



Marketing to the “middle of the pyramid” in emerging markets using a social network perspective

Evidence from Africa

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Abstract

Purpose – The purpose of this paper is to expand knowledge about how middle class consumers in Sub-Saharan African markets behave, focusing on the potential role of social networks and the subsequent interactions that take place between these consumers and firms.

Design/methodology/approach – A qualitative research method approach comprising personal interviews and observations targeted at consumers and business executives was used covering all four countries.

Findings – Key findings include identification of middle of the pyramid (MOP) social networks, their impact on consumer behaviour and nature of consumer and firm interactions that take place as a result of the impact of social networks.

Research limitations/implications – The sample size was restricted to 80 consumers in each of the four countries. This might limit generalisability.

Practical implications – The study provides managers with insights on the potential role of social networks on marketing to the MOP in Africa.

Social implications – The study provides managers with insights on the potential opportunities for corporate social responsibility solutions at the MOP.

Originality/value – Research into the middle class in markets other than western advanced economies is a relatively new area of study. The majority of studies on the middle class have focused on North America and Europe ignoring the merging middle class in Africa. Hence, this research expands knowledge by providing basis for exploring new insights on the emerging marketing opportunity within the middle class in Africa.

Keywords Social networks, Africa, Emerging markets

Paper type Research paper

Introduction

C.K. Prahalad's (2005) ground breaking work on the four billion bottom of pyramid (BOP) consumers who survived on less than \$1 a day and who for the most part lived in developing country markets, gave rise to a spate of increased international business research in this area. Just above the BOP lies the middle of the pyramid (MOP) which accounts for another 1.5 billion people who for the most part come from what Hart (2002) describes as “emerging markets” and consists of those who have otherwise been described as the “middle class” (African Development Bank, 2011). This MOP has the potential to provide a major opportunity for international businesses, because of the potential for growth in this segment. Whilst growth of the middle class in developed countries has stalled, it is rapidly taking off in emerging and developing countries. The burgeoning MOP is seen as the vehicle for global economic growth given its appetite for better transportation, larger housing and for increased quantities of fast moving consumer goods (Asian Development Bank, 2010).



However, this MOP group has not been the subject of much academic research although there have been frequent comments and reports in the press that the rise of the middle class in emerging markets, especially in Asia, provides a major opportunity for firms in advanced economies to compensate for lack of growth in their own domestic markets. Marketing trends and phenomena on the middle class in emerging markets is likely to be different to those in advanced economies in terms of income, tastes, cultural background and the political, social and economic environments in which they live and work. Therefore, an important area for future research in international marketing is to expand the scope of academic investigation into the MOP and explore the implications for the practice of international marketing (Banerjee and Dufflo, 2008; Johnson and Tellis, 2008).

We begin by arguing that the MOP segment is not one homogenous market but rather is influenced and determined by the unique dynamic environmental constraints that shape the context in which the middle class live in developing countries. We further advocate the need for international business to include research into the MOP in Africa as a basis for expanding the scope for understanding the challenges and opportunities that are to be found in this market segment. This will enhance the generalizability of findings relating to the middle class across research contexts. Research on the middle class in developing countries has pre-dominantly focused on the middle class in the BRIC (Brazil, Russia, India, China) group of countries, yet there is empirical evidence demonstrating the rising influence and importance of the middle class in Africa (Asian Development Bank, 2010). The primary motivation of this paper is to expand knowledge about how middle class consumers in Sub-Saharan African markets behave, focusing on the potential role of social networks and the subsequent interactions that take place between these consumers and firms. This is in line with calls by Sheth (2011) who argues that marketing needs to re-visit its understanding of the manner in which the rising influence of emerging markets impact on the discipline and to scrutinise some of the assumptions that are often made about emerging markets. Various other authors have identified this area as one that should be investigated by scholars (Banerjee and Dufflo, 2008; Hartcher, 2012; Khanna, 2008).

Literature review

The MOP in developing and emerging markets

Whilst there have been some studies on the middle class element that occupies the MOP, there is little consensus on the definition of the middle class given the different dynamics that shape this group (Pressman, 2010). Banerjee and Dufflo's (2008) definition is generally used as the reference point for defining the middle class in developing countries. They defined the middle class as individuals who either had an annual income exceeding \$3,900 in purchasing power parity (PPP) terms or who had a daily per capita expenditure of between \$2 and \$4 or \$6 and \$10 based on the Living Standard Measurement Surveys (LSMS) which was drawn from household surveys in 13 countries. This study also identifies other categories which are used to classify middle class consumers such as eating and drinking, employment, entertainment, education, health care and domestic infrastructure. Estimates of the size of the MOP vary across regions. India's middle class is estimated to be about 250 and 300 million whilst China has between 100 and 200 million depending on the parameters (Lee, 2010). In both countries the MOP has been identified as being key drivers of economic growth given the high spending power of these consumers. At least 15-25 per cent of the

population in Russia is now classified as middle class and this is forecast to grow further according to the African Development Bank (2011). 16 per cent of the world's middle class are to be found in Asia (Asian Development Bank, 2010). In Africa, this segment is regarded as the group that will shape the continent's future and is estimated to be between 300 and 500 million people which equates to the size of China's or India's middle class (Asian Development Bank, 2010; Bhalla, 2009; Brulliad, 2010; Mahajan and Banga, 2006).

Common constraints in MOP environments

A wide range of studies have been carried out by different scholars to establish the type of constraints common in Africa which would impact on the livelihoods of MOP consumers and the operation of firms (Johnson *et al.*, 2007; Ndulu *et al.*, 2007). The key constraints cover a wide spectrum of macro-environmental forces which include natural and policy-induced risks such as high macro-economic volatility, disproportionate income spread, inflation, import price shocks, decline in the terms of trade, foreign currency shortages, lower remittances from overseas and reduced private capital inflows (Dercon, 2005; World Bank, 2012). Political constraints such as remnants of colonial inequity, political instability, poor governance, corruption and weak legal systems are evident in many emerging markets and have an impact on both consumers and firms (Loayza *et al.*, 2007; Kaufmann *et al.*, 2008; Viswanathan *et al.*, 2008). Weak or dilapidated infrastructure in areas such as energy, transportation and telecommunications is a common feature in MOP environments (Fay and Morrison, 2006). There are also a variety of social and human constraints such as rapid skills flight which can potentially impact on the MOP.

Social networks, consumer behaviour and consumer-firm interactions at the MOP

Culture is central to different consumer behavioural patterns in both developed and developing markets and cultural differences underpin social networks in emerging markets. Although etic measures of cultural difference such as those of Hofstede (2001), Hampden-Turner and Trompenaars (1997) in effect measure how emerging markets are similar to the developed country markets in which they were validated (Fletcher and Fang, 2006), they do nonetheless indicate degrees of cultural difference between developed and emerging markets. These differences, such as greater degree of collectivism as opposed to individualism, a higher degree of femininity as opposed to masculinity, more respect for power distance, a lesser degree of uncertainty avoidance, a tendency towards a long term as opposed to a short-term orientation (Hofstede, 2001), a greater reliance on ascription as opposed to achievement (Hampden-Turner and Trompenaars, 1997) all point to a potentially greater reliance on social networks in emerging markets. This has the potential impact of increased participation in social networks as a survival mechanism. These differences can potentially. In addition, in these markets there are a number of unique cultural (emic) variables, which impact on the cultural profile of such markets and foster the creation of and reliance upon social networks. However, whether all the these factors are likely to be influential on the behaviour in the MOP remains to be established since these previous studies treated emerging markets as one homogenous entity instead of acknowledging the potential differences that are present in these markets.

There is a diverse multi-discipline body of literature on social networks and their impact on consumers covering disciplines such as anthropology, economics and

sociology (Bala and Goyal, 2000; Murdoch, 2000; Shubin, 2007). Whilst there is no single definition of social networks, there is a general consensus on the construct's key components such as involvement of different actors in the form of people or organizations who are connected by a set of relationships centred around issues such as friendship, working together or exchanging information to enhance their lives and how they interact with other actors in society (Purvez, 2003; Scoones *et al.*, 2006; Wasserman and Faust, 1996). Michailova and Worm (2003) find there are multiple forms of social networks in emerging markets that serve the general populace. The general consensus regarding social networks has since expanded to include the role of technology and the internet creating social media platforms which focus on exchange of information and creation of relationships resulting in online brand communities (McAlexander *et al.*, 2002; Muniz and O'Guinn, 2001).

The focus of previous studies on social networks in emerging markets concentrated on issues such as its impact on job creation, literacy, micro-finance, rural development and the exchange of goods and services (Murdoch, 2000; Shubin, 2007). Other studies have concluded that social networks are a key platform that shape how consumers in these markets behave and interact with firms by way of influencing group decision making and sharing of information (Chakravarti, 2006; McPherson *et al.*, 2001). The role of opinion leaders and reference groups in these markets has also been acknowledged (Antonides and Raaij, 1998). In addition, Kuada and Sorensen (2000) highlight the role of familial ties in development of trust amongst consumers in emerging markets thereby making the family a key influencer in consumer decision making. Other research examines aspects of consumer behaviour which are relevant to emerging markets such as purchase decision making, the role of family and individual cognitive processes (O'Malley and Prothero, 2007; Hamilton, 2009). However, a key limitation of this stream of research is its bias towards advanced western markets in Europe and North America and ignoring emerging markets, especially in the context of understanding MOP consumers.

The growing internet penetration rates in emerging markets have resulted in higher usage of different technology platforms which in turn has seen an increase in social media network participation by consumers in emerging markets regardless of social standing (Zebaze and Keck, 2009; World Bank, 2012). The challenge is to establish the extent to which such networks have specifically played a role in the behaviour of the MOP consumer in emerging markets.

There is limited research on the impact of social networks on the interactions that take place between consumers and firms (Fafchamps, 2001). The focus of the studies has been on exploring the broad marketing challenges faced by both parties to the interaction (Mahajan and Banga, 2006; Viswanathan *et al.*, 2008). Part of the reason for the limited research in this area has been due to the overall bias in the focus of social network research in emerging markets towards how it impacts on livelihoods of poor consumers rather than on consumers and firms' interaction ignoring specific segments such as the MOP.

Given the likelihood of differences between the MOP and other consumers in emerging markets a number of marketing related questions need to be answered concerned with this emerging group of consumers:

RQ1. What are the emerging forms of social networks among MOP consumers in emerging markets?

RQ2. What is the role of these social networks in the behaviour of MOP consumers in emerging markets?

RQ3. What is the role of these social networks in the interactions that occur between MOP consumers and firms in emerging markets?

Researching the MOP

To date the African Development Bank's (2011) report on the classification of the middle class is the most detailed narration of the classification of the MOP in Africa which is the main source of data for this paper. The report acknowledges the potential role of the MOP in Africa's future in terms of economic and political development and divides the MOP group, who fall between per capita daily consumption levels of between \$2-\$20 per day using 2005 PPP measures in US dollars (African Development Bank, 2011), into three sub-categories. These are the floating class, lower middle class and upper middle class and their characteristics are summarized in Table I.

Profiles of countries in the study

The four countries selected for this study have a relatively robust middle class and if the floating group is excluded, across the four countries the middle class averages 23 per cent of the total population. A summary of their profiles is shown in Figure 1.

Methodology

Our study collected data in two phases between 2010 and 2012 in the four countries under study using qualitative research methods. In phase one data were collected between 2010 and 2011 from MOP consumers using in-depth interviews and focus groups which were complemented by observations. In Phase 2 data were collected from business executives in 2012 using in-depth interviews which were complemented by observations. The research design used is outlined in Figure 2.

A qualitative research design was appropriate since it allowed the researchers to carry out an in-depth study on people and organizations in their own environment to develop knowledge about their behaviour in an area which has received limited research attention.

The procedure

Phase 1: consumer study. In all, 80 interviews were conducted in Botswana, Ghana and Kenya whilst in South Africa 120 interviews were conducted due to the size of the MOP using semi-structured personal interviews (see Appendix 1 for summary of key topics covered in the personal interviews and focus groups). Purposeful sampling was used

Floating class \$2-\$4 per day		Lower middle class \$4-\$10 per day		Upper middle class \$10-\$20 per day	
Just above most BOP consumers Vulnerable and unstable Reflects the direction of change in population structure through time		Lives above the subsistence level and have savings Consume non essential goods		Stable income Professional careers Consumption is aspiration driven	
Year	Size (000s)	Year	Size (000s)	Year	Size (000s)
1990	70,771	1990	51,362	1990	29,309
2000	101,680	2000	58,056	2000	36,563
2010	190,585	2010	79,785	2010	42,910

Table I.
Middle class in Africa

Sources: ADB, IMF and World Bank

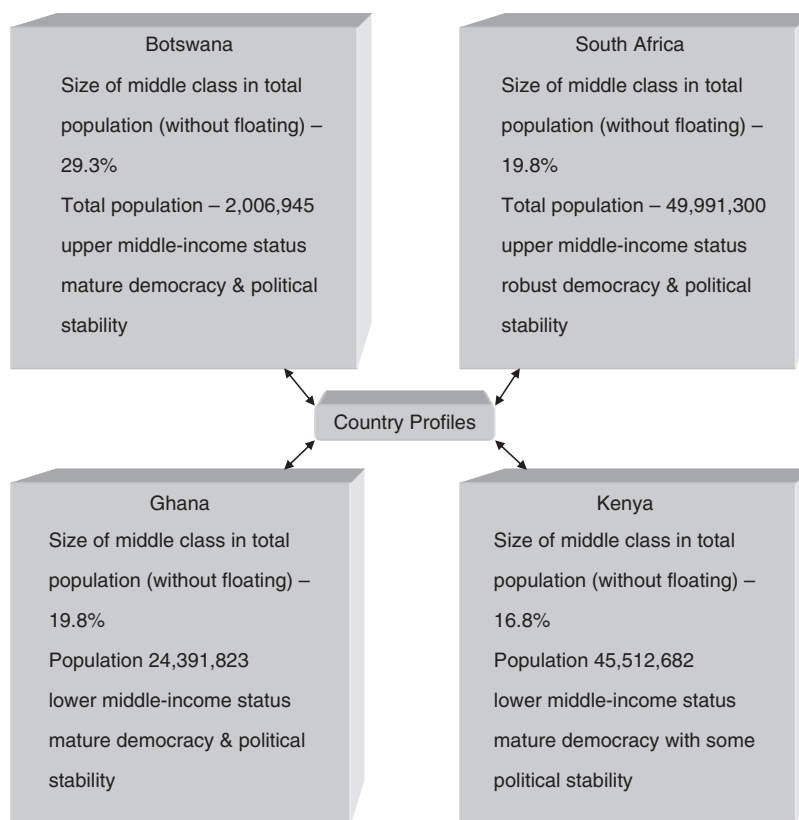


Figure 1.
Country profiles

for both the personal interviews and focus group discussions. The interviewees were drawn from key metropolitan areas in the four countries – Gaborone in Botswana, Accra in Ghana, Nairobi in Kenya and Pretoria and Johannesburg in South Africa.

Three focus group interviews (eight participants per interview) were conducted in each country at social network group gatherings of the MOP consumers. These enabled the researchers to engage the respondents on their own terms and space and in so doing helped to capture details and nuances. Observations were made to complement the interviews and focus groups. These were undertaken through visits to interviewee’s houses, accompanying consumers on shopping trips and attendance at their social network activities.

The research was undertaken as part of a multi-country study which involved the use of national research assistants who were familiar with the countries collecting data in each country. Consequently, they were likely to get better access to respondents through their networks because they were sensitive to cultural norms and nuances.

Phase 2: business executives. A total of 20 executives were interviewed in South Africa and ten in each of the other three countries in 2012 using semi-structured personal interviews in order to establish firms’ perspectives on their interactions with the MOP. The sample of business executives was purposefully drawn from a population of marketing

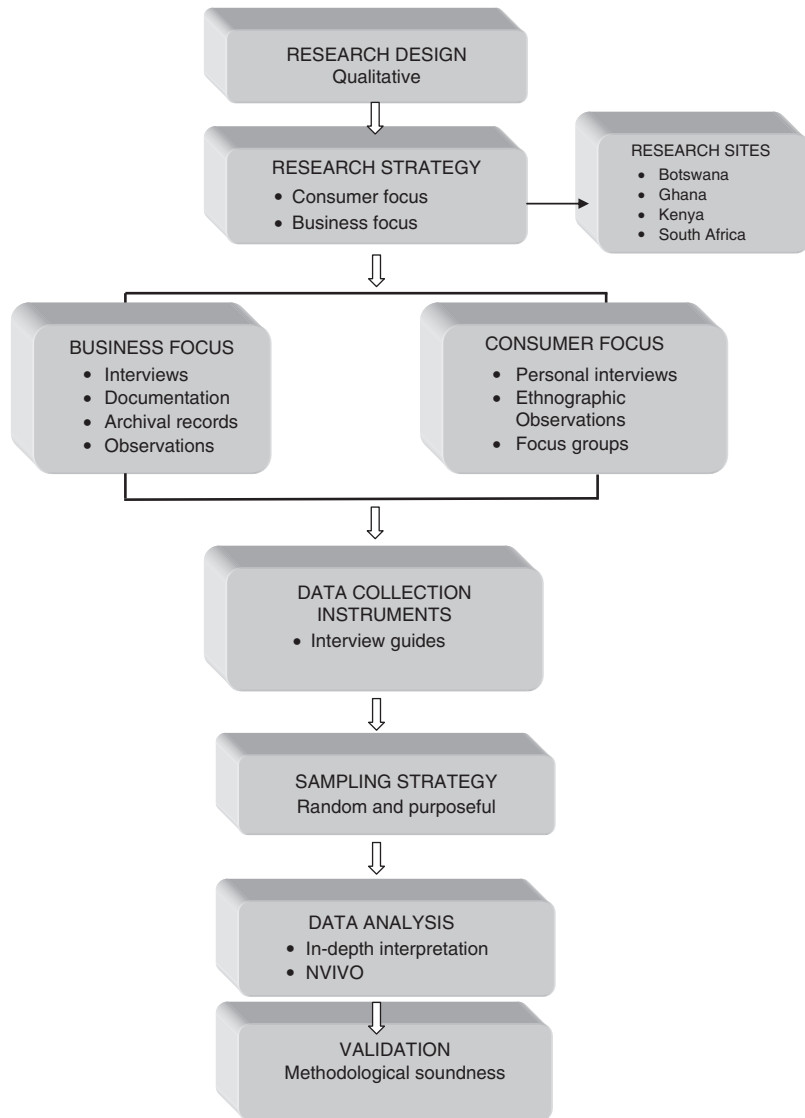


Figure 2.
Research design

executives a (see Appendix 3 for profiles of business executives interviewed). The interviews were conducted by both the lead researcher and research assistants (see Appendix 4 for the interview guide topics). Observations were made at company marketing events which were targeted at the MOP where researchers listened to the informal conversations among MOP consumers and company representatives. Field notes were compiled to capture insights from these observations and informal conversations.

Data analysis

NVIVO was used to organise and manage the data. Analysis of the meaning of text was carried out through condensation, categorization, narration and interpretation.

A large volume of text data were summarized, reduced and categorized. Interpretation of the text involved an in-depth re-contextualization of the statements within a broader framework of reference to the literature.

Findings and discussion

Whilst the research confirmed the existence of macro-environmental constraints identified in previous literature in some form, there were variations in the impact on the MOP in the four countries. Appendix 2 summarizes the key environmental variables that were found to be important in shaping the MOP in the four countries in the study:

RQ1. What are the emerging forms of social networks among MOP consumers in emerging markets?

Social networks forms

MOP interviewees were asked to identify any social networks they belonged to. There was overwhelming evidence of multiple memberships of social networks. Membership of some of the social networks was partially influenced by cultural forces such as a higher degree of collectivism among MOP consumers as demonstrated by the forms of the social networks confirming previous findings (Hofstede, 2001). However, other forces such as a higher degree of femininity as opposed to masculinity, more respect for power distance, a lower degree of uncertainty avoidance, a tendency towards a long-term rather than short-term orientation and a greater reliance on ascription as opposed to achievement were less evident among the MOP. This is in part explained by developments such as increased gender equality, less emphasis on hierarchical social systems and a desire for achievement as opposed to ascription among the MOP. The picture was likely to be different to the other social groups such as base of the pyramid consumers who were likely to conform to these forces. A key finding emerging from the study is the influence of some cultural factors such as collectivism outlined in the literature (see e.g. Hofstede, 2001) on the middle class. Table II summarizes the multiple formal and informal social networks that were prevalent among the MOP in all four countries.

Whilst there were some variations in the forms of these networks across the countries they all had common attributes which have been used to categorize them into formal and informal characteristics. All the interviewees in the four countries were members of some form of social network and viewed this to be a key aspect of their life. Common informal networks across the four countries included ethnic-based kinship networks, social sports groups and political affiliation networks. Networks such as political affiliation and social sports manifested themselves as both formal and informal networks depending on the member's participation and the organization of the network. However, there were some variations in how these networks were structured in the different countries. Ethnic networks in Kenya were closely linked to political affiliations. Political affiliations were embedded in ethnicity and kinship background were said to be more dominant than others and therefore created more opportunities for people to belong to the MOP. Interviewees specifically mentioned the Kikuyu and Kalenjin groups as being the key ethnic groups:

MOPK23: In this country you never forget who you are and where you come from because this will determine your social standing [...] so I make sure I am active in my Kikuyu community because this opens up access to opportunities and the comfortable lifestyle that I currently enjoy.

Table II.
Social networks forms

Network	Kenya	South Africa	Botswana	Ghana
Informal	Ethnic based kinship networks Political affiliation groups Social sports groups	Ethnic based kinship networks Political affiliation groups Social sports groups	Ethnic based kinship networks Social sports groups	Ethnic based kinship networks, Political affiliation groups Social sports groups
Formal	Agriculture advocacy Church Political affiliation groups Professional groupings Social sports groups	Advocacy groups Church Political affiliation groups Professional groupings Social sports groups	Church Political affiliation groups Professional groupings Social sports groups	Agriculture advocacy Church Political affiliation groups Professional groupings Social sports groups
Social media based	Facebook MSN Skype Twitter	Facebook MSN Skype Twitter	Facebook MSN Skype Twitter	Facebook MSN Skype Twitter

The MOP in Botswana was not particularly focused on ethnic groupings due to the dominance of one ethnic group in the country, which has a relatively small population. However, there were some informal social networks that were loosely linked to political parties since the country was an emerging multi-party democracy. Ghana's MOP had similar traits to Kenya's where there were defined ethnic groupings which interviewees were members of and which also had some loose political connections with the different political parties. The South African MOP placed a premium on ethnic networks since these were seen as being crucial to accessing middle class lifestyle opportunities for black MOP consumers. The ethnic networks created what is generally referred to as a "homeboy mentality" which is basically the recognition of people who originate from your home area whether rural or urban:

MOPSA11: My social connections via my homeboys from Durban has been crucial in helping me get better jobs and being able to afford the middle class lifestyle that I have [...] my Zulu homeboys never forget one of theirs especially when we are away from home.

MOPSA7: The truth is opportunities for a better life are facilitated by your connections to your tribe so I keep up with my people in case they get to hear of new opportunities that can further improve my already comfortable life.

Social sports such as soccer and golf were very common weekend activities for the MOP in all four countries which were both formal and informal networks. The South African MOP engaged the most with these activities which were seen as key networking mechanisms where the MOP met to play social sports. Golf was the dominant sport across all four countries and was generally regarded as being middle class although there were concerns about its cost:

MOPK62: Whilst it is expensive to be a member of a golf club in Nairobi, it is important to be a member because that is where all the connections take place in this city [...] there are other cheaper clubs where people like myself who are not rich can go and meet other middle class people and we can network.

The political affiliation and sports related networks took a different role when they were part of formalized and well-structured organizations such as golf clubs and industry sports organizations such as financial services football league associations. Where the sports groups were more structured and formalized, there were more opportunities for networking among the MOP. Political affiliations also assumed a formal role especially in Kenya, Ghana and South Africa where formal membership was regarded as the ticket for sustaining a middle class lifestyle. This was different from the informal affiliation where MOP were not necessarily members of the party but identified with the party:

MOPSA38: There are times when you have to demonstrate your political membership for you to gain access to certain opportunities [...], wrong as it sounds that is the reality of being middle class in this country.

MOPK17: Your party (political) card can be your trump card to a good middle class life in this country.

Another key formal network evident from all four countries is the church particularly the Pentecostal movement. Going to church and being an active member was seen as a part of being middle class reflected in the demographics of the church's congregation. Pentecostal churches had defined congregations for the different social groups and MOP consumers frequented those targeted at the group to which they belonged. This was particularly evident in Ghana and Kenya. Whilst South Africa and Botswana's Pentecostal churches are still growing, they are patronized by those at the MOP. Alumni associations had become key social networks for MOP in all four countries and MOP consumers were active in their school alumni associations as a means of networking. These networks often extended or complemented the informal networks.

Professional affiliation was identified as important for being middle class, thus, different social networks centred on professional groupings formed as part of lobbying for their profession and for facilitating networking among members. This was evident in all four countries. Besides the profession-based networks, the MOP in South Africa were also developing advocacy networks that focused on empowerment of previously disadvantaged black professionals. These were in line with the country's black economic empowerment laws which sought to provide opportunities for the majority black populace which benefited the MOP. These networks were common across all economic sectors, although the one for financial services was the most visible. In Kenya and Ghana, where MOP was becoming more involved in agriculture advocacy, social networks lobbied for better conditions for farmers in the tea and cocoa industry. The different meetings and field days that were conducted at farms were utilized as key platforms for networking.

The last type of formal network was the emerging and growing social media-based networks. The high usage of mobile and internet services, contributed to an increase in social media networks in all four countries. This cut across a wide demographic of interviewees between 25 and 50 who were all active in networks such as Facebook, Skype, MSN and Twitter. Facebook was by far the most popular in all four countries followed by Skype but there was minimal use of twitter. Membership and participation in these networks was seen as a must and a testament of one's middle class status and modernity:

MOPG19: I spend more time on Facebook and Skype than on any other social activity [...] this keeps me up with friends around and abroad.

MOPSA18: I spend more money on my data for my Facebook, Skype and Twitter than for actual phone calls [...] I could not live without them.

Findings on social media networks will be revisited in the following two research questions since they were found to be at the centre of consumer behaviour and interactions with firms:

RQ2. What is the role of these social networks in the behaviour of MOP consumers in emerging markets?

Social networks and consumer behaviour

Social networks also had a significant influence on the behaviour of MOP consumers in all four countries in such aspects as choice of products, brands and repercussions for their social standing. In essence the interviewees indicated that in making decisions to buy products they had to consider if the product and brand choice reflected their middle class status. Hence the social networks were not only used as a source for information on product choice but also as a platform for showing off purchases of brands which confirmed one's middle class status:

MOPSA106: The brands that I buy are reflection of my status and should be acceptable to my friends and colleagues that I mix with in different networks.

MOPG28: People tend to show off their products at sports activities even at church [...] such as cars and mobile phones and this gives you a good idea of what to buy if you were to maintain your middle class status.

The quotations above give an indication of the influence of social status on MOP purchase of consumer products. This bias and preference also spread to the choice of healthcare funds, education and mortgages. The alumni network was regarded as a particularly important social network for information on good schools whilst the profession-based networks were central in influencing the choice of health funds and financial services since these often negotiated special terms for their members.

MOPB3: Being a member of my alumni has been very helpful in expanding options for my daughter's private school education [...] I have got information from other members about schools other than our Montessori option.

MOPSA32: My choice of health fund has largely been influenced by my professional association which has preferential terms with the fund which made it easy for me to join and get immediate access rather than be placed on a cooling off period [...] I also get special service from the client relationship team at the fund.

MOP social networks were also crucial in influencing MOP's adoption of local brands or those from South Africa a common feature across all four countries. In South Africa, the majority of MOP consumers used local health and financial services brands such as ABSA, Nedbank, First National Bank, and Sanlam. In the mobile sector local brands such as MTN and Vodacom were the preferred brands of choice. Some of these brands such as MTN and Vodacom have gone on to become big players in Africa hence MOP consumers in the other three countries especially Ghana and Botswana could identify and relate to these brands. In South Africa, MOP consumers had created brand communities especially for cars which were based on other social networks such as alumni; sports and profession-based networks where the members held special event days to showcase their cars and road-shows to townships to carry out charity work in disadvantaged communities.

Social media networks were generally seen as platforms for showing off middle class affirmation purchases especially for cars where MOP consumers posted photos of

their acquisitions. This was particularly evident among the younger demographic group aged between 25 and 35. However, Facebook was identified as an indirect influencer of brand choice for mobile phones given the amount of information shared on brand reviews by fellow users:

MOPS76: I post pictures of my car on Facebook and value comments that my friends make about my choice and taste.

MOPG53: Facebook reviews of mobile phones by friends have helped me move from an iPhone to a Samsung galaxy [...] something that I was unlikely to do since I was so into my iPhone and didn't think there was any other better phone out there!

The influence of social media networks is also covered in the next section on the interactions occurring between the MOP and firms facilitated by social networks:

RQ3. What is the role of these social networks in the interactions that occur between MOP consumers and firms in emerging markets?

Social networks and consumer-firm interactions

The interactions that occurred between firms and MOP consumers were manifested in a number of ways. A number of insights have already been drawn from the discussion on the role of social networks on the purchase behaviour of MOP consumers. A key element of the investigation of the interaction was the need to establish if firms considered the MOP a key segment which required focused target marketing. Evidence from the four countries pointed to an overwhelming recognition of the MOP as a key segment for the firms:

Marketing Director: The middle class is a key market segment which drives our business and whose average spend on both airtime and data has been growing significantly over the last decade.

Commercial Director: Yes the segment is a high margin one for us which we focus on since this will shape our future growth prospects.

Group Business Development Executive: I look at the middle class as the stable driver of our business given the demand that these consumers have for a variety of products.

Principal Dealer: The middle class appetite for new vehicles is phenomenal. therefore we tend to structure our marketing campaign around them because of their importance to the business.

This finding holds for a variety of sectors which cater for MOP needs, namely financial services, mobile phone services, fast moving consumer household goods, automotive, health care, entertainment, hospitality and retail.

Integrated marketing communication

A variety of integrated marketing communications (IMC) tools were used by firms to communicate with the MOP utilizing the different social networks either directly or indirectly. These are outlined below.

Direct marketing

Social network membership and its role on purchase behaviour provided a platform for firms to create direct marketing campaigns targeted at the MOP. This was evident across the firms although mobile service providers and FMCG firms were more aggressive in using this approach. South African firms were more focused in terms of targeting MOP consumers using this platform. Campaigns were structured around

social networks such as profession-based networks, alumni and social sports activities. Special promotions were carried out at meetings for these networks where product information and sampling was provided to participants. The social networks provided a faster response turn-around, more direct communication with MOP consumers and opportunities for creating long-term relationships. Importantly this engagement enhanced chances of word of mouth communication among the MOP consumers and was deemed to be an effective communications approach. This is confirmed by consumers' responses to firms' direct marketing such as:

MOPB33: I have used information received from company representatives at our alumni meetings to make comparisons of the health fund options on the market.

MOPK57: Open days at our social sports activities have provided opportunities for us to get direct information about products from company representatives and we even got special offers on that day.

MOPSA93: I have often relied on information passed on by friends who would have attended promotion presentations by firms at our advocacy meeting for making decisions to buy products or signing up for mobile services.

Financial services were more selective of the social networks they engaged in for their direct marketing campaign strategies. In all four countries they preferred to create partnerships with formal networks such as profession-based networks and alumni associations:

Customer Services Manager: I now spend a significant amount of my trade visit time connecting with groupings such as professional organizations for different professions and churches.

Channel Manager: The different social organizations that middle class consumers participate in provide us with unique opportunities for face to face communication with consumers with real potential to buy our products.

Sponsorship and event management

Opportunities for continuous communication and promotion of products were also facilitated by sponsorship of social network activities such as golf days, sports days, fund raising and annual meetings. In all four countries with the exception of Botswana, there was a general reluctance to sponsor informal networks such as those based on ethnic and political affiliations. Botswana is primarily a de facto one party state although new parties are emerging and the need for ethnic networks was not apparent. Reluctance to sponsor networks based on political affiliations was largely due to the need for business executives to remain neutral in any political discourse that occurred in these markets. This was cited as being very important by executives in Ghana, Kenya and South Africa:

Group Marketing Services Manager: Sponsorship of social network activities for the middle class such as golf days or meetings offers us a chance to create a brand visibility in the minds of key potential customers.

General Manager Marketing: We use sponsorship and events promotion as a key platform for communicating with these social network groupings but we are also very selective of who we engage since we have different shareholders with different dispositions.

Marketing and Sales Executive: Whilst sponsorship of networks for middle class provides a permanent opportunity for establishing brand awareness and loyalty, we always remain professional and do not work with political networks or ethnic groupings.

However, South African executives were active in sponsoring advocacy networks since most addressed empowerment of previously marginalized groups such as black MOP

consumers. An interesting development in South Africa is the increase in focus on sponsorship of social networks with activities that create brand communities, for example advocacy automotive brand communities which engage in charity work in townships. By creating partnerships with such initiatives, the automotive business executives were able to extend their corporate social responsibility programmes. In Ghana and Kenya, business executives were increasing their sponsorship of religious networks that targeted the middle class for brand awareness creation and product information. Further, the business executives were also members of these churches so they understood the dynamics and potential churches offered for word of mouth communication:

Commercial Marketing Executive: the church is one of the most underutilized networks to communicate with middle class consumers.

Business Development Manager: The church is the fastest growing social network for middle class [...] hence our focus on ensuring we create partnerships with different churches where our target consumers go.

The potential influence of such initiatives was confirmed by MOP interviewees:

MOPG63: Before the official sponsorship of our annual church meeting and information I received from fellow congregation members I was not aware of the variety of services offered by this bank and the good work they do for the community.

MOPK6: I have learnt more from the information that I have received from church members about performance of certain products [...] the Sunday after church presentations from companies has also helped in my evaluation of products.

Social media networks, technology and communication

South African business executives indicated an increase in the use of social media such as Facebook for communicating with MOP consumers although this was more for collecting information on informal brand reviews and as public relations tools. Mobile phone providers, pay television and financial services across the four countries utilized Facebook as a key communication tool with MOP consumers. This was also prevalent in Ghana and Kenya and to a lesser extent in Botswana. However, business executives cited the need to keep up with the ever changing landscape of technology-based communicating platforms such as social media:

Customer Insights Executive: the world in which middle class consumers live is forever changing such that innovative online communication presence remain a key focus of our marketing strategies.

Marketing Director: social media and other technology related platforms are key for communicating with the middle class segment especially the younger demographics but we need to continuously evaluate the effectiveness of these tools and the need for constant innovation of platforms used.

Online distribution platform

A key platform of interaction between the MOP and firms that was facilitated by social networks was on the use of online shopping by MOP consumers. Given the high internet penetration and use of social media networks business executives were in development and growth phases of maximizing online shopping to increase sales and re-purchases especially by MOP consumers. This was particularly prevalent in South Africa where the infrastructure and online shopping culture was at a more advanced stage than the other three countries. Financial services particularly banks were more aggressive in promoting an increased online presence. This was manifested by their

promotion of flexible convenient products such as credit and debit cards. Hence, social networks such as profession-based organizations as well as advocacy and alumni networks were identified as being key platforms for creating awareness and adoption of online shopping:

Customer Services Manager: We recognise the busy lives and changing environment that our key customers such as the middle class have to deal with so we create targeted campaigns in their comfort spaces such as their social networks to create awareness about the online options they have to access our products.

Client Relationship Manager: Traditionally banks are characterized by face-to-face contact but our clients in the middle class are changing and we focus on meeting their demands for flexible lifestyles by promoting our online initiatives for them [...], but there are still some reservations around security although this is often addressed by the word-of-mouth endorsement we get from their social network groups which we use to promote the initiatives.

Conclusions

This research explores the impact of social networks on the behaviour of MOP consumers in the context of the environment they live in. The study provides insights as to how subsequent interactions between firms and consumers are influenced by the social networks thereby providing opportunities for firms to explore in this aspect of marketing to the MOP in emerging markets in Africa. The impact of these social networks will need to be fully appreciated and taken into account if firms in advanced markets are to successfully compensate for lack of growth in their domestic markets by tapping into the rapid growth in emerging markets at the MOP.

Managerial implications

A number of potential implications for managers emerge from the importance of different social networks that impact on MOP and the interactions that occur between consumers and firms. First of all MOP social networks provide a platform for continuous engagement of these consumers by firms' which could be integrated into formal marketing research activities to be used as a platform for tracking any trends and changes that occur in MOP consumer markets. Second, the high internet and mobile phone usage in the countries in the study provide an opportunity for expansion of value added services targeted at the MOP. These could be developed by mobile phone operators and financial services organizations, facilitating the distribution of new products using the mobile network platform. Firms could also revisit their IMC strategy by utilizing mobile phone communication and introducing other forms of innovative technology-based promotion. Third, given the demand for specific product categories by the MOP firms could enter into strategic alliances to enhance their marketing campaigns using MOP social networks. For example, financial services firms can enter into partnership with automotive vehicle manufacturers for joint direct marketing campaigns targeted at MOP social networks to offer "product bundles" as incentives.

Social and policy implications

Corruption is often cited as being a key impediment to doing business in emerging markets and the findings on firms' selective ungoverned interaction with these networks can raise potential for abuse and corruption. The varied role of formal and informal networks highlighted in the study such as the reluctance of business executives to engage with ethnic and political affiliation networks can provide a basis for development of policy guidelines on how firms engage social networks in an ethical

manner. Questions could be raised as to the morality of firms utilizing religious organizations for marketing purposes. Responsible marketing and ethical behaviour of firms is an important area which is at the centre of debate on the contribution of firms to society's well-being. Thus, clear industry-driven guidelines on possible ethical codes of conduct can be developed centred on firms' engagement with social networks.

Finally, initiatives such as that of development of brand communities by advocacy and profession-based networks in South Africa to support charity work in poor townships could be harnessed into formal corporate social responsibility programmes. This would particularly apply to firms whose brands have been used to form the brand communities thereby enhancing their contribution to society's well-being and entrenching brand awareness and brand loyalty among the network participants.

Limitations

While the focus of the study on four countries has the potential to limit the generalizability of the findings from the study it does provide a basis for further research into other emerging markets. An extension of the study in this direction would establish whether the insights from these four countries are relevant to other emerging markets face similar constraints although of different degrees of severity (Ndulu *et al.*, 2007; Johnson *et al.*, 2007).

Future research directions

A number of potential areas for future research on the importance of the MOP and impact of social networks can be identified. A key area that requires further investigation is that of ethical conduct of firms that engage the MOP using social networks. This could be investigated from two perspectives, first, is there a regulatory framework that provides guidelines on how firms should utilize social networks for marketing purposes and second, to what extent do these firms practice responsible marketing in their engagement of the MOP. In mapping the interactions that take place between firms and consumers using social networks, there is a challenge for international business to demonstrate whether they understand the behaviour of MOP consumers and how this impacts on the interactions with firms. A final issue that requires further investigation is an assessment of whether the potential regional concentrations of the MOP provide more opportunities or challenges to globalization of products and marketing strategies?

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Appendix 1

Part A: CLASSIFICATION/GENERAL INFORMATION

The questions in this section will assist the interviewer to create a profile of the BOP consumers in terms of important demographic issues

Q1. Please tick the relevant box

Sex	Male	Female
-----	------	--------

Q2. Please indicate if your monthly income is below or above the monthly poverty datum line as prescribe by the Central Statistics Office

If more than PDL, terminate interview.

Q3. What is your current employment status?

Unemployed	
Retrenchee	
Self-employed	
Housewife	
Subsistence farmer	

Q4. Please indicate the ownership status of your accommodation (Please circle the number that applies)

House owner	
Lodger	
Sharing	

Q5. Please indicate your marital status

Married	
Single	
Divorcee	
Widow	

If married ask question 6

If single ask question 8

Q6. Where does your family permanently stay?

Urban area	
Rural area	

If rural area ask question 7

If urban ask question 8

Q7. Approximately how often do you visit your family?

Weekly	
Once a month	
Every fortnight	
When I can	

Q8. Do you have any extended family in the rural areas?

Yes	
No	

If yes ask question 9

Q9. Approximately how often do you visit your family?

Weekly	
Once a month	
Every fortnight	
When I can	

Q10. What is your family size?

0-2	
3-5	
6-8	
+8	

Part B: KEY TOPICS

1. CONSUMER PURCHASE DECISION

Description of topic: the topic seeks to identify and understand BOP consumers' behaviour in terms of their sources of income, purchase approach, consumer roles, drivers of purchase, constraints to purchase and coping strategies.

Target Questions:

These will be addressed/applied to each of the two product categories

Income

i. How do you earn your living?

Cue – Indicate its expansion on previous general question on employment status but focus is now on the activities participants undertake.

ii. How do you allocate your income across your monthly needs?

Product Purchases

i. What value do you place on buying food and personal hygiene products?

ii. Do you get products for anyone else besides your family, if you do, how often do you do so?

iii. Who makes the decision to buy products?

Cue – elicit responses on key players in the decision

iv. What determines the products which you buy?

v. Where do you buy these products from?

Elicit reasons for choice and expand discussion

Any other follow up questions from target questions

2. ROLE OF NETWORKS

Description of topic: the topic seeks to investigate the influence of social networks on how BOP consumers make decisions to buy food, drink and personal products

Target Questions

1. What type of social/community network groups are available in your community and are you a member of any?

Provide cue on what social networks are give examples but leave room for them to describe and define social networks from their perspectives and elicit reasons for membership

2. Why are you a member of these networks?

Elicit reasons and prod on the broad functions of these networks in particular impact on their decisions on which products to buy and access to products. Do you buy products that your network groups buy as well?

Any other follow up questions from target questions

3. CONSTRAINTS TO PURCHASE

Description of topic: This topic seeks to investigate constraints which BOP face to buying products and the coping strategies used to militate against the constraints
Elicit forms of constraints-provide cue on examples of what constitutes constraints

Target questions

1. What constraints do you face in accessing food and personal hygiene products?

2. How do you cope with these strategies?

Any other follow up questions from target questions

THANK YOU VERY MUCH FOR YOUR TIME AND EFFORT IN PARTICIPATING IN THIS INTERVIEW

Appendix 2

Variables	Kenya	South Africa	Botswana	Ghana
<i>Economic</i> Income source	Salaried professional jobs Mid-scale commercial farming Remittances Self employed	Salaried professional jobs	Salaried professional jobs	Salaried professional jobs Mid-scale commercial farming Remittances Self employed
Asset ownership	Vehicles Household durables	Vehicles Household durables	Vehicles Household durables	Vehicles Household durables
House ownership	Historical mortgage sector High cost entry barrier	Emerging mortgage sector targeted at rising black MOP	Emerging mortgage sector	Largely rental High cost entry barrier
<i>Political and legal</i> Political stability and governance	Coalition government stability Ethnic networks	Majority stable government Black economic empowerment	Stable government Black empowerment	Stable government
<i>Infrastructure</i> Self-sponsored energy and water	Some access to electricity generators	Access to state electricity and water	Access to state electricity and water	Some access to electricity generators
Telecommunications	Access to internet, fixed and mobile services	Access to internet, fixed and mobile services	Access to internet, fixed and mobile services	Access to internet, and mobile services
<i>Social</i> Education	Historical gvt funded tertiary Minimal private school for kids	New opportunities in tertiary Investment in private education	Historical gvt funded tertiary Minimal private school for kids	Historical gvt funded tertiary Minimal private school for kids
Domicility/residence	Urban medium density	Urban medium New opportunities in low density	Urban medium to low density	Urban medium to low density
Health care	Access to some private health care	Access to private and government health care although private is preferred	Access to private and gvt health care although private is preferred	Access to private health care although this is deemed expensive

Marketing to the “MOP” in emerging markets

Table AI. Environmental factors shaping the MOP

Appendix 3

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Botswana	Ghana	Kenya	South Africa
<i>Mobile phone services</i> Marketing director Customer services manager	<i>Mobile phone services</i> Marketing director Channel manager General manager-sales Promotions manager	<i>Mobile phone services</i> Marketing director Commercial director General manager-customer services Key account executive	<i>Mobile phone services</i> Marketing director × 2 Group channel manager General manager-sales × 2 Customer insights executive Group business development executive
<i>Financial services</i> Client relationship manager Business executive Marketing manager	<i>Financial services</i> Marketing manager Client services Executive	<i>Financial services</i> Marketing manager Client relationship manager	<i>Financial services</i> Corporate strategy manager Group marketing services Executive Marketing managers × 2
<i>FMCG household</i> Marketing manager Sales Executive	<i>FMCG household</i> General manager marketing	<i>FMCG household</i> Group marketing executive	<i>FMCG household</i> Marketing director × 2 Business development manager
<i>Automotive</i> Principal dealer	<i>Automotive</i> Marketing and sales executive	<i>Automotive</i> Marketing manager	<i>Automotive</i> Group marketing director Sales executive × 2
<i>Health Care and other</i> Marketing executive	<i>Advertising</i> Marketing executive	<i>Hospitality</i> Guest relations manager	<i>Retail</i> Commercial marketing executive
<i>Entertainment</i> Satellite TV marketing executive	<i>Entertainment</i> Satellite TV marketing executive	<i>Entertainment</i> Satellite TV marketing manager	<i>Entertainment</i> Satellite TV marketing executive <i>Healthcare</i> Business development manager

Table AII.
List of interviewees

Appendix 4. Interview guide for interviews with business executives Introduction

General classification questions
Company background and role

Part A

Market Orientation towards MOP

Q1. Does the company view the MOP as an important and profitable market?

Q2. Does the company actively market products to the MOP?

Q3. How does the company integrate MOP consumer needs into their marketing strategies?

Part B

INTERACTION WITH MOP CONSUMERS

Description of interactions

The topic investigates the forms and drivers of interactions between consumers and firms.

Q1. What is the nature of interactions which occur between the firm and consumers?

Q2. What motivates the firm to engage in these interactions?

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