

Consumption and Entrepreneurship Beyond Literacy and Resource Barriers

Understanding Subsistence
Marketplaces

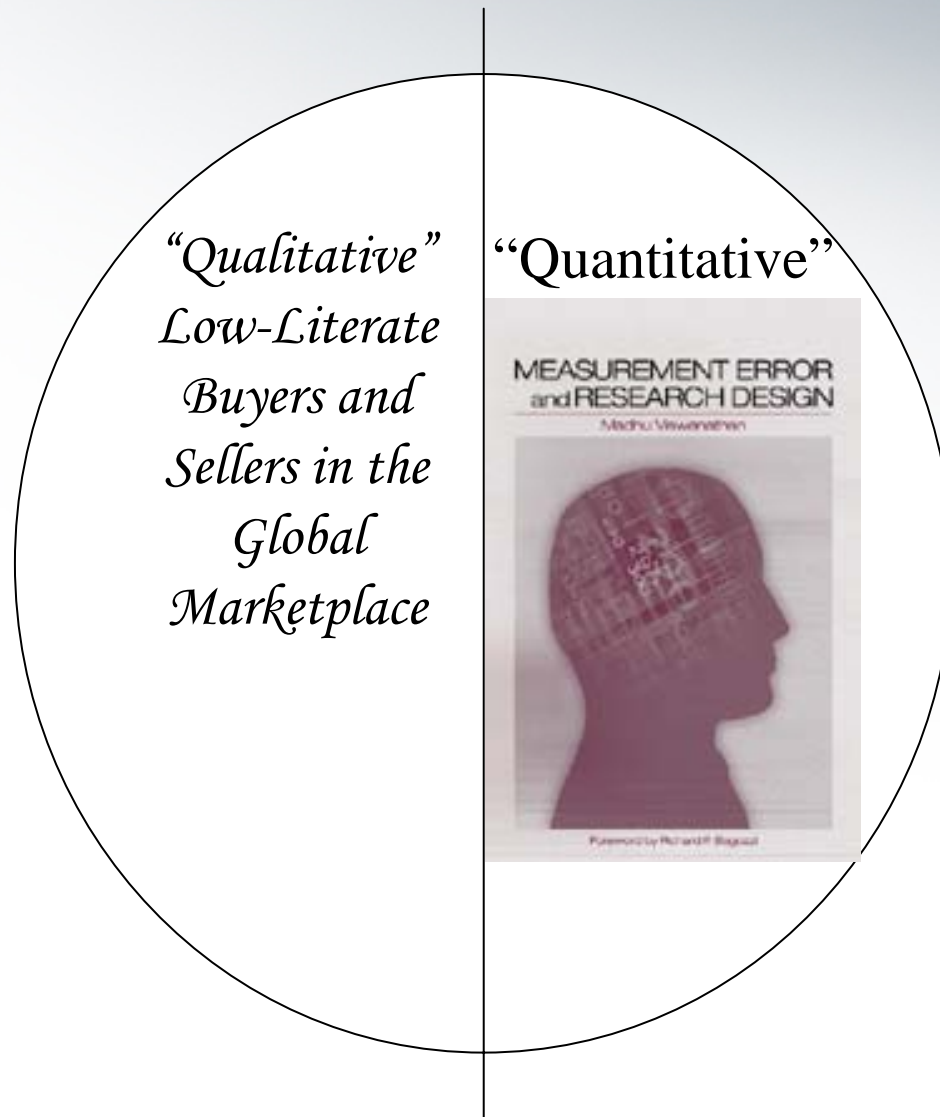


Overview

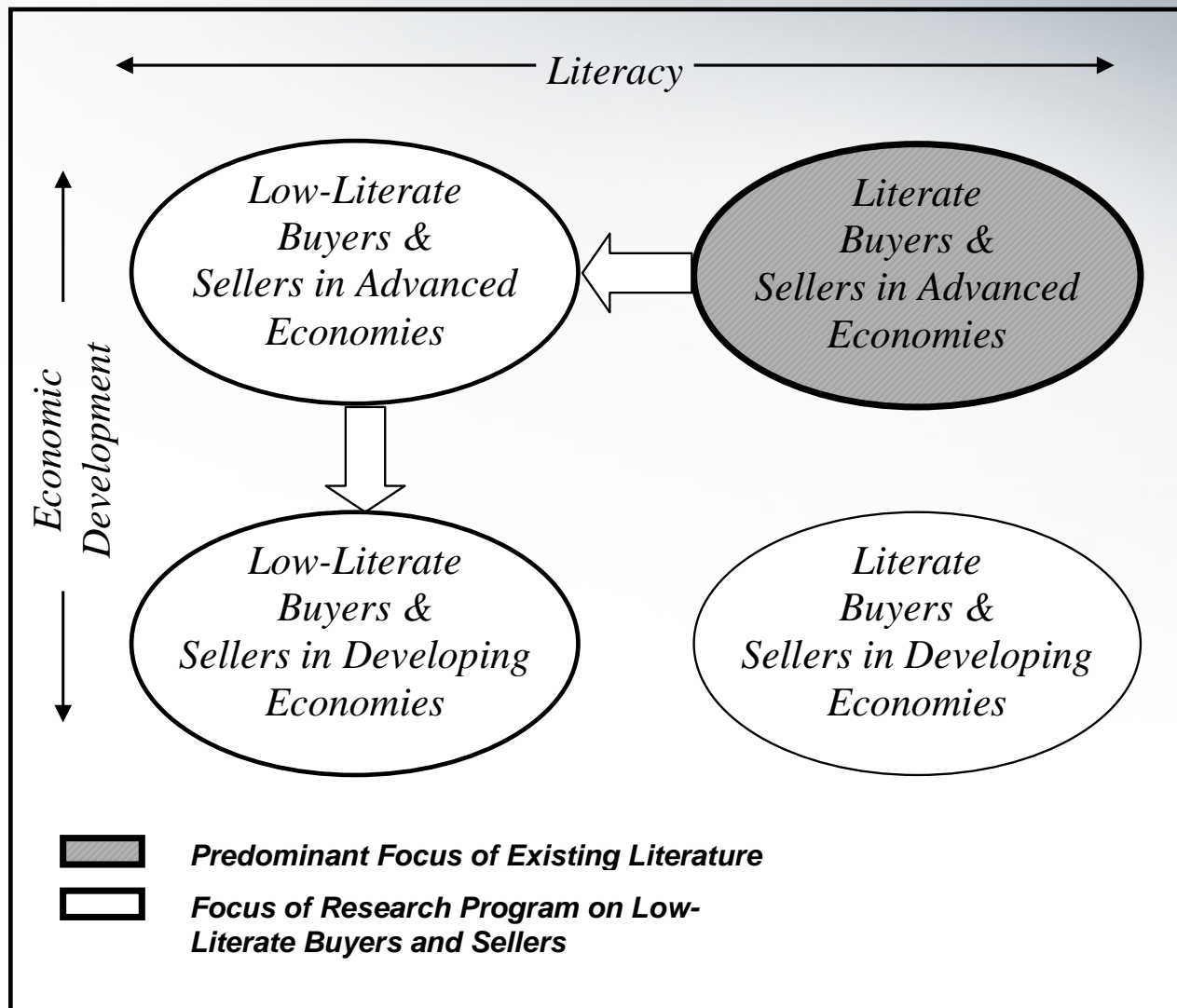


- Background on research program
- Insights about consumers in subsistence marketplaces
 - Insights about low-literate consumers in the US (Viswanathan et al., 2005; J of Marketing)
 - Cross-cultural comparisons
- Development of a Consumer and Entrepreneurial Literacy Training Program

My Right Brain and Left Brain Research Programs



Research Program on Low-Literate Buyers and Sellers



Methods & Sources of Information

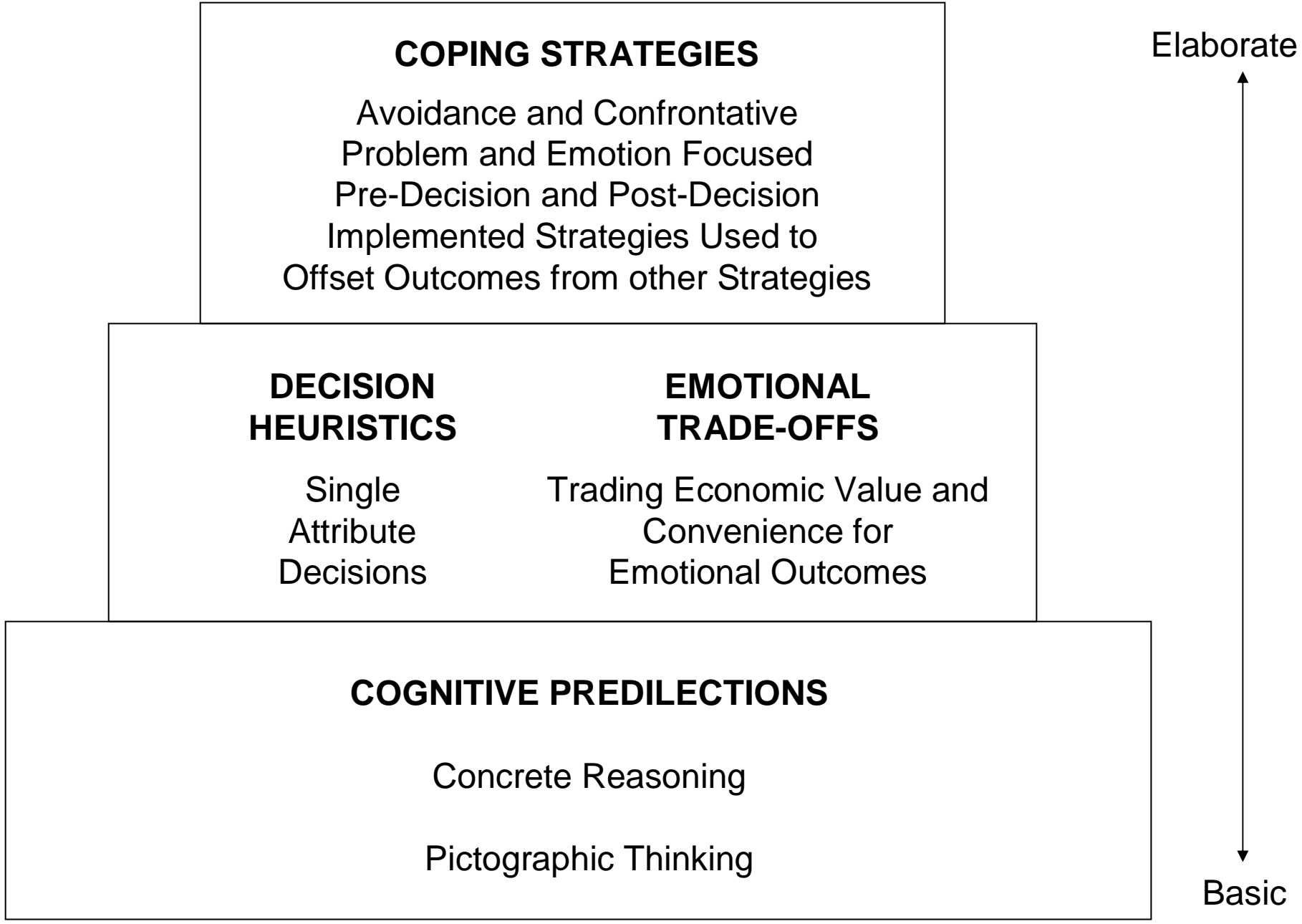


- Qualitative interviews
- Observations
- Consumer and Entrepreneurial Literacy Program in India

Overview of Findings in the US



- considerable amount of effort is spent in basic tasks
- locating a product
- locating a price display
- reading a price, and computing volume
- computing the price of two if the price of one is known
- confusion due to multiple price-listings,
- computing prices on percentage off or fraction off deals
- locating the correct packages
- computing total cost in a shopping trip
- allowing for taxes
- interpreting magnitudes
- estimating the total cost of products in shopping cart
- nutritional labels were not understood
- unit prices were similarly not comprehended.



How People Think



- Concrete Reasoning

- Rita (22 years): “. . . *I look to see which costs the most and which costs the less, and so I just get the smaller one because they cost the less.*”
- Interviewer: . . . *let's say you buy a packet of bread that's half the size . . . you are getting less bread for the money. How do you try to make sure it's cheapest in terms of how much you are getting also?*
Pam: “I just look at the tag and see *what's cheapest. I don't look by their sizes.*”

How People Think



- Pictographic thinking

- Howard (29 years): *“... I got that picture of how many liquid in a jar to how many yards in a stick and picture a stick and picture how many units in it and I just caught on right there...”*
- *–“When you go back to the store, you look and see oh, this is the brand I bought before – I ain’t gonna get this, I’m gonna get that other one.”*
Q: *How do you tell that it’s the brand you bought before?*
–“Ain’t nothing wrong with my eyes.”
Q: *Just from the packaging...*
– “Right...”

How People Cope



Interviewer: If something is 30 percent off and the price is \$19.98, would you go up to a person and ask how much it really is?

Respondent: No [...] I'd be embarrassed.

How People Cope



- Dependence on Others

- sometimes to the point of complete delegation.

Pam (60 years): *“No, I don’t do too much stuff, **my daughter do all the shopping . . . when I am a daughter . . . my mom did a lot of shopping .”***

How People Cope



- **Self-Esteem Maintenance**

- R: “Oh yeah, count it up. *You don’t want to go in there and be embarrassed at the cash register if you don’t have enough money to pay for what you’re gonna get.*”
I2: *Has that ever happened to you?*
R: “No, ain’t never had that happen, you know, cause *always watch myself...*”
- *Yeah. Like, I went to IGA to buy some things and the money that I pick up off the table at home was not the money I supposed to pick up so when I finish buying everything I just take out the money and hand it her and she says “no, this is a 5 dollars you gave to me” and it was over 10 dollars almost 20. *then I’m like oh my God. I feel so bad.* I tell her I say ok, don’t put it back. I’ll just walk home and get the money and come back. I says ok; she says yes. SO I went home and get the money and I tell my husband and he’s like you always, you always I was feeling real bad. Real bad. Because I know how people thinks. I know how people thinks. People think well, she didn’t have that money, but she come in and pick up those things but sometimes it is not so. Everybody is not the same. Everybody is not the same. And if one person made that mistake you don’t watch everybody with that mistake . You give everybody a clear chance.*



How People Cope

- **Rudimentary Defensive Techniques**

- Falling back on some very simple rules during shopping to avoid being cheated or to avoid overspending.

R: *I was reading the label on the polish sausage, trying to see what kinds was they... [but before I could read:] I just had to ask somebody, “what this say? You know I can’t see man, can you help me out? I need glasses.” I play it off like that, that’s how I used to do it.*

Consumers in Subsistence Marketplaces

A Study in South India

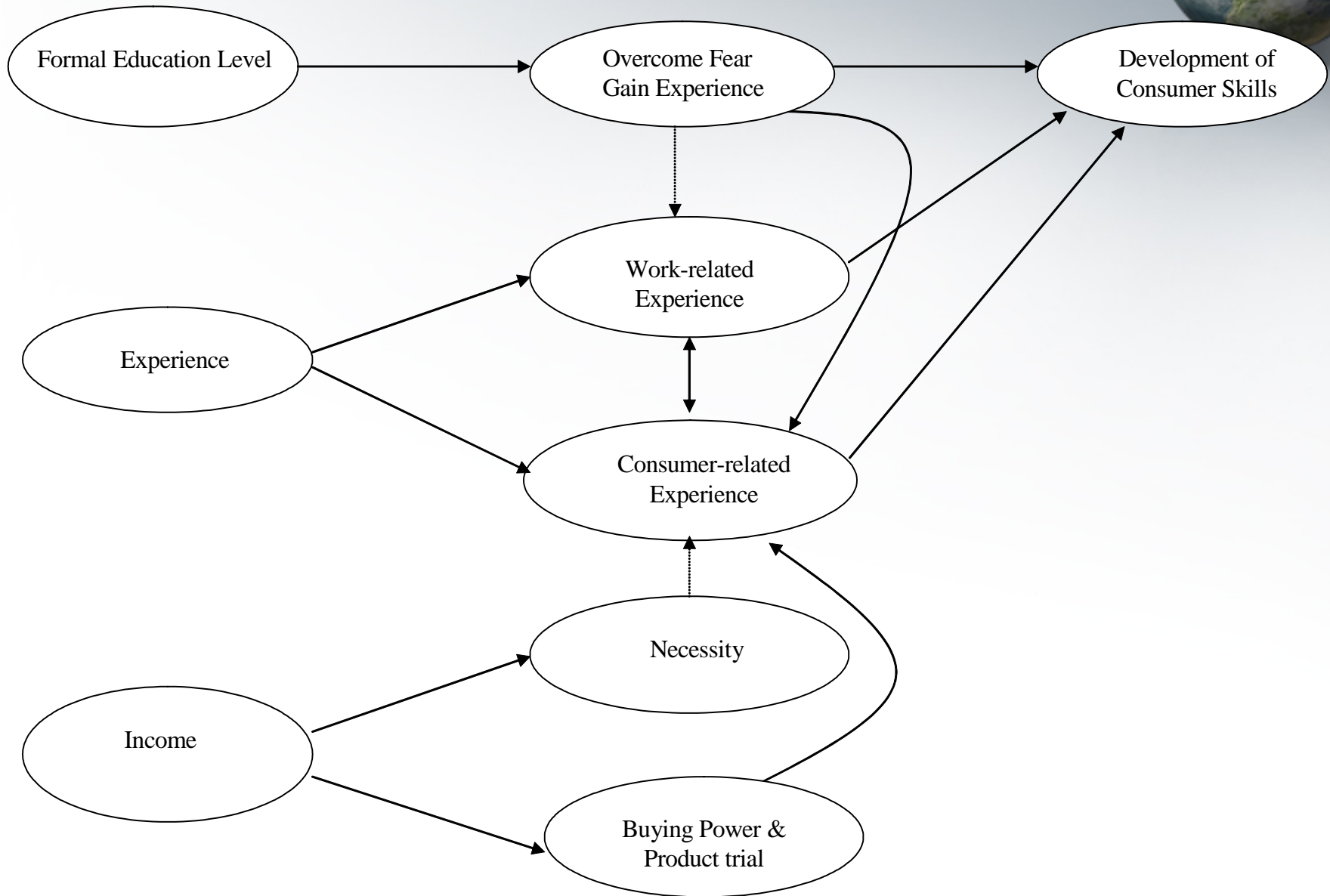
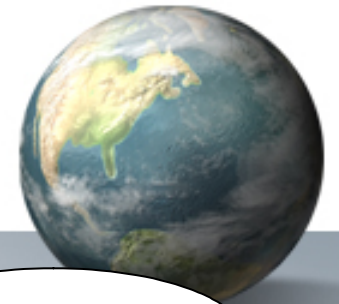


Context - The Consumer Setting



- Primary economic relationship with one store
 - Usually corner retail store
 - Sometimes more distant wholesale store
- Retailers and wholesalers usually very responsive
 - Product returns/refunds
 - Adjustments based on complaints
 - Sophisticated "database"
 - Wholesaler delivers
- Retailer provides other "services"
 - Credit purchase
 - Storing savings securely
 - "Big-ticket" items purchased in installments from door-to-door vendors
- Loans from
 - Retailer
 - Pawning
 - No collateral enforcement through public humiliation

Development of Consumer Skills



Cross-cultural differences



- India - Higher skills?
 - One-on-one marketplace
 - Negotiation, counting, evaluating products
 - Broader occupational experiences as sellers
 - Severe income constraints
- In the US
 - Large stores
 - Technology to compute
 - Symbolic information on packaged products
- With no formal education, little experience, and little income, differences are blurred
- With any one of experience, income or formal education, the 1-1 marketplace provides a stepping-stone

Marketplace Characteristics



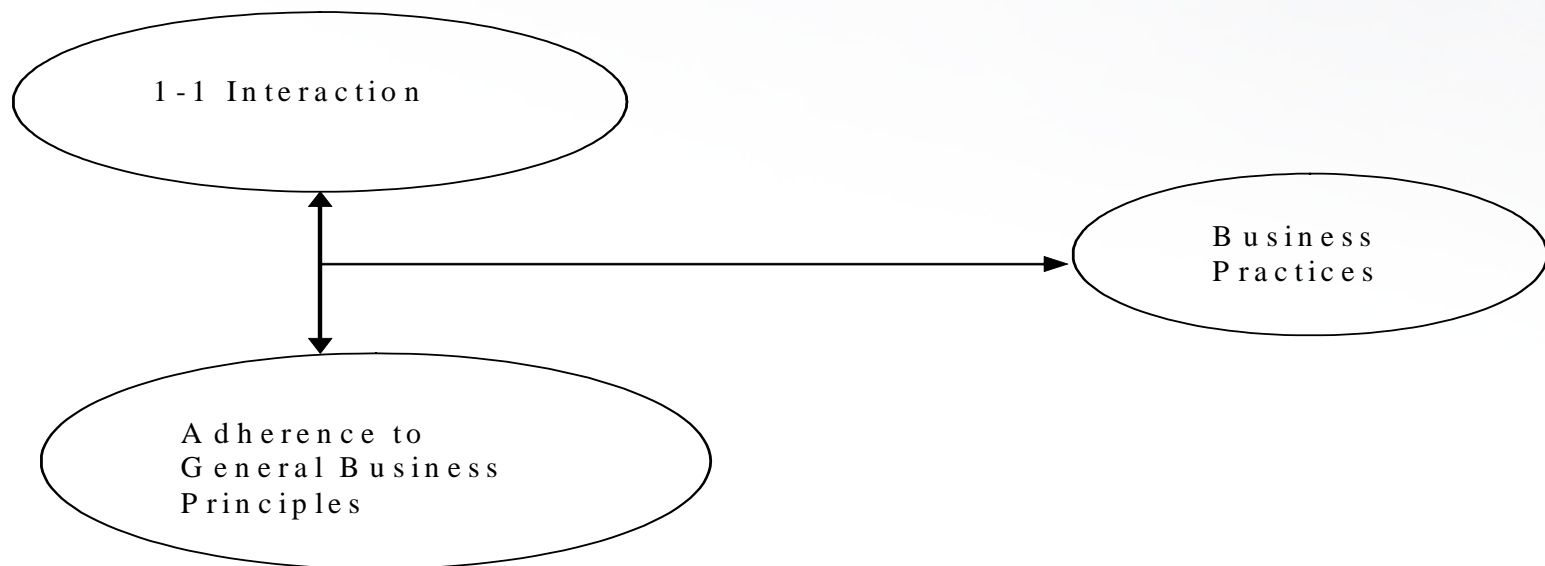
- Uncertainty and lack of control
- Complexity
- 1-1 interactional marketplace
- Transactional fluidity
- Exchanges upward and downward
- Empathy in exchanges
- Buyers and sellers two sides of the same coin



Managing in a 1-1 Environment

- Tension between 1-1 interactional context and need to adhere to general business principles

Running a Business in a 1-1 Environment

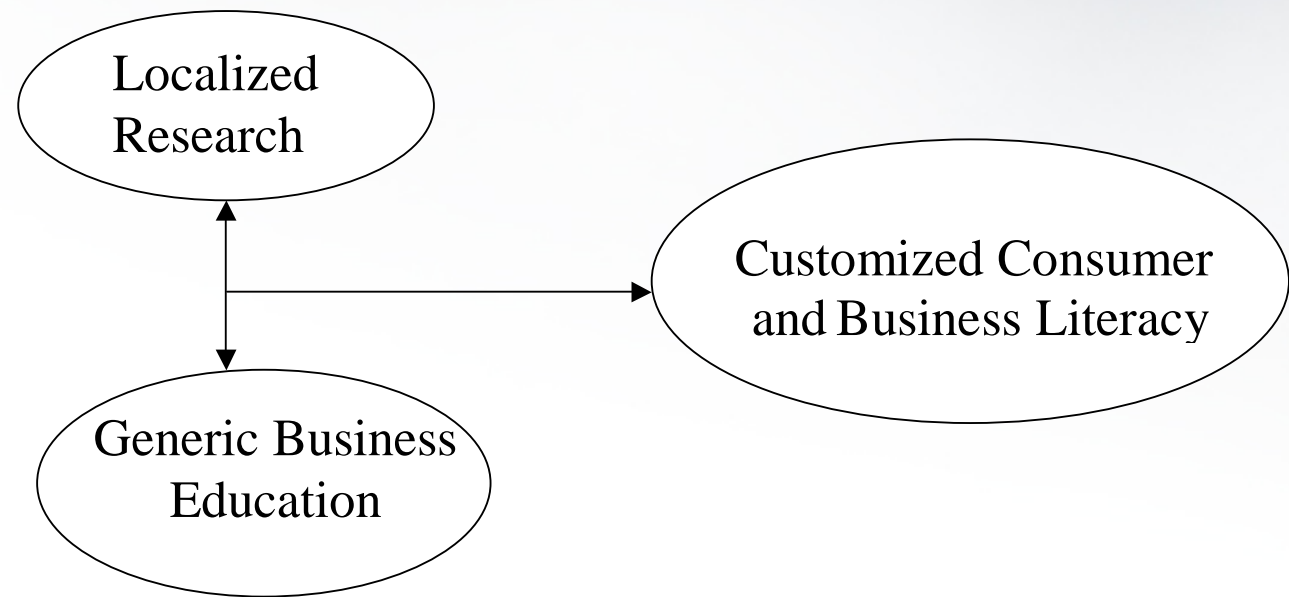


Initiatives



- Product and Market Development Course for Subsistence Marketplaces
 - Cross functional team at University of Illinois
- Conference on Product and Market Development for Subsistence Marketplaces
 - August 2-4, 2006, Chicago
- Marketplace Literacy Project

Researching and Teaching Low-Literate Buyers and Sellers in the Global Marketplace



Sources of Knowledge



- My experience with business education
- Assistants' vast experience at the grass roots level
- Research through numerous qualitative interviews of buyers and sellers
- Not a one size (of business education) fits all (contexts) approach,
- Combine business principles with indigenous research

Barriers Faced By Individuals



- Psychological
- Skill-related
- Financial

We try to address the first two.

4-Tiered Model of Curriculum Development



- Broad Learning Goals
- Specific Content/topics
- Methods for conveying content to audience that is assumed to be unable to read or write
- Instructional materials

5-Day Training Program



- Day 1 - Exchanges and Value Chains

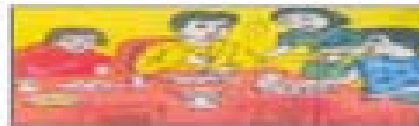
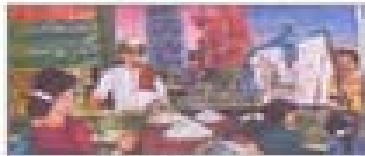
Prioritizing Elements of Business



Pictures Set - 3



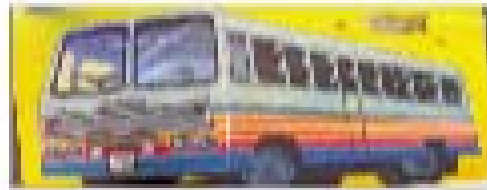
Pictures Set - 4



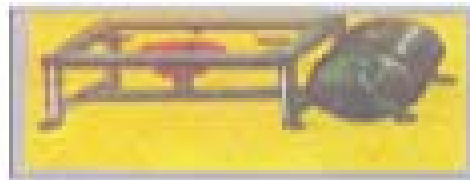
Evolution of Exchanges – Day 1



Picture Set - 1



Picture Set - 2



5-Day Training Program



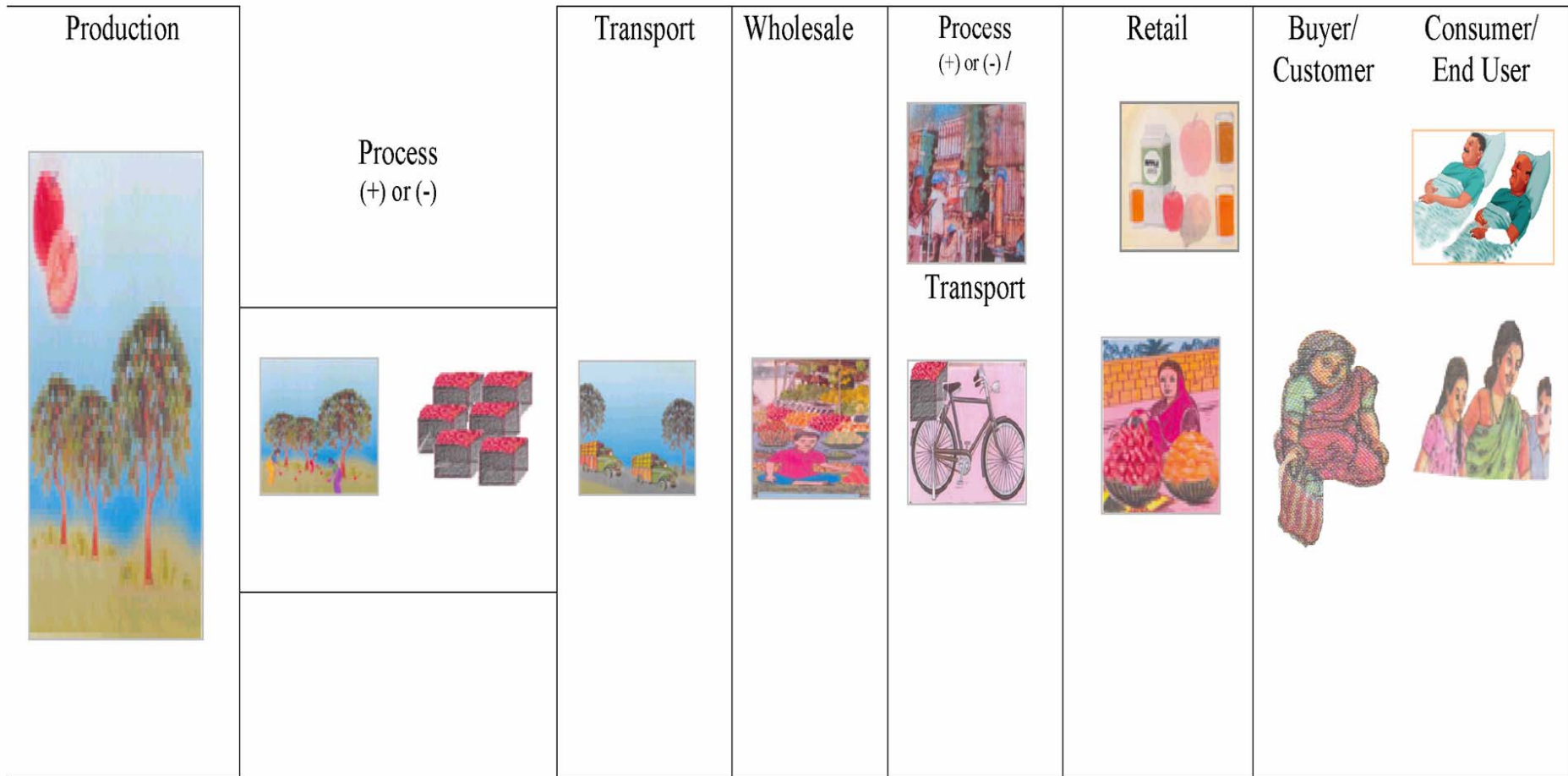
- Day 1 - Exchanges and Value Chains
- Day 2 - Consumer Literacy
 - Role play with shops
 - Value is the key concept
- Days 3-5 - Business Literacy
 - Evaluating business opportunities
 - Consumer-oriented business philosophy
 - Product Design
 - Distribution
 - Promotion
 - Pricing
 - Finance and Accounting

Value Chains and Distribution – Day 4



Value Chain

Adding Value to the product (Fruits) either through “removing inappropriate contents or adding additional contents”



Pilot Training and Regular Training



- Unique aspects
 - Conceptual focus
 - Emphasis on lived experience
 - Underfocused compared to financing and vocational literacy
- Lessons learnt
 - Power of systematic research
 - Power of education

Assessment



- Follow-up in 3-6 months
- 100% benefit through consumer literacy
- 20-25% start businesses

2001 Presidential Address: Academy of Management Review - Andrew Van De Ven



- "I am surprised we pay so little attention to these tremendous disparities (in literacy and income) in the world, particularly since we espouse an international or global perspective"
- "..greatest opportunity for our global economy - is to reach out and learn about the management and institutional forces that perpetuate and might ameliorate these disparities among countries.."

2001 Presidential Address: Academy of Management Review - Andrew Van De Ven



- "It is time to spend our sabbaticals studying management practices and problems in one of these countries where 85% of the world's organizations exist."
- "But let's not go there as the economists did - spreading their theories ...let us go there as scholars and students eager to be mentored"

Marketplace Literacy Project

www.marketplaceliteracy.org

