bound to buy in a higher rate from the grocer. However, the advantage is, we can buy throughout the month from this grocer, and at the end of the month, we pay him the total amount. He maintains a credit khata and provides us this benefit.”

A flourishing flea market of used products also existed in some local neighborhoods. BOP literature too recognizes this phenomenon, as previous recent studies (e.g., Mukherjee et al, 2007; Hammond et al, 2007; Viswanathan and Rosa 2007) acknowledge that subsistence customers lack accessibility of many products due to limited modes of transportation, eventually resulting in limited consumption alternatives for them.

One BOP women consumer (Aged 50 years, and has a family of four) tells that, “We use toothpowder, as it is cheap. My husband uses ‘neem datun’(stick from neem tree). We do not prefer any particular company. We ask our grocer for tooth powder and whichever is available, we buy.” Consumers such as this BOP woman suggest that retailer’s influence takes a prominent role in BOP due to constrained choice of shops and products by BOP consumers, coupled with credit availability at these shops. Since retailers also play an important social role in the lives of these consumers( such as lending on festivals), there is a degree of emotions involved in consumers’ decision-making processes. These findings are also congruent to recent research on consumer decision making that challenges the cognitive and chronological nature of traditional consumer decision-making models (Boone et al 2010). This stream of recent literature highlights the implication of human emotions as one of the important determinant of ‘consumer transactions’ (Bell, 2011, Taylor 2009), and the resulting fallout in terms of, ‘consumer ambivalence’ (Taylor 2009), ‘consumer conflict’ (Beverland, Chung and Kates , 2009) and ‘consumer emotional intelligence’ (Peter and Krishna Kumar, 2010).

Particular features of selected products may include, purchase of loose unbranded products based on quantity requirement, alternate cheaper brands [“shopkeeper keeps this product in his shop and he said this is good. It is cheap also” (48 years old maid servant)], branded sachets, multiple brand preferences within families, and availing of used durable products. Features like multiple brand preferences within families were manifested in the words of a poor women maidservant who when asked about her family’s milk consumption mentions, “packet milk for my grandchild. Rests of us don’t consume milk except in tea.” In fact, the inter-familial disparity of choice appears to be one of the predominant choice heuristics and forms one distinctive ‘evaluation criteria’ at the BOP. This in turn results in differentiated ‘evoked set’ within the family for same product categories. This was well reflected by the statement of one small-scale female worker aged around 25-26 years who claimed, “I use Sunsilk sachets. We buy three sachets in a month. My sons and my husband clean their hair with bathing soap only.”

Similarly, features of selected shops were manifested in the words of another women maidservant who mentions why she buys from government subsidized fair price shop using BPL(below poverty line) cards, “...now we buy rice, flour, kerosene, biscuits, sugar from the fair price shop. The expenditure on these items has reduced and we can spend that money for buying other household things.” Limited brand awareness, as well as other constrained choices were visible from the words of a 55-year-old security guard (when asked which detergent brand he uses), “I buy loose(detergent). Yes, I know *Surf* is there, *Nirma* is there. Sometimes I buy pouches of *Surf* also. I ask Nitishda (the shopkeeper) to give me detergents of Rs.2-3. That is fine.” The reliance on shopkeeper therefore goes beyond economic reasons, and manifests in form of social relationships, given that consumers find it as a tool to minimize conflicts by developing such social networks (Viswanathan et al., 2010). The preceding insights also highlight the latent brand aspirations of the BOP consumers, which remain partly visible in their market choices due to limited financial limitations (such as availability of credit from shops) and other resource constraints. Financial constraints are also tackled by consuming products which are not purchased, but donated by their rich employers, as mentioned by a construction laborer(income: Rs 2000 per month), “My wife works as maid in local houses, sometimes she brings sweets or other good things from there.” Another laborer also mentioned of other shopping practices to cope up with similar financial constraints, “My wife goes to market at late hours. That time whichever is available and cheap, she buys those.” Based on the literature support and interview data, we post the following propositions (P3, P4, and P5):

**Proposition 3: Specific parameters for shop selection( subsidy, credit facility, proximity, convenience, scope of bargaining, time utility) leads to selection of purchase point/s.**

**Proposition 4: Specific parameters for product selection(price, availability in proximity and fair price shop, retailer’s choice, credit link, intra-household behavioral interactions, ‘missing information’, donations) leads to selection of products.**

**Proposition 5: Selection of specific shops by BOP consumers may also lead to constrained choice of products.**

*Features of BOP markets and Consumption patterns in BOP*

As discussed in sections above that BOP is characterized by peculiar features that lead to peculiar purchase decision making by BOP consumers. We also observe from our data that these peculiarities lead to certain distinctiveness in consumption patterns of BOP consumers.

BOP literature has long recognized the environmental and economic hostility of the subsistence market places (Nakata, Weidner 2012). Scholars have realized now that product innovations are often not very easily diffused and, therefore, may not result into repurchase (Nakata et al, 2012) due to financial and knowledge inferiority, 'freedom of choice' (Sen 1999), and opportunity (Nakata et al, 2012). Therefore, there is a possibility of additional choice criteria determining the adoption of products such as affordability, visual comprehensibility, adaptability, relative advantage and compatibility (Nakata et al, 2012). In addition to these insights that were validated in our study, we also found interesting mix of purchase and borrowing (or donations) for consumption purposes. Moreover, consumption of most products was not always as intended by marketers. This is manifested in what is well-known in mobile service usage of 'missed calls'. In our sample, we noticed the use of 'meal-rotation' where BOP consumers use overnight cooked lentils, rice or other food items and often dilute its nutrient value with water to consume it the next day. One poor seller of waste products elaborated about his family's consumption patterns, "They eat Panka (water mixed with rice cooked previous night). I eat dal (lentils) and rice, aalu bhaat (boiled potato). I eat the same thing in the night. We cook only at night. Children eat the same thing." Such consumptions are manifestations of the manner in which poor consumers managed their resource constraints. Other peculiar practices included bringing food grains from kitchen gardens located in their home villages, sometime often as far as 50 miles away (they go there once in a fortnight). Some of the other peculiar consumption patterns noticed in our data included, consuming less than basic levels of consumption (e.g., living on half-empty stomach, or skipping meals), using a combination of branded and unbranded (as well as, packed and loose) products to take care of multiple brand preferences within the family. Consumption was also observed to be driven by purchase or donations of products from rich employers rather than been need-driven ["every day we can spend maximum Rs. 30 for food. Within that for my breakfast, I spend almost Rs. 10. For the rest, whatever sabji (vegetables) is possible to buy. I buy that much. Sometimes, my wife brings overnight's leftover sabji from the houses where she works." - one security guard, aged 28 years]. It also came out from our sample of respondents that food is the predominant consumption of the BOP family. It is quite intuitive given the basic nature of consumption. Within food, cheaper vegetables (such as potato) were the prime preference. Trading off consumption of one category of product (e.g. replacing shampoo with toilet soap) was another insight we got from the interviews.

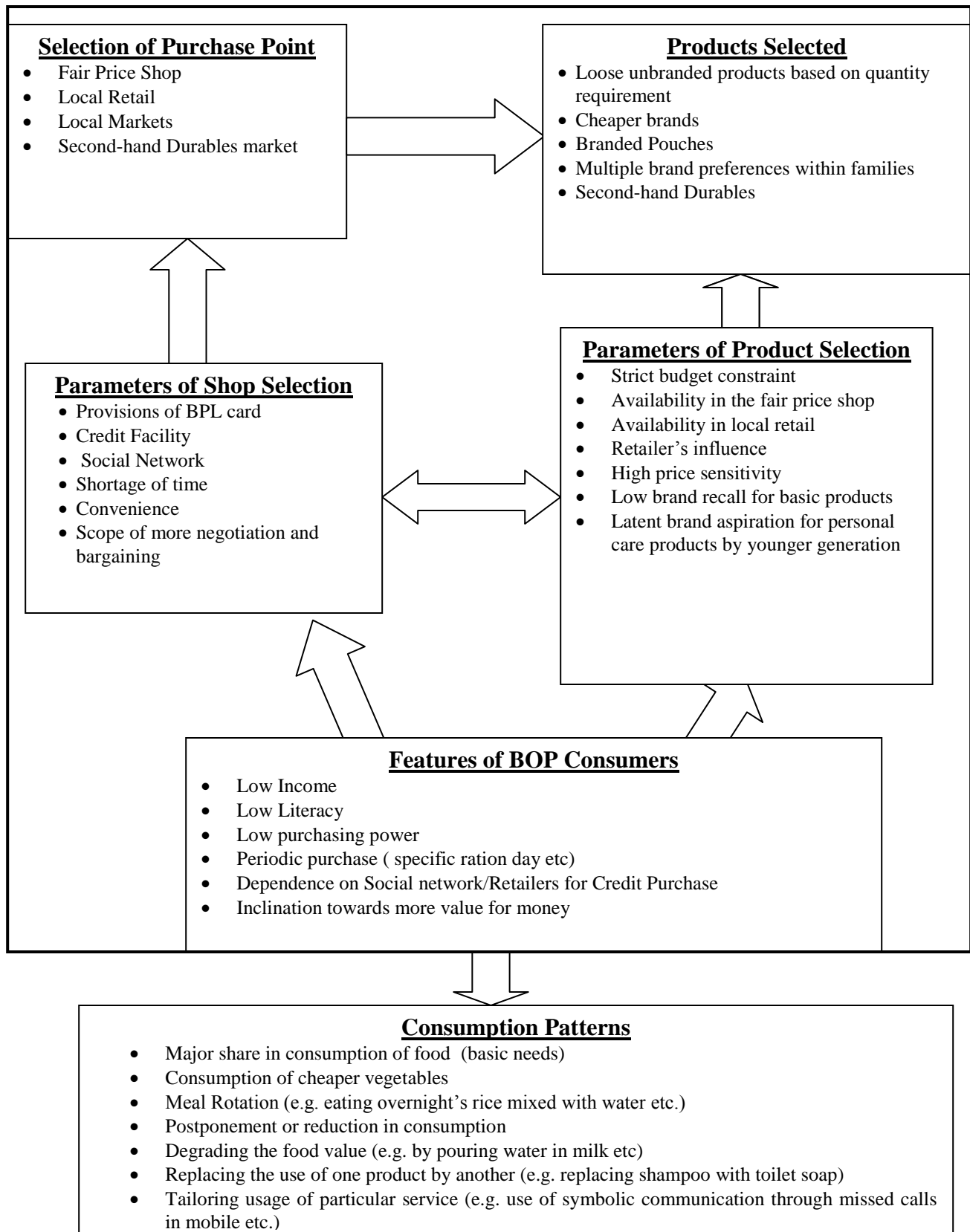
Based on the literature support and interview data, we post the following proposition (P6):

**Proposition 6: Peculiar features of BOP markets leads to peculiar consumption patterns by BOP consumers.**

**Implications and Concluding Remarks**

If customer's competence, knowledge, and skill to properly comprehend and use the product are referred as 'consumption ability' then it seems that the BOP customers may have very limited ability to steer and adopt especially new brands (Elaydi and Harrison, 2010). Our study adds to the extant understanding of the purchase and consumption patterns of consumers at BOP, given the changes in the socio-economic background of the BOP market. Few scholars (e.g., Yang, Zhao et al. 2010) have appealed that it is worthy to explore the intrahousehold behavioral interaction as one of the key determinant of consumer purchase decision. We also pioneer in this direction in the context of BOP families. More importantly, we show in this study that poor customers cope with their low self efficacy due to low functional literacy levels, by leveraging their social networks to gather as well as interpret various significant symbolic cues in the market (Viswanathan et al, 2010). This is probably due to the distance between the psychological and peripheral attributes of choice which influences the poor consumer's 'black box'. The more the distance the more the customers' inclination towards trading off feasibility with desirability, alignable attributes with non-alignable ones. Nonetheless, the effect of choice compromise would be more visible in terms of lower construals than higher (Khan et al. 2011). On the other hand, some of the earlier researches points out that the choice as a part of decision outcome would be more dependent on decision difficulty, time pressure involved, and volume of consumption (Ulkumen et al., 2010). Our study also partially validates this stream of thought.

We therefore conclude that, in the BOP markets, the choice heuristics in terms of household consumables (rice, dal, sugar etc) sometimes do not follow the significative or symbolic cues as mentioned in the inclusive consumer behavior model by Howard-Sheth (1969) and rational information-processing model of Bettman (1969). Moreover, the BOP consumers usually earn less than \$2 per day (Prahlad and Hammond, 2002) and thereby, are devoid of sufficient access to the necessities of life (food, health, and education). They are characterized by very low levels of literacy and computational ability (e.g. addition, subtraction etc) (Viswanathan, Torelli et al, 2009). Specially, the rural subsistence customers suffer from inaccessibility in terms of mode of transportation and this even result in unavailability of treatment in last minutes (Mukherjee et al, 2007). Because of these restrictions arising out of poverty and geographical location, these customers are subjected to limited consumption alternatives (Hammond et al, 2007; Viswanathan and Rosa 2007). Under these constrained alternatives, our framework suggests a conceptual basis for managers to understand the triggers for shop selection, and product selection by poor consumers at BOP that emanate from the peculiar features of the BOP markets, and that lead to peculiar consumption and purchase patterns of these BOP consumers.



**Figure 1: Framework analyzing triggers of shop selection and product selection for consumers at the BOP**

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