

Redefining consumers

Sachin Rao, Business Standard, 10 January 2006

Cell phones are every where, even our maid has one.” These words were to reassure me that the gadgets I was leaving behind in the US were available in India. The most illuminating word was “even” — a qualifier that embodies the discrimination inherent in our perception those “deserving” of high-technology. This discrimination of perception limits entrepreneurial imagination and represents the barrier that must be crossed to tap the social and economic promise of commerce at the “Bottom of the pyramid” (BoP).

The demolition of discrimination begins with an iconoclastic vision. Captain Gopinath, MD of Air Deccan, explains that air-travel in India is limited not by an economic barrier, but by a “caste barrier”, which restricts our conception of the air-traveler as a wealthy, sophisticated urbanite who needs air-conditioned airports and five-star in-flight service. Rather than accept this limited view of the flyer and compete for a slice of the pie, Air Deccan began by daring to visualise the common man flying and figuring out how to get him in the air.

The most exciting corporate explorations in the coming years will be those that transform our perception of the customer. ICICI’s vision of the banking customer, Kishore Biyani’s view of the retail customer and ITC’s view of the rural farmer will redefine their respective industries. As C K Prahalad pointed out, this embrace of the BoP does not stop at redefining the customer; it involves the complete overhaul of the definition, delivery and use of the product. The self-help groups through which ICICI delivers its micro-loans, the eChoupal through which ITC drives procurement and the ubiquitous “missed call” upon which our communications seem to hinge, have no parallel in any first-world market. They all began with a new definition of the customer.

One senses that this is but the beginning. An informal survey of Nehru Nagar, a slum in Mumbai suggests monthly rental rates of Rs 10 per sq-ft. This is more than the rent per square foot for flats in many parts of Mumbai. The reason for their stay in the slum is the inability to afford large flats and the need for flexible leases. The market demand in Nehru Nagar for 100,000 square feet of clean housing with variable configurations and flexible leases represents a revenue of Rs 1.2 crore a year. This is one of the several opportunities that a few hours in Nehru Nagar uncovers. At issue is not our ability to create the houses demanded by these customers. At issue is our willingness to visualise Nehru Nagar as a customer, deserving of our undivided, profit-inspired attention and entrepreneurial energy.

The breaking of the barrier at whose threshold we stand presents capitalism the opportunity to create the equity that socialism failed to deliver.