Conceptualisation of community marketing as collaborative entry mode in developing economies with special focus on Mobile Financial Services

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Abstract

Developing countries in Asia and Africa represent large untapped markets at Bottom of the Pyramid which is not serviced by conventional products using traditional marketing channels. Organisations are increasing looking at involving local community and broad range of partners called 'Community Marketing' in this study as a viable channel to expand their market by reaching out to this segment. This paper synthesizes extant knowledge on the subject and provides a foundation for future research by building a discussion on construct's domain, developing research propositions. The paper attempts to develop an integrated framework that includes antecedents and consequences of a community marketing. The study draws from cases of mobile financial services in India to develop the framework. Managerial implications of this research are discussed.

Keywords: Developing Economies, Community Marketing, New Markets, Bottom of Pyramid, Disruptive Innovation, Mobile Financial Services

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Introduction

Innovations for developing economies have been drawing strong academic as well as practitioner interest. Developing economies are characterized by lower penetration of formal financial services and therefore non-consumption. The challenge for organizations in these economies is to reach out to under-served customer segment and to convert non-customers into customers in economically viable manner. Developing economies are also characterized by a thriving parallel in-formal financial system which caters to the needs of this financially excluded customer segment. One of the largest set of financial transaction used by people in developing economies is money transfer or remittance. According to a series of studies on money transfer conducted by Gallup in South Asia and African regions, 65% of people in South Asia and 35% of people in African countries used informal channels for transferring money (Godoy et al., 2012; Kendall et al., 2013). The study also reported that around four percent of people were cheated or lost money during the money transfer process. While there is a large remittance market in developing economies, there continues to be a large void for formal financial channel for the same especially among financially excluded customer segment.

To cater to this segment, there is a strong need of low-cost ways of reaching the poor through the formal sector. It is widely accepted that a disruptive innovation approach that emphasizes the creation of good enough products to meet basic needs is a sound strategy to reach resource constrained customers (Hart and Christensen, 2002). As per *Disruptive Innovation theory*(Christensen, 1997), disruptive innovations which may appear inferior initially to the perspective of mainstream customers are appealing to emerging customers in low-end or new markets as it performs better on an alternative dimension. While ‘disruptive innovation’ framework provides guidelines for creation of good-enough products to meet non-consumption, it does not pay enough attention to the exogenous factors affecting market demand such as the product reach and non-economic consumption constraints of potential customers.

Prahalad and Hart (1999)developed a “bottom of the pyramid (BOP) marketing framework” as a means of expanding low income markets. Bottom of the Pyramid (BoP) refers to the lowest socio-economic segment in the world. Food, housing, and household goods are often considered to be the largest industries in the BoP followed by transportation, education, ICT and healthcare (Pitta et al., 2008). This segment of customers, traditionally ignored by marketers, has recently become the focus for many organizations eager to sell their products to larger market segments. A “BOP” framework puts strong emphasis on the creation of consumption capacity among the poor. However, similar to “disruptive innovation” framework, it does not adequately address a very important consumer behaviour related issue of how to bring an un-serviced and unwilling customer into the market. “BOP” framework also ignores the economic viability of marketing products and services to the potential customers through regular business models.

This paper has three goals. First, it presents a conceptualization of ‘community marketing’ construct in such a way that a generic framework can be developed which should be useful for the expansion of markets of any type, including the bottom of the pyramid markets in developing countries. This conceptualization defines community marketing in terms of knowledge, access and trust of local community. Second, the paper reviews the literature on the antecedents of community marketing and presents testable propositions to guide future research. Third, the paper reviews the existing research on outcomes of community marketing to present a series of propositions about the impact of community marketing on business, society and environment. The paper concludes with a discussion of future directions for new theory development and institutional assistance for using community marketing approach.

To develop the conceptual model for community marketing, this research draws on literature in marketing and related disciplines. The concepts in the proposed model are elaborated using cases to capture the complexity and richness of the underlying phenomenon and to detect patterns and regularities across cases (Miles and Huberman, 1994). Subsequently, a series of research propositions is developed in the spirit of propositional inventories such as those developed by Jaworski and Kohli (1993). The literature based propositions are synthesized in an integrative framework that provides for a parsimonious conceptualization of the overreaching factors of interest. The paper is concluded with discussion on implications of community marketing.

Cases

The study focused on four Indian cases of mobile financial services - A Little World (ALW), EKO Financial Services (EKO), Financial Inclusion Network and Operations Ltd (FINO) and Green Money Transfer. The selection of cases was based on the three criteria. First, the service provider started with the key mission/vision of enabling financial inclusion. Second, the service provider developed specific strategies to deal with bottom of pyramid population in developing economies with challenges in storing and remitting money – key to affordability. Finally, facilities in multiple locations are/were developed during the course of time rather than few large units – key to accessibility.

ALW: ALW (A Little World) started a pilot project with SBI in 2006, to enroll about 5,000 villagers in no-frills bank accounts for disbursement of government funds using biometric Smart Cards. With over four million rural customers across ALW has a network spread across 22 states in at 8,314 points of presence across the country (2010).

ALW developed a mobile network based platform called ZERO by combining Near Field Communications technology enabled mobile phones, contact-less Radio-Frequency Identification (RFID) Smart Cards, integrated biometrics authentication system and a transaction server, to enable mobile financial transactions.

Customer Service Provider (CSP) centres are equipped with biometric device, mobile phone and a receipt printing machine. Mobile platform ZERO is used by CSPs to open no-frills account and to enable exchange of money. Mobile phones are used for opening accounts on-the-spot by local CSP. For making financial transactions, customers are authenticated using biometric device, photo ID badge and voice recognition through mobile phone. The technology platform connects a formal financial institution to customers for standard banking operations. Customers get a secure electronic identity via phone or smartcard, while agents take deposits and dispense cash.

FINO: FINO (Financial Inclusion Network and Operations), an organization offering wide range of financial services to base of the pyramid customers pioneered mobile financial services by launching micro-savings and remittances in slums of Mumbai, in 2009 in association with Union Bank of India. With a BoPcustomer base of over 43.66 million, FINO handles around 5mn micro transactions per month (FINO website). The service ‘FINO-Tatkaal’ operates on an insta-card (a smart card that holds the digital account information of each customer acting as the identity proof) and a mobile biometric device model. Local agents, enable customers access banking services through smart cards at their doorsteps saving their time and hence wage-loss. Customers are charged Rs.20 (less than $.50), for remitting up to 10,000 rupees in a single transaction making it more affordable than any other alternative.

EKO: EKO Financial, a business correspondent of State Bank of India launched an instant money transfer service called Tatkal in August 2010 which enables remittance through a basic mobile phone. The transaction is carried out by the customers by visiting an EKO customer service provider (local grocers, telephone booths etc.) who facilitates the transaction. Once the transaction is completed the sender and the recipient receive a confirmation SMS on the mobile number(s) registered. The service charges for the transaction are less than of half a dollar. The process provides an economic mode of remittance at a geographically convenient location at convenient timings to migrants. Remittances worth US$19.333 million were sent via the SBI Tatkal product in FY2011 through EKO.

Green Money: Green Money Transfer, a person-to-person mobile money transfer service was launched in November 2009 jointly by Corporation Bank, Tata Indicom and Paymate. Green Money has around 10,000 subscribers (CGAP, 2010).GMT group appointed several local retailers known as “Green outlets” which help customers register for service as well as to facilitate remittances through mobile phones. One of the prominent implementations of GMT is with Mumbai’s famous Dabbawalaservice Nutan Mumbai Tiffin Box Suppliers Trust which employs around 5000 Tiffin delivery men. Over 90% of the tiffin delivery men are migrants and they regularly send money to their families via primitive and riskier means. GMT service enabled tiffin delivery men to access the service for opening no-frills account and remitting money at convenient locations and timings in a cost efficient and secure manner.

Community Marketing: The Construct

Developing economies are characterized by the absence of a well-developed and functioning distribution network(Goldman et al., 2002). This leads to in-sufficient access to potential customers and therefore non-consumption. Increasingly organizations in emerging economies are using non-conventional methods of marketing to convert non-customers into customers. A large number of these organizations are tying up with local small shops, self-help groups, slum-dwellers, village women etc. to market their products to segments of customers which are close to the community and command certain level of trust.

Drawing from this core idea, we propose a working definition of ‘Community Marketing’: “involving local community in different forms to market a product or service to a customer segment which is not serviced by existing channels”. Based on study of available literature, case studies and analyst reports, three themes or pillars underlie the phenomena of community marketing – access to market, local knowledge and community trust.

Dimensions of Community Marketing

Market Access: The starting point for community marketing is access to difficult to reach BoP market. Distribution channels in developing markets are often fragmented or non-existent, therefore basic distribution can be a major hurdle. India’s low-income consumers, for example, live in more than 600,000 villages scattered across the country(Anderson and Markides, 2007). Firms targeting rural consumers are confronted by an absence of the infrastructure necessary to practice effective marketing. This includes both the “hard” infrastructure relating to transportation, energy, water, etc. as well as the “soft” infrastructure of advertising agencies, marketing research organizations and distribution intermediaries needed to reach consumers(Craig and Douglas, 2011). The poor infrastructure and lack of basic amenities imply that retail outlets need to be located physical close the consumers(Reinartz et al., 2011). Consumers value these stores due to their convenient location within walking distance of home or work(Mishra, 2008).

Organizations are increasingly looking at establishing partnerships with small retailers as well as local NGOs, self-help groups, micro-financing, or groups with social and environmental concerns for distribution. Strategic collaboration with a broad range of partners has been proved to be more effective in reaching consumers in rural areas(Craig and Douglas, 2011). While there have been large scale projects by HUL (Project Shakti) and ITC (e-chaupal) in consumer packaged goods and farm produce, financial service organisations are also increasingly using this route to reach out to un-banked population in developing countries.

The Indian Postal System which operates in more than 150,000 locations with deep penetration in rural India is being used by firms like ICICI for selling insurance and mutual funds in several villages(Mishra, 2008). ALW, a business correspondent of SBI has set up Customer Service Points (CSPs) in rural parts of India which are managed by gram-panchayats (village councils) and are operated by village women to facilitate mobile banking(Arora and Cummings, 2010). Similarly, EKO financial, another business correspondent of SBI and ICICI bank has tied up with small retail shops in different cities in areas densely populated by domestic migrants as well as in villages. These shops located in close proximity to the BoP customers help them with banking transactions using mobile phones(Chopra et al., 2012).

Local Knowledge: BOP itself is not a homogenous segment and incomes can vary across regions and countries. The distribution of wealth in developing countries tends to be skewed towards the extremities implying starker distinctions in income levels (Bagchi, 1982). Rural markets dominate most of BOP in Asia and Africa whereas urban areas dominate in Eastern Europe and Latin America(Banerjee and Duflo, 2007). Added to that is the complexity of culture and communication. For example, in a country like India, potential customers speak 500 different dialects belonging to 16 official languages(Mishra, 2008). The heterogeneous nature of developing economies poses challenges in terms of understanding the needs of the customers. With discussion on market access, it is evident that participation of local community in marketing products and services not only provides access to un-served customers, but also acts as a strong source of intelligence about target customer segment. This local knowledge can be used by organisations to develop their service offerings, create customized campaigns and improve business model. In their research on ‘Sustainable Local Enterprise Network’, (David Wheeler Jane Thomson, Rachel Davies, Jacqueline Medalye, Marina Prada, 2005) proposed ‘Business model intimacy’ as the first and foremost requirement for sustainability based on co-creating a new community from the ground up, with the company embedded in its foundation. (Karnani, 2007) in his research on BOP too talked about the importance of, emotional proximity arguing that BoP customers need stores that are both geographically close and affectively close.

The Grameen Bank considered to be most successful micro-finance organisation launched in 1976 was largely built upon the shared vision of Yunus and the villagers in Bangladesh by the spent time together as a community (Simanis and Hart, 2009). Collaboration with a broad range of partners including NGOs and other socially oriented organizations provides more effective mechanism in reaching consumers in rural areas. Such organizations typically have better insight into social organizations and underlying motivations of villagers in rural areas. These organizations also play a key role in marketing and distribution of certain types of products of services, particularly those relating to health and hygiene by educating consumers about the benefits of their use(Craig and Douglas, 2011). Corporation Bank in India markets its mobile banking product Green Money through social groups like ‘Nutan Mumbai Tiffin Box Suppliers Trust’ and ‘KshetriyaGramin Financial Services (KGFS) ’ which have deeper understanding of its group members(Ananth et al., 2012). This helps the service providers to tailor the products based on the needs of their customers as well as attract the customers in an economically viable manner. EKO financial too relies largely on its last mile distribution network of small shops closely located to its customers to garner market intelligence(Chopra et al., 2012).

Community Trust: The third element of community marketing which actually build on access and local knowledge is community trust. An organization can access to an un-served market and gain knowledge, however, unless the customers trust the service provider/ channel partner with their money, very little is accomplished. The value of trust is especially important as nature of transaction in this case is monetary.

The banking sector in developing economies tends to be comparatively rudimentary with large un-banked population. Informal and uncertain jobs for most of BOP have made access to formal financial services. Due to the combined effect of their low income levels, documentation requirement, low literacy and a sparse network of bank branches and ATMs, a broad cross-section of consumers in a number of less developed countries in Africa do not have bank accounts(Reinartz et al., 2011). Savings and remittances through informal sources are made in cash and this makes them susceptible to being robbed (Subrahmanyan and Gomez-Arias, 2008).

Customer Service Points (CSPs) of ALW in rural areas are operated by village women, appointed by the local village self-help groups recruited by the Gram Panchayats (village councils). The CSPs who carry out enrolments are local residents, who are not likely to move away from the village. Involvement of local SHGs also ensures institutional guarantee and support(Arora and Cummings, 2010). Green Money too enrols member for mobile banking through organizational tie-ups with association like Nutan Mumbai Tiffin Box Suppliers Trust – which command high degree of trust within local community(Vibhute, 2010).

Synthesis

From the preceding discussion we offer the following formal definition of community marketing

> Community marketing is a channel for distribution through a broad range of partners to provide *access* and *knowledge* about an un-served customer segment through the *trust* which they command in that customer *community*.

The proposed definition suggests that community marketing is based on partnership with specific groups who have access to specific segment of customers. Relatedly, the appropriate unit of analysis appears to be specific products/ services and customer segments.

We next discuss antecedents and consequences of community marketing. We draw upon marketing literature, management literature and case analysis to develop research propositions.

Research Propositions

Figure 1 is a conceptual framework for the following discussion. Briefly, the framework comprises three sets of factors: 1. Antecedent conditions that foster community marketing, 2. Community marketing construct, and 3. Consequences of community marketing. We discuss each of the three factors and develop propositions based on the literature.

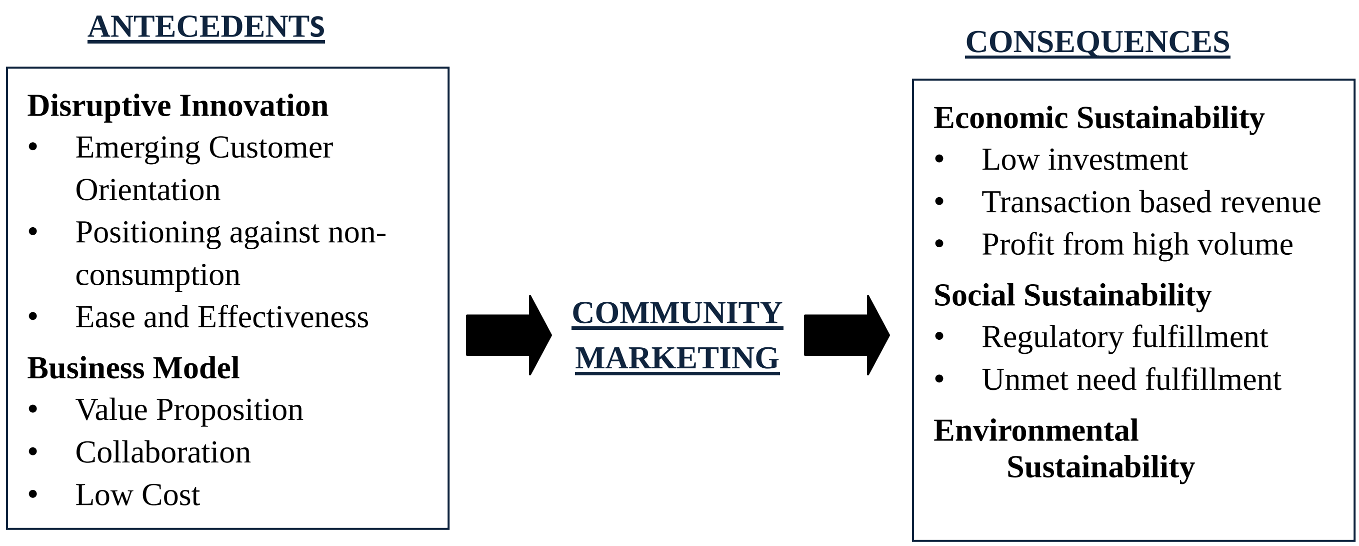

Fig 1: Antecedents and Consequences of Community Marketing

Antecedents of Community Marketing

Antecedents of community marketing are the organisational factors that enable the implementation of community marketing. Based on our examination of literature, we categorize antecedents of community marketing into two broad factors: disruptive product innovation and disruptive business model.

Disruptive Innovation: Disruptive innovators compete against non-consumption by offering products to under-served customers who are happy to have simpler, more modest version of high-end products at an affordable price (Hart and Christensen, 2002). For example, cellular phones initially were attractive to niche markets (such as executives and doctors) for their portability, but they did not appeal to the mainstream market for their lack of reliability and coverage, as well as their high cost(Govindarajan et al., 2011).

The feasibility of disruptive products has been demonstrated in numerous experiments at the base of the pyramid markets including Grameen Telecom, which brings information and communication technology to rural Bangladesh and Jaipur prosthetic foot made with local materials costing around US$30 serving a large BoP population in India (Prahalad, 2006). Disruptive Innovations offer opportunity of growth to organizations by expanding the industry itself into new market segment(Gilbert, 2003). However, disruptive innovations cannot be created in isolation in laboratories of organisations in conventional manner. Based on study of literature on success of disruptive innovation, this study proposes three pillars of disruptive innovation for its acceptability in through community marketing – 1. Emerging customer orientation, 2.Positioning against non-consumption and 3.Ease and effectiveness in usage as compared to available alternatives.

Emerging Customer Orientation: A disruptive innovation can be a great tool for organizations to increase total available market by identifying an emerging customer segment. This approach however requires an altogether new orientation towards this customer segment which might have been ignored in existing market scenario. An emerging customer orientation reflects an interest in small but emerging customer segments(Chandy and Tellis, 1998; Danneels, 2002). It involves developing knowledge about customers that are ill-identified and whose needs are not well-known, and assessing the size of that market (cf. Christensen, 1997). It involves identifying potential customers, constructing relationships and communication channels with these customers, and developing knowledge about them(Danneels, 2002, 2004).

An emerging customer orientation requires questioning assumptions about who should be the an organisation's customers, rather than focusing onthe characteristics of its current mainstream customers only (Slater and Narver, 1998). To develop such a vision of the future, companies must shift their innovation focus from an inside-out view of how products and services can be sold into the market to an outside-in view that begins with an understanding of the user experience (Prahalad and Ramaswamy, 2004; Priem et al., 2012).

Large populations of un-banked people working in the cities need a safe and convenient service for depositing the cash earned as daily wages, remitting to recipients in other parts of the country as well as to make withdrawals from their own account. This segment of customers is time constrained for whom a visit to bank means loss of wages. Also, serving these customers in the bank branches does not make a sound commercial proposition for banks due to small transaction amount. This customer segment requires a mechanism to fulfil their needs of depositing and remitting cash at a place and time which does not affect their regular working schedule.

All the cases of mobile money service providers discussed in this paper build on pressing and perpetual need of micro-saving of the target customer segment. Community based network of mobile money service providers for Mumbai Dabbawalas by GMT and neighbourhood shops acting as deposit/ withdrawal points for EKO financial for migrants in Delhi have managed to deliver products of interest to this emerging customer segment. Similarly, CSP service centres of ALW managed by village councils in rural India help farming workers to receive their wages and maintain their micro-accounts in areas not served traditional bank network. In all these scenarios, the disruptive innovation of mobile money with the help of community marketing has succeeded in serving an emerging customer segment. Therefore:

> P1: The greater the orientation towards emerging customers in disruptive innovation, the higher the potential for community marketing

Positioning against non-consumption

Christensen et al. (2002) proposed that a significant, new, sustainable growth comes from creating new markets and ways of competing against non-consumption. They noted that online brokerage firms like E*Trade and Charles Schwab did have the potential to create a new disruptive growth market because they could enable a new set of customers — day traders — with relatively low net worth could manage their own portfolios without the help of professionals. Because these companies were initially competing against non-consumption rather than with established players like Merrill Lynch, they could create a new wave of disruptive growth.

Specific to mobile money and related services, these services were initially targeted as convenient additional method for managing money without handling cash in developed countries to affluent banked customers(Karjaluoto, 2002). For these customers, conventional full service banking options and deep penetration of internet made mobile money an inferior offering leading to less adoption. However, in the developing world, the appeal of MFS may be less about convenience and more about accessibility and affordability (Cracknell, 2004; Neville, 2006). The cases of mobile money service providers positioned their services to unbanked people who were non-customers of formal financial channels making a business success by delivering banking services through mobile devices close to the customer. That is:

> P2: The greater the potential of disruptive innovation in succeeding against non-consumption, the higher the potential for community marketing

Ease and effectiveness

Ease and effectiveness of the disruptive product in emerging customer segment is the key to fight against non-consumption. The disruptive product must be technologically straightforward, targeted at customers who will be happy with a simple product (Christensen et al., 2002).

Developing countries like India, Africa and Philipineshave deep penetration of mobile devices due to which people find operating mobile devices very easy and efficient. This made mobile money a far easy and effective channel for service providers to deliver financial services to un-banked customer segment. In a study conducted by Intermedia in Kenya in 2009, it was found that over 40 percent of respondents without access to banking services had used a mobile phone for conducting financial-related transactions; 99 percent of these users had engaged mobile money transfer transactions(Sivapragasam et al., 2011). Independent studies conducted by GCAP and GSMA among M-PESA users in Kenya revealed that the service was found to be more convenient and cheaper than other modes of remitting money(Mas and Morawczynski, 2009; Morawczynski and Pickens, 2009).

Voice and smart card based customer authentication by CSPs in case of ALW and instant SMS based confirmation post transaction at EKO CSPs made mobile money transactions extremely simple and efficient for the customers.Ability to make financial transactions in their bank accounts with basic mobile phones at a closely located customer service point made the innovation highly acceptable to customers. Also, owing to simplicity, service providers were alos very effective in delivering the service. More formally,

> P3: The greater the ease and effectiveness offered by disruptive innovation to the customers, the higher the potential for community marketing

Disruptive Business Model: Disruptive innovations have been made successful in the markets that fit the innovation only through a disruptive business model (Petrick and Martinelli, 2012). As proposed by Christensen et al. (2002), disruptive innovations are more suitable for a new markets. The new markets are substantially different from the established markets as they are made up of different customers looking for different value attributes and therefore the product must be made and marketed within a disruptive business model(Markides and Oyon, 2010). Management literature has a wealth of instances where disruptive innovations have been marketed through disruptive business models to garner new market customers. Banks like ING (with ING Direct) and HSBC (with First Direct); airlines like Singapore Airlines (with SilkAir) and Qantas (with Jetstar); and various companies including Tata Motors (with the Nano) and Dow Corning (with Xiameter) have all looked at price- conscious customers not just as another segment but as a fundamentally different market that required a dedicated business model(Markides and Oyon, 2010). A disruptive business model especially for marketing disruptive innovations to a new market, based on management literature, consists of three elements – value proposition, a distribution system and a low cost structure.

Value proposition

A successful company is one that has found a way to create value for customers – that is, a way to help customers get an important job done i.e., a fundamental problem in a given situation that needs a solution (Johnson et al., 2008). Bowman and Ambrosini (2000)define value creation as the contribution to the utility of the final good or service to end users. (Mol et al., 2005)conceptualize a passage through the multiple value-adding stages, which eventually accumulates into an overall value proposition. The value proposition in a disruptive business model needs to exploit the disruption without being encumbered by the legacy practices of the core business. When market leader in photocopying machines Xerox, entered in service business in 2001 by setting up Xerox Global Services (XGS), it took over document management and other processes for corporations, state governments, and other large organizations (Gilbert et al., 2012).

In mobile money cases, the value proposition was formulated byidentification of a large un-served market with unfulfilled customer need of micro-savings by traditional banking channels due to economic un-viability. The mobile money service could be delivered to the large but un-served customer segment in economically viable manner by established relationships with non-traditional partner organizations (Dabbawala association in case of GMT and village council in case of ALW) and individual entrepreneurs (in case of EKO financial). The implication is that

> P4: The stronger the value proposition offered by the proposed business model to the customers, the higher the potential for community marketing

Collaboration for market penetration

Companies wanting to enter new markets through disruptive products often realize they are not capable of providing the entire solution needed and must forge new co- creation partnerships. These new roles often suggest new collaboration needs(Petrick and Martinelli, 2012). These collaborations with local partners help organisations in appropriate market positioning and access to new capabilities. By provided training to local entrepreneurs and other non-traditional partners, organisations like Smart Telecom in Philipines and Reliance telecommunications in India have found gaps in local infrastructure or missing services as potential opportunities (Anderson and Markides, 2007).

Non-traditional distribution partners like rural micro-finance companies (KshetriyaGramin Financial Services) in case of GMT or village councils in case of ALW provide deeper penetration in difficult to reach rural areas. Similarly, collaboration will slum dwellers in case of FINO or local entrepreneurs in case of EKO provides reach in areas where traditional banking channels are not viable. To sum it up

> P5: The deeper the penetration of the distribution model, the higher the potential for community marketing

Low Cost

Research on emerging/ new customer segments where reach of traditional channels and traditional products is low indicates that one of the reasons for non-consumption is low ability to pay for products and services. While the basic premise of disruptive innovation is offering good enough products at low cost to a new customer segment, the business model for delivering the products too must transform in low cost of delivery. This is a classic dilemma as these customers are difficult to reach by traditional channels due to various reasons and providing them services in an economically viable manner at low margin is a pre-requisite for the acceptability. Markides and Oyon (2010) proposed that in the disruptive business model aimed at the proposed customer segment the profit formula required both a significant drop in gross margins and a radical reduction in many elements of the cost structure. The understanding for this segment is that organisations could still make money if they could increase sales volume dramatically as the target base of consumers is potentially huge.

In cases on mobile money, the charges for customers are substantially lower than other alternatives. ALW and FINO's revenues are driven by set-up fee and ongoing rentals from financial institutions for space on their back-end system, for point-of-transaction terminals and card issuances. Customers are charged for making the remittances using the services. EKO's transactions are mobile phone-based and therefore no additional investment is required for a smart card or a POS device. Expenses towards account opening and maintenance are charged to parent banks. Commissions from remittance transactions accounts for 70-80% of EKO's revenue. GMT earns 5-6% commission from the transactions which is shared between various partners in the value chain. Across all the operators, revenues are shared between the mobile banking service provider and the bank. Since the un-banked population in developing economies is huge in numbers, it is expected that

> P6: The lower the cost offered to the customer for the products or services in the proposed business model, the higher the potential for community marketing

Consequences of Community Marketing

Innovations in products and delivery model can be considered successful only if they can transform into a sustainable business. Sustainability has often been explained by using phrase "the triple bottom line" that was first coined in 1998 by John Elkington. The triple bottom line (TBL) which consists of three Ps: profit, people and planet aims to measure the financial, social and environmental performance of any organisation over a period of time. Traditionally, organisations have focused only on financial performance but increasingly it is being thought that only a company that produces a TBL is taking account of the full cost involved in doing business(Elkington, 1998). This study focused on sustainability as a key consequence of community marketing covering all three dimensions of sustainability.

Economic Sustainability: Emerging markets though promise a lot of potential to the organisations owing to large population and non-consumption of several goods and services, they have their own set of challenges. To serve these segments, community marketing not only provides access and knowledge to the organisations, the channel provides economic sustainability to the business by *reducing the capital requirement* required to serve the customers and by providing *transaction based revenue*. The mode helps delivering disruptive innovation to the emerging markets by charging lesser prices as the *profits are generated from high volumes*.

Delivery of traditional financial services requires dedicated set-up of branches and employees with specialized skill-sets. One of the major reasons for bank reluctance to serve the poor in India is high transaction costs because of small transaction size, frequency of transactions, geographical spread and a heterogeneous and sometimes illiterate clientele (Basu, 2007). Distribution through community service providers reduces the requirement of huge capital for setting up the branch network and associated infrastructure in distant areas.

Service providers like ALW and FINO charge financial institutions set-up fee and ongoing rentals for space on their back-end system, for point-of-transaction terminals and card issuances. Expenses towards account opening and maintenance are charged to the financial institution.

Customers are charged for making the remittances using the services. Service providers earn 5-6% commission from the transactions which is shared between various partners in the value chain.The service charges for the transaction are less than of half a dollar for a remitting upto $200. The process provides an economic mode of remittance at a geographically convenient location at convenient timings to migrants. While the transactions are of small amounts, service providers achieve sustainability by volumes. FINO handled around 5mn micro transactions per month in 2012 (FINO website). Remittances worth US$19.333 million were sent via the SBI Tatkal product in FY2011 through EKO(Lahiri and Mehta, 2011).To sum it up

> P7: The greater the usage of community marketing in delivering disruptive innovation, the lower the capital investment requirement for the service provider.

P8: The greater the usage of community marketing in delivering disruptive innovation, the higher the transaction based revenue for the service provider.

P9: The greater the usage of community marketing in delivering disruptive innovation, the higher the volume based profit for the service provider.

Social Sustainability: Organisations worldwide are being pushed to address sustainability from social and environmental perspective due to pressures from widely varied sources including public concerns; government regulators; NGOs; unexpected resource shortages; customers whose demands tilt specifically toward sustainability-oriented offerings; investors etc. (Hopkins, 2009). Based on review of literature specific to social sustainability in case of financial aspect among base of pyramid customer segment, this study found *financial inclusion* and *meeting regulatory obligations* as the key components to *fulfil un-met needs* of the target segment.

Government legislations play a critical role in social sustainability – may it be related to ethical business and labor practices or serving to less privileged strata of society (Hopkins et al., 2009). Industry leaders often take first step in this direction and play a critical role in shaping the regulatory framework. Most of the developing countries have large unbanked population (World Economic Forum, 2011) which needs to be served by financial institutions. Community marketing enables financial service organizations to fulfil this regulatory requirement using mobile financial services in an economically viable manner.

Developing countries across the world are devising various models for the financial inclusion using innovative methods. Some countries like Brazil have used business correspondents, South Africa has used bank-led mobile payments model, Kenya is using non-bank led model while in Philipines, both bank-led and non-bank led mobile payments model are co-existing. In India owing to deep penetration of mobile phones as well as moderate penetration of business correspondents banking regulator the RBI has permitted mobile payments driven by business correspondents using a bank-led model(Srinivas, 2012). Mobile payment services delivery by financial institutions through local community helps excluded customer segments come into mainstream thereby facilitating financial inclusion using mobile technology. Financial inclusion plays a key role in social sustainability by empowering base of pyramid customers.

P10: The greater the usage of community marketing in delivering disruptive innovation, the higher the compliance to regulatory requirements of financial inclusion.

While community marketing based mobile financial services help financial institutions fulfil their regulatory requirements towards financial inclusion, studies have found these services meeting unfulfilled needs of a broad segment of customers in very effective manner.A study conducted on acceptance and penetration of mobile financial services among BoP customers in Asia found around fifty to eightyper cent of unbanked customers were willing to using mobile financial services if available and affordable(Sivapragasam et al., 2011). Therefore:

P11: The usage of community marketing in delivering disruptive innovation leads to effective fulfilment of unmet needs of unbanked population.

Environmental Sustainability: While major driving forces behind environmental sustainability efforts of organisations are government legislation, consumer concerns and employee interest in sustainability (Hopkins et al., 2009), increasingly organisations are working on environmental sustainability to reduce their carbon footprint by using technology and reducing use of natural resources.

Early efforts on environmental sustainability focused on few industries like power, petroleum, chemical and some other manufacturing industries. However, lives of a larger segment of population are touched by services industry. Worldwide, service sector is shifting to digital technology for conducting transactions, generating and preserving records enabling reduction in carbon footprint reduction not only by preserving paper printing and distribution but also need for physical establishments for providing the services and storage of documents. Community marketing based mobile banking services provided by CSPs of EKO financial services enable mobile based financial transactions with their current establishment without any documentation. Similarly, ALW provides mobile financial services from village council offices using mobile phones and biometric devices with overall minimal usage of natural resources and therefore little

CO_2 emission. Similarly, door-to-door mobile banking service using biometric devices by FINO operators works on low carbon footprint model. Therefore:

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> P12: The greater the usage of community marketing in delivering disruptive innovation, the lower the lower the usage of natural resources and carbon footprint in the service distribution process.

Managerial Implications

Our propositions have direct managerial implications.First, our research suggests that a community marketing may or may not be very desirable for a business, depending on the target customer segment and products/ services offered. Second, the research clearly delineates the pre-requisite factors to foster community marketing. These factors are required to be adopted to enable success of community marketing. Overall, our research gives managers a comprehensive view of what community marketing is, waysto put it in the business, and its likely consequences.

Our research provides very specific suggestions aboutthe products and markets where marketing through community is beneficial for organizations. Community marketing initiative may not be beneficial across all customer segments and across all product categories.For example, our findings suggest that community marketing is beneficial where organisations have limited access and knowledge about an emerging market. Though gaining trust through local network is strength of community marketing, it may not be a beneficial channel in a developed market with strong organised retail set-up and high consumption rates in a mature product category. Further, a customer segment which has strong understanding of a product line and several channel options, community marketing is unlikely to add any major advantage.

Management literature has rich support in terms of potential of BoP market by sheer size of the segment; however the challenges for marketing to this segment are also huge. There has been an on-going debate among scholars about the best approach to tap the potential of this market segment (Karnani, 2007; Prahalad and Hart, 1999; Prahalad, 2006). In this study, we not only look at merits and demerits of community marketing as a channel but we also discuss the factors to foster the initiative.

The first set of variables that organisations need to focus on to make community marketing a success is to have consumer centric approach to disruptive innovation. The desirability of the innovation in the emerging customer segment has to be the pre-requisite to technical-feasibility. Ability to meet an un-fulfilled need by the disruptive innovation is the key to challenge non-consumption.

The second set of factors that organisations must alter to foster a community marketing initiative pertains to organizations’ business model. The impact of business model related factorssuch as collaboration, penetration and cost structure are likely to help an organization implement community marketing effectively. Simultaneously, regulatory norms such as the documentation requirements and monetary source checks are essential to the success of new market developments.

Community marketing has been the preferred way of reaching out to large segments of consumers in developing economies for consumer packaged goods, household goods, farm products etc. While largest Indian insurance company Life Insurance Corporation of India has been distributing its products to all its customers since inception, in past few years more and more financial services organisations are tying up with community channels to increase their reach. Financial institutions are tying up with a broad range of partners like India Post, village councils, NGOs, MFIs, rural retail chains (like HariyaliKisan Bazar), self-help groups, local retailers etc. to market various financial products. While setting up dedicated network of branches and personnel may not be commercially viable proposition owing to issues discussed in the paper, expanding through community partners enables service providers to expand their market base to new customer segments sustainably.

Conclusion

This paper is an initial attempt in the domain of the community marketing construct aimed at providing a working definition alongwith a foundation for developing a measure of the construct. Additionally, antecedents and consequences of community marketing are identified. The characteristics of disruption in products and business models to for community marketing are highlighted in the study. Finally, the impact of community marketing leading to overall business sustainability is discussed.

This paper is aimed at and is a miniscule contribution towards theory construction. The propositional inventory and framework represent an initial effort to build a foundation for the development of a theory of community marketing.

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