

FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

**SOCIAL BUSINESSES IN LARGE COMPANIES:
A CASE STUDY IN BRAZIL.**

LUIGI TESTA

SÃO PAULO
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Dissertation presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Marketing

Adviser: Prof. Dr. Edgard Elie Roger Barki

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SOCIAL BUSINESSES IN LARGE COMPANIES:
A CASE STUDY IN BRAZIL / Luigi Testa - 2012
80 f.

Orientador: Edgard Elie Roger Barki
Dissertação (MPGI) - Escola de Administração de Empresas de São Paulo.

1. Marketing. 2. Mercados emergentes. 3. Empresas - Brasil. I. Barki, Edgard Elie Roger. II. Dissertação (MPGI) - Escola de Administração de Empresas de São Paulo. III. Título.

CDU 658.8

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Approval Date

____/____/____

Committee members:

Prof. Dr. Edgard Elie Roger Barki

Prof. Dra. Graziella Comini

Prof. Dra. Tânia Modesto Veludo de Oliveira

Acknowledgments

This thesis has represented a crucial chapter of my personal, educational and professional life. I can affirm that the experiences achieved for the elaboration of this work brought me to the consciousness of a world that I was partially ignoring, accustomed to live in a country (Italy) where these realities are only seen from a broad and remote perspective. This experience has changed my mind-set and opened my thoughts to a more complete and valuable point of view.

The first thanks goes to Edgard Barki, enthusiast professor, creative researcher, and helpful friend. Without his intuition this work wouldn't exist.

I want to thank Brazil, for its contrasting love and disharmonic beauty. Thanks for welcoming me as a son.

I want to thank Fabio from Coca Cola Company, Irene from Instituto Coca Cola, Sonia and Veronica. Thanks for your collaboration.

The thesis is dedicated to my family (believe me, the distance between us has been worthy), the VO7, the MJS and Lilliana.

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ACRONINYMS

BoP: Base of the Pyramid

MNC: Multinational Companies

SME: Small and Medium Company

NGO: Non-Governmental Organization

OSCIP: Organização da Sociedade Civil de Interesse Publico

POS: Point of Sell

ABSTRACT

The global economic environment has registered a set of powerful mutations during the last decade. The leadership of the western countries has been challenged by the growth of new actors in the global arena, determining a shift of the interests from the well-established nations to realities that were previously considered as under-developed or unable to play a leading role in the context of the global economy.

Thus, the emerging countries have gained the attention of international theorists and managers, which started looking at these subjects not only for their economic potential, but also for the identification of new solutions for the creation of a more sustainable world.

The thesis, structured as a case study, precisely tries to understand and portray the two topics mentioned above.

On one hand, the research investigates the dimensions of the BoP market, with a focus on the Brazilian one; on the other hand the work describes a possible organizational solution for large private companies that aim to exploit developing markets: the Social Business Model.

This new paradigm, which combines the financial performance with the realization of social impacts on the community selected, will be deepened through a concrete case implemented by Coca Cola Company in Brazil, the Projeto Coletivo.

The study aims at understanding the challenges, the opportunities, the organizational obstacles and the methods that could arise from the implementation of a Social Business in a developing country following the previously mentioned perspective.

The results obtained have shown that, although the Social Business Model can represent a feasible solution, many organizational and cultural issues need to be taken into consideration for its successful implementation by private large companies.

Key Words: Marketing for low-income population, Base of the Pyramid, Social Business

RESUMO

O ambiente econômico global tem registrado um conjunto de mutações poderosas durante a última década. A liderança dos países ocidentais tem sido contestada pelo crescimento de novos atores no interior da arena global, determinando uma mudança dos interesses das nações bem estabelecidas, para realidades que antes eram considerados subdesenvolvidos ou incapaz de desempenhar um papel de liderança dentro do contexto da economia global.

Assim, os países emergentes ganharam a atenção dos teóricos e gerentes internacionais, que começaram a olhar para estes assuntos, não só pelo seu potencial econômico, mas também para a identificação de novas soluções para a criação de um mundo mais sustentável.

A tese em questão, estruturada como um *case study*, precisamente tenta compreender e retratar os dois temas mencionados acima.

Por um lado, a pesquisa irá investigar as dimensões do mercado da BoP, com um foco no mercado brasileiro, pelo outro lado, o trabalho irá descrever uma soluções possíveis para explorar os mercados em desenvolvimento por grandes empresas privadas: o modelo de negócio social.

Este novo paradigma, que combina o desempenho financeiro com a realização de impactos sociais entre a comunidade selecionada, será aprofundar através de um caso concreto implementado pela Coca-Cola Company no Brasil, o Projeto Coletivo.

De acordo com as observações preliminares, o estudo de caso terá como objetivo compreender os desafios, as oportunidades, os obstáculos organizacionais e os métodos que podem subir a partir da implementação de um negócio social em um país em desenvolvimento seguindo a perspectiva anteriormente.

Os resultados obtidos mostraram que, embora o paradigma pode representam uma solução viável, muitas questões organizacionais e culturais precisam ser levados em consideração para a sua implementação bem sucedida.

Palavras-chaves: Marketing for low-income population, Base of the Pyramid, Social Business

1. INTRODUCTION

1.1 Introduction

The current economic environment has reached a crucial turning point: the rules that governed the world during the past decades don't seem to be valid anymore for its sustainable surviving (Altman, Rego, Ross, 2009).

The global scenery has drastically changed in the last few years, implying the emergence of new national economic powers, previously excluded by the team of the leading countries.

Moreover, Europe and United States are currently facing the difficulties of a crisis that particularly underlines the mistakes done in the past and which portrays the myopia of an economic system that has apparently divorced from the civil society, walking on a separate and independent path that has led to economic inefficiencies, social diseases and striking inequalities (Hasan, 2012; Porter & Kramer, 2011).

The difficulties encountered by the Western model and the brand-new role played by developing economies such as Brazil, Russia, India, China and South Africa - just to mention the most acclaimed ones - point out the need for a radically different perspective on the business world globally, virtually and emotionally integrated more than in any other historical era.

A set of primary questions naturally emerges from an analysis of the current global economy: how can we deliver value in a different and more equal way? How can we build an economic system that is more globally inclusive and inter-classes developed? How can we usefully exploit the human and economic potential that is still dormant in many countries of the world?

Some pioneering authors and academics (Yunus, 2007, 2010; Porter & Kramer, 2011; Prahalad & Hart, 2002) have been trying to identify the answer to these pushing questions on a brand-new perspective of capitalism that, instead of drastically shaking its foundations, uses its theoretic and practical tools in a different and more inclusive way (Colander, 2012).

One of the new paradigms that appears is the Social Business Model, which supports the role of private companies in the implementation of strategies that are effective for the exploitation of the BoP markets and, at the same time, which can create a valuable social impact on the segments targeted.

Inclusion and *innovation* seem to be the two leading words for the development of this new challenging vision that tries to combine together all the subjects involved in the process of production, distribution and consumption of value traditionally considered, as multinational companies, small and medium enterprises, governments, NGOs and the civil society (London, 2007; Ahlstrom, 2010).

The first theme, *inclusion*, can be declined in a double and essential meaning.

The first one strictly regards the actors involved and mentioned above: private companies, governments, NGOs and the civil society. These four actors, given their high interdependence, need to work together and become mutually permeated in order to exploit the opportunities that are rising from the global economic environment. The borders that have traditionally divided them into separate realities and monoliths are falling down thanks to a deeper communication that flows between them in a more integrated and inclusive way (Brugmann & Prahalad, 2007).

The second meaning of inclusion is strictly connected to the Base of the Pyramid.

This segment, which constitute more than half of the global population, need to be considered by the actors mentioned above from a new point of view, which aims to combine the opportunity to accelerate its social and economic developments, as well as take advantage of the enormous potential that is hidden below it (Hammond, Kramer, Katz, Tran, Walker, 2007). The virtuous circle triggered by the Social Business Model aims particularly to enable these two effects to mutually reinforce themselves creating a win-win relation between all the parts involved in the process of production, delivery and consumption, creating a shared value (Porter & Kramer, 2011).

The second term on which the analysis has to be focused concerns *innovation*.

Brand-new solutions need to rise from all the subjects involved in the economic environment in order to determinate a concrete change. The traditional vision of partnerships, management approaches, working techniques and communication styles are being reconsidered and revised by a critical and creative eye for a correct exploitation and understanding of the new markets' needs (Martinez & Carbonell, 2007).

The concepts above are questioned in the research through the analysis of a practical case that regards an innovative project implemented by Coca Cola Brasil: the Projeto Coletivo.

The Case Study acts as a clear example of how a Social Business Model, concretely structured in an emergent reality such as the Brazilian one, can operatively work and what may be the challenges for a multinational company to adopt it in a developing country.

The research will describe the organizational elements that operatively influence the correct implementation of this perspective, as well as the external factors that can represent an obstacle for its development.

Projeto Coletivo was created in 2009 from an original idea of the marketing department of Coca Cola Brasil jointly with the Instituto Coca Cola, the company's social branch.

The aim of the project is to combine the improvements in the quality of life at the Base of the Pyramid (through an increase of the employment rate and the income generation) with the commercial success of the company, offering educational programs inside low-income areas specifically tailored to the needs of the communities that host the project.

As previously mentioned, the Social Business Model is still at an experimental level. Although examples of its implementation by well-known companies are now increasing around the world, there is still a lack of researches about its potentialities and practical solutions. The subject, given also the operative difficulties for its correct exploitation, is still waiting for a substantial contribution, giving the chance to the development of creative advancements and ideas, to which this work aims to contribute.

1.2 Objectives

Given the premise explained above, the thesis has the objective of investigating the feasibility of implementing a Social Business Model by a multinational company in an emerging country.

The paper aims at portraying the process of realization, trying to explore the challenges, the obstacles and the results that emerge from the adoption of this new model.

Moreover, the research represents a tool for understanding if the Social Business Model might be a managerial possibility for those companies that wish to deal with developing economies.

The work has started following a principal research question that can be summarized as follows: is the Social Business Model concretely implementable by a multinational company in an emerging country?

Moreover, the paper has been structured according to three main research purposes, in order to better define the subject of the work.

These ones have been mainly focused on the following patterns:

1. Explore the potentialities at the Bottom of the Pyramid

2. Examine the theoretical framework that relates to the Social Business and particularly to the North-American Perspective
3. Compare the results obtained through the analysis of a concrete case to the theories developed so far in order to understand the strenghts, the weaknesses, the opportunities and the threats of the implementation of a Social Busines

The output will not only be influenced by the evaluation of the company's financial performance, but also by the social impact created among the community, according to the double line of metrics developed by the theorists of the mentioned model (O'Donohoe, Leijonhufvud, Saltuk, 2010).

1.3 Structure Of The Work

The paper starts with a detailed analysis of the BoP, enlightening the global and the regional aspects with a zoom on the Brazilian reality.

Then, the thesis will provide an overview of the Social Business Model, including the metrics used for the performance measurement and the different perspectives developed in these years.

Afterwards, a chapter will be focused on the presentation of the methodology used in the research. In chapter 4, the case study is presented underlying the historical steps, the organizational structure, the future objectives, the challenges, the actors involved in the process and the steps that guided its implementation of Projeto Coletivo.

The following part will enlighten the results obtained through the visits organized directly inside the communities and the data that emerged through personal interviews.

The conclusive chapter will summarize the concepts discussed through the text, comparing the theoretical background to the results collected and finalizing a set of conclusions.

2. THEORETICAL BACKGROUND

2.1 The Bottom of the Pyramid – Introduction

The Bottom of the Pyramid (BoP) represents a great business opportunity for the development and the enlargement of multinational and local companies (Prahalad, 2005), as well as an urgent ethical issue that need to be considered and concretely solved by the current economic environment (Karnani, 2007).

From the first perspective, the Bottom of the Pyramid can be viewed as a challenging chance to exploit a partially unexplored market with strategies that have to be specifically tailored in order to satisfy the considerable untapped demand coming from this numerically and economically consistent segment of population (Prahalad & Hart, 2002).

From the second perspective, the inequality existent in our contemporary world needs to be seriously taken into consideration by the private business world, due to the lack of institutional power – particularly weak in the emerging countries - able to provide the services needed for the development (Simanis & Hart, 2008).

The fact that 94% of the global income is addressed only to 40% of the global population represents an alarming data, to which the global society is called to find a solution, elaborating innovative paths that go beyond the traditional role played by the governments (Yunus, 2008).

These two aspects that rise from the same segment of population are strictly connected: enabling people in order to mitigate their poverty (monetary, educational, productive) can drastically improve their upcoming purchasing power, empowering the chances for private companies to play a significant role in these markets through innovative and target-specific strategies.

2.2 The Bottom of the Pyramid – Global Overview

The Bottom of the Pyramid is a complex and not univocal concept, which has to be analyzed from different perspectives and socio-economical parameters.

Different definitions of the BoP have been elaborated in the past decades, particularly analyzing the perceived income as the discriminating element for the delimitation of the different segments of population that have to be considered part of it.

2.2.1 The Bottom of the Pyramid – Income differentiation

The first measure that is usually taken into consideration for a correct understanding of the Bottom of the Pyramid pertains to the definition of the average income earned by the global population and its consequent segmentation.

A correct understanding of the concept above constitutes a necessary prerequisite in order to find and implement effective strategies for its exploration.

Prahalad and Hart, in their pioneering article “The Fortune at The Bottom of the Pyramid” (2002) provide an accurate description of the considered potential market.

The authors divide the world in four macro-tiers according to the annual per-capita income perceived by the global population (based on the Purchase Power Income in U.S. Dollars).

The picture that emerges presents the world population on a pyramid shape. The first tier (TIER 1) is occupied by approximately 75-100 millions people, which yearly earn more than U.S.\$20,000, while the second and the third tier (TIER 2-3) - approximately 1,500-1,750 millions people - are the ones where are located the potential consumers that earn between US\$1,500 and US\$20,000 per year.

The TIER 4, on which the analysis of thesis is mainly focused, reaches 4 billions people around the world, which accounts approximately for the two third of the global population. This segment is characterized by a per-capita income that doesn't overcome the US\$1,500 per year.

Other studies have developed a slightly different analysis of the Bottom of the Pyramid, although most of them are based on the same concept adopted above. Hammond, Kramer, Katz, Tran and Walker, in their study project “The Next Four Billion” (2007) have considered The Bottom of the Pyramid as approximately composed by 4 billion people, the 72% of the entire global population, and characterized by an income that doesn't exceed the annual US\$3,000 in local purchasing power (Hammond et al, 2007). Despite the low individual income earned by this segment, the authors clearly pointed out how the aggregate value considered is able to generate an overall purchasing power that approximately amount to US\$5 trillion, underlying the high economic potential that lies under this segment.

More updated studies (Barki and Parente, 2010) refer to the Bottom of the Pyramid as the segment of population composed by people that earn a per-capita income that doesn't exceed the US\$8 per day, aligning their results to the previous ones.

A voice standing out of the crowd is represented by Karnani. The author drastically downsizes the previous provisions, defining the base of the pyramid as composed by a number that doesn't exceed the 2.7 billion of people, according to the World Bank Data referred to 2001 (Karnani, 2007).

Moreover, Karnani estimates the economic potential of the whole BoP market as a value of \$1.2 trillion (given the average daily expense that characterizes these segments of \$1.25).

The number obtained can be even smaller, according to the author, if we consider it at the market exchange rate instead of the Purchasing Power Parity adopted by the theorists of the BoP (Karnani, 2007).

Other authors, moreover, critically analyze the dimensions of the BoP market, by introducing an element that goes beyond the numbers, which pertains the concreteness of the demand. For instance, Karamchandani, Kubzansky and Lalwani (2011) underline the inherent uncertainty that characterizes the cash flows coming from the BoP segments, which may hide a high economic potential that is, although, still afflicted by a fluctuating and unstable trend.

An outstanding point of view, for instance, comes from Amartya Sen, who considers poverty from a different and broader perspective compared to the previous mentioned that use the income perceived for mapping the Base of the Pyramid dimensions.

Sen (2000), for instance, argues that poverty appears as a multi-dimensional concept that can't be considered only from a financial perspective (the income perceived), but it needs to be related to other more intangible aspects (such as the social exclusion) that afflict the quality of living for people at the Base of the Pyramid. According to this perspective, Sen believes that the development passes through the improvements in aspects that do not necessarily corresponds to a financial value, such as the increase in the education levels, the access to healthcare and to a more expanded social safety, as well as the elimination of the oppression (Evans, 2002). Thus, the author enlightens new parameters for the definition of poverty, defining the importance of reducing the capabilities deprivation for a concrete development of the society and its freedom.

2.2.2 The Bottom of the Pyramid – Regional Differentiation

Another relevant aspect that has to be considered in the attempt of structuring strategies for the Bottom of the Pyramid is the idea that the generic and global definition of the concept needs to be declined according to the regional peculiarities that affect its specific conformation. The territorial differences deeply affect the main characteristics of the Bottom of the Pyramid, generating deep contrasts and divergences according to the provenance of

low-income consumers. As mentioned above, the Bottom of The Pyramid is a complex concept that needs accurate specifications in order to be fully acknowledged.

Regional differences deeply influence the rural/urban characteristics of the considered population, as well as the grade of formal education achieved and the social and purchasing habits, which characterize each target segment.

The low-income consumers are widely spread around 5 macro-region, each one presenting different peculiarities: Africa, Asia, Eastern Europe, Latin America and the Caribbean.

The first two continents are the leading ones in terms of density of population living at the Base of the Pyramid.

The population belonging to the low-income segment reaches 83% of the total population for Asia and 95% in Africa. The two continents are then followed by Latin America and Eastern Europe.

Asia also has the peculiarity of being the first of the list in terms of the overall size of the BoP market, which approximately reaches the value of \$4 trillion, followed by the \$500 billion of Latin America, the \$458 billion of Eastern Europe and the \$429 billion of Africa (Hammond et al, 2007).

Moreover, according to each macro-region, it is chartable an income differentiation inside the cluster itself defined as the Bottom of the Pyramid.

The aspect represents a crucial opportunity to correctly understand the different consumers' targets and their main needs.

The income distribution inside the segment defined as The Bottom of the Pyramid deeply differs in every continent, underlying the presence of diversified regional consumption trends and levels of expenses. While in the African and Asian continents the low income consumers are mainly concentrated in the lowest part of the pyramid, claiming for basic needs such as food and healthcare, the Eastern Europe Bottom of The Pyramid is mainly positioned in the higher range of income, showing a concentration of the demand for different product categories. Thus, according to this differentiation, it is possible to chart the sectors that can be mainly developed by private companies in order to satisfy the most pushing demand of the under-target considered.

The values described above hide deep differences concerning the social and the cultural aspects, which characterize the macro-regions and the countries taken into consideration. While low-income consumers from Africa and Asia are more concentrated in the rural areas, in Latin America and Eastern Europe the Bottom of the Pyramid is present in a higher percentage in urban areas. These evaluations deeply affect the consumption habits and

patterns adopted by the populations analyzed, reflecting important consequences for the companies that intend to tailor a strategic entrance in these markets.

2.3 The Bottom of the Pyramid – Brazilian Overview

With a total population of 194,9 million people and an internal GDP of US\$ 2476.6 billion¹, Brazil is currently one of the most powerful emerging countries in the global economic scenario (The Economist Intelligence Unit, 2010).

Despite its exponential growth achieved in the last years, the country still presents a consistent level of inequality among its population.

For instance, the GINI Index, despite its visible decrease during the last ten years – the value registered a fall from 58,23 in 2002 to 53,9 in 2012² – still portrays a high overall level of inequality in the country and a strict hierarchical composition of the social classes compared to the developed countries.

According to the studies developed by IBOPE for Coca Cola Brasil, the Brazilian society can be divided upon five different classes based on the average household income perceived.

The Social Pyramid in Brazil has been structured approximately as it follows:

Class A → household income > R\$ 6000

Class B → R\$3000 < household income < R\$6000

Class C → R\$1200 < household income < R\$ 3000

Class D → R\$607 < household income < R\$1200

Class E → household income < R\$606 per month

From a geographical perspective, the poorest classes (E and D) are mostly concentrated in the North region of Brazil. These segments count for approximately the 19,5% of the total population³ representing a huge economic potential that is still barely served by private companies.

Moreover, the aggregated income of these two classes has registered a growth of R\$37 billions in the last five years, showing a general positive trend concerning their purchasing power.⁴

¹ World Bank Data 2010

² World Bank Data 2012

³ ABEP, 2008

⁴ IBOPE, 2010

The class C – the largest one in the country – complexly accounts for approximately 90 million people, given the entrance of more than 20 million people in the last 10 years. The segment at hand generates a total income that yearly amounts at R\$640 billions.⁵

One of the primary characteristics of this segment concerns the newly acquired purchasing power, which is leading the class to a substantial expansion of the expenses, as well as to a considerable mutation of the consumption habits. Class C, given its dimension and its newly quality-oriented habits, represents the focus for the main national and multinational company in the country.

The Brazilian BoP, following the previous division, accounts complexly for approximately the 69,9% of the total population, including the classes C1, C2, D and E (Barki & Parente 2010).

The largest part of the segment analyzed is concentrated in the urban areas of the country, where slums and suburbs mainly host the low-income segments.

An interesting study provided by IBOPE (2010) for Coca Cola Brasil shows the upward movement registered by the classes inside the Brazilian Pyramid. Thus, the share of the classes A and B on the total population moved from 5% to 10%, while the C class has registered an even greater increase, rising from a share of 32% to approximately 50%. The dimension of the classes D and E, conversely, has shown an opposite and negative trend, deeply decreasing according to the increase in the average household income.

As mentioned above, the bright moment lived by the country and the persistent economic growth that significantly pushed the national GDP for the last ten years are showing their effects directly on the composition and on the dynamics of the Brazilian social structure.

The ascendant movements inside the social pyramid have been mostly caused by an increase in the individual salary registered by the lowest classes, which approximately doubled in the last ten years⁶ The causes of this phenomenon can be mainly related to the political strategies developed by the country. In the last ten years, the national government has implemented a new range of social politics – headed by actions such as “Bolsa Familia” – aiming to expand the average income of the poorest classes, and to improve their quality of life in a paternalistic approach.

Since 2002, the government has started injecting financial resources into the low-income segments, drastically reducing their demographic density (classes D and E) and generating an upward movement from the base to the top of the pyramid.

⁵ IBOPE, 2010

⁶ IBOPE, 2010

Another relevant aspect that deserves to be highlighted pertains a demographic feature: the average age registered in the different classes that compose the population. The number that emerges from this analysis shows that for every nine people with an age that goes between 15 and 25 years old, belonging to the classes D and E, corresponds only one from the class A. The presence of rising financial resources available to low income segments, combined their low average age registered makes the Brazilian Bottom of the Pyramid an interesting field where companies could tailor successful strategies.⁷

2.4 The Bottom of the Pyramid – Final Considerations

Despite the proliferation of different definitions about the Bottom of The Pyramid, it is remarkable how the largest part of the authors previously mentioned seem to agree on a cardinal and essential concept: the enormous and unexplored potential hidden in this segment. In spite of the regional distinctions, the analysis claims the evidence that the potentialities of this market are substantial and they still can be fully and properly explored.

Although some successful example of business strategy implementation, The Bottom of the Pyramid has been generally characterized by a lack of consideration by private companies, which should not only conceive these segments as potential consumers, but also build a constructive dialogue in order to include them in a co-creation process of value (Simanis & Hart, 2008).

The presence of significant unmet needs, the prevalence of the informal economy among the low-income consumers (it has been calculated that 51% of Brazilians between 20 and 65 years old work in the informal economy, generating in 2006 an amount of R\$ 319)⁸ and the large absence of a structured private sector in this market segment make it attractive for multinational companies, as well as for the national ones.

According to some authors, private companies can obtain multiple benefits by entering in these segments, concretely realizable in terms of business growth, cost efficiency and innovation (Prahalad & Hammond, 2002).

Nevertheless, a clarification is needed. Exploring the BoP segment implies a radical innovation process for the organizational environment of private companies. The capabilities, the relations and the strategies of the companies need to be re-organized and focused on a

⁷ IBOPE, 2010

⁸ IBGE, PNAD, 2006

target that could drastically impact their conventional way of managing their organizations (London, 2009).

MNCs not only need to re-project their position inside their commercial and relational network, building partnerships with actors previously excluded by the traditional companies' network (Rangan, Chu, Petowsky, 2011), but they also have to reconsider some of the most important steps of their value creation process (Hart & Kristensen, 2002).

Concerning the first assumption, some authors (Prahalad and Hammond, 2002; Porter and Kramer, 2011; Rangan, Chu, Petowsky, 2011; Webb, Kistruck, Ireland, Ketchen, 2009; Boşcor & Brătucu, 2010) identify the importance of re-conceiving the traditional relations of companies, which need to include in their networks a differentiated portfolio of actors able to play a crucial role for the business development.

NGOs, communities, Government and public bodies are essential for the design of entry-strategies in developing segments and strong partnerships with these players are the prerequisite for the correct understanding of the local markets.

The deep lack of an institutional formal structure, combined with a scarce knowledge of the segments targeted can be overcome by the creation of partnerships with NGOs that already possess the necessary know-how and trust, in order to facilitate the recognition, the exploitation, and the growth of MNCs (Webb et al, 2009).

Thus, the absence of a strong network that crosses the traditional company's relations can be an obstacle for the creation of the prerequisites for a successful entrance in the low-income segments such as the increase of the buying power of the selected area, the improvement of the access to the targets and the tailoring of local solution able to meet the local demand (Prahalad & Hart, 2002).

On the other hand, companies that are willing to explore these segments need to rebuild and re-interpret some of the well-established strategic and operating activities previously adopted among the value chain.

The change has to encompass not only the creation of ad-hoc products or services (Majumder, 2012), but it has to regard also the managerial activities that pertains to the logistics, the resource use, the procurement, the distribution, and the human resource policies, in order to increase the productivity while obtaining a sustainable cost structure (Porter & Kramer, 2011; Prahalad & Hart, 2002; Gollakota, Gupta & Bork, 2010; Simanis and Hart, 2008).

Moreover, another relevant aspect that refers to the company's organization and that is underlined by a large part of the literature pertains the personal and corporate culture developed inside the company.

The organizational culture, particularly, has to be modified and developed in order to operate in the BoP markets, needing a flexibility and a creativity that have to be accurately fostered by the company in order to match not only the corporate mission, but also the regional needs (Prahalad & Hammond, 2002, Gollakota et al, 2010).

The creation of additional value for the BoP markets, as well as the realization of inclusive channels able to concretely manage the benefit realized along the value chain deserves a creative mind-set and a permeable organizational culture (Gollakota et al., 2010).

Despite the optimism concerning the exploitation of the BoP markets underlined by the authors mentioned above, part of the literature mainly sees difficulties and problems that could rise in entering in these markets.

The perplexities reflect practical obstacles connected to the business development as well as deeper elements such as the role of the governments and the ethical issues.

The first point is precisely caught by Rangan et al (2011), which underline the inherent difficulties of entering in a market where the success is mainly led by low margins profits and by the need of a great scale of the companies that aim to profitably enter in the low-income segments.

Moreover, entering in a BoP market requires a great preparation and a consistent amount of financial resources for the building of the process that enable a company in the exploitation of the target segment. Different steps need to be followed, starting from a pre-field analysis to the implementation of the strategies and their management (Simanis and Hart, 2008).

The scarce development of the business ecosystem, including both the top and the bottom of the value chain and the high fragmentation of the target market can obscure the chances of success, introducing problems which can be difficult to face without proper resources (Karamchandani, Kubzansky, Lalwani, 2011).

Karnani (2007) corroborates the second point listed above. The author, as mentioned in the previous chapter (see chapter 2.2.1), not only reduces the potentialities of the BoP market in terms of economic and demographic dimensions, pointing out that the existence of unmet needs doesn't coincide with the presence of a concrete demand (Garrette & Karnani, 2010) but also criticizes the role of private companies in low-income segments from an ethical perspective, arguing that low-income consumers, given their indigence, are unable to elaborate a rational and valuable purchasing choice (Karnani 2007; Garrette & Karnani, 2010).

Moreover, Karnani (2008) criticizes the role that private companies intend to interpret in the developing countries as protectors and developers of human rights. The author fiercely

supports the idea that governments should provide the public services needed, without the intermediation of private companies and avoiding to “marketize all public sector functions” (Karnani, 2008, p.52).

2.5 The Social Business

As underlined in the previous sections, the Bottom of The Pyramid could represent an outstanding opportunity for both the success of the business environment and the resolution of the problems that afflict two thirds of the global civil society. The first element is assured by the presence of a consistent untapped demand pushing from the low income segments, while the second one is highlighted by the social needs and the difficulties that still afflict these ones segments, to which the world need to provide an ultimate solution.

The main question that emerges from this analysis concerns the model that should be used in order to create a win-win relation between the business arena and the communities (Martinez & Carbonell, 2007).

How can organizations use a market-based approach in order to both solve social problems and enable the building of a private competitive advantage in developing countries? What framework can be used to achieve a sustainable growth for all the actors involved (MNCs, SMEs, NGOs, governments and communities)? How to combine the success of the private sector with social development?

The past approaches haven't been successful on this field, highlighting an apparent disconnection among all the main players previously mentioned (Porter & Kramer, 2011).

The neo-classical theories used to divide private interests from the public ones (Porter & Kramer, 2011), conceiving profits and social benefits as incompatible goals.

A new model, however, has risen in the last years, proposing an innovative way to manage these out-coming opportunities and social imperatives: The Social Business Model.

The Social Business Model is a new framework that originates from the theories developed by the Nobel Prize Muhammad Yunus, which developed and implemented his model in the context of the rural society of Bangladesh with the creation of Grameen Bank (Yunus, 2008; Esty, 2011).

Pointing out the insufficient theoretical and practical means existing in the economic scenario for alleviating poverty, Yunus has created a new conceptual model that is mainly characterized by the presence of three interrelated elements: the sustainability of the project (non-loss), the absence of dividends distribution to the shareholders (non-dividend), and the

existence of a social objective as the essential goal of business (education, health, environment, etc.).

These characteristics formed the essential frame of a Social Business, referring to the pioneering author's idea.

Yunus (2007) strictly differentiates the nature of its brand-new company from the profit-oriented ones, describing the incompatibility between profit-oriented purposes and social objectives in the same enterprise.

In order to clarify this aspect, the author has defined two typologies of Social Businesses. The first one has a non-profit focus and it is fully aimed at solving social issues, while the second one is a profit-seeking company completely owned by unprivileged people.

The practical implementation of his idea within the Bangladesh's community has revealed a successful turning point for the Social Business life, followed by the implementation of the same model in other countries of the world.

Perplexities about the Yunus's business model have been however manifested by those authors who criticize the lack of consistency that characterizes the principles of the Social Business applied to the micro-credit in Bangladesh, and who call into question Yunus's Nobel Peace Prize in 2006 (Adams & Raymond, 2008; Block, 2010).

Started as a micro-credit company aimed to increase the financial availability of low income segments, the project turned to be the point of reference for many other businesses linked by the same revolutionary idea (Grameen Shakti, Grameen Telecom, Grameen Knitwear Limited).

Despite the peremptory definition provided by one of the founder of this relatively new paradigm, various declinations of the Social Business have been offered by a consistent number of authors during the last decade.

The main topic appears under different nomenclatures, as Social Enterprise, Social Business, Inclusive Business (Golja & Pozega, 2012), Social Entrepreneurship (Dacin, Dacin & Matear, 2010; Uike, Japulkar & Nagpur, 2011) hiding conceptual discrepancies according to some crucial aspects differently highlighted by scholars (Comini, Barki, Aguiar, 2012).

The emerging contrasts and the existing divergences among the different authors' points of view symptomatically show that the subject is still in a germinal stage.

The conceptual borders of the Social Business Model are not yet defined and, for this reason, any new contribution potentially expands the current paradigm in a different and unexplored way.

From a review of the literature about the subject, the Social Business model appears as a hybrid model, mainly influenced by the combination of two previously unmatched propositions: the commercial mindset applied to social goals.

The combined presence of these two orders of purposes instead of the emphasis on one proposition rather than the other enable the creation of a *continuum* in which different managerial solutions seem to be possible.

An overall differentiation between the different typologies can be done according to the motives (social or profit oriented) that inspire the business activity, the methods adopted (mission-driven or market-driven), the goals pursued (social or economic) and the income destination (fully re-investment or directed to the shareholders) (Dees, 2001 apud Travaglini, Bandini, Mancinone, 2009). The modularization of the previous aspects leads to the formulation of three different kinds of actors: one purely devoted to a philanthropic cause, one predominantly focused on commercial issues, and a hybrid form, which combines social and commercial aspects.

	<i>Pure Philanthropic</i>	<i>Hybrid</i>	<i>Pure Commercial</i>
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods	Mission-driven	Balance of mission and market	Market-driven
Goals	Social Value creation	Social and economic value creation	Economic value creation
Destination of income / profit	Directed toward mission activities of the non-profit organization (required by law or organizational policy)	Reinvested in mission activities or operational expenses, and/or retained for business growth and development (for-profits may redistribute a portion)	Distributed to shareholders and owners

Table 1 - Typification of Business Typology

Source: Alter K. (2007) as adapted from Dees G.J. (2001) and Etchart and Davis (1999) apud Travaglini, Baldini & Mancinone (2006)

The last mentioned typology (the hybrid form), which includes all the possible variations of the Social Business Model, offers a wide spectrum of different approaches characterized by specific peculiarities and origins.

These, the differences are mainly linked to the nature of the central actor on which the activity is focused (MNCs, local companies, NGOs), the main purposes of it (social or economic), the scale, the presence or the absence of profit distribution and the actors that benefit from it, the centrality of social purposes, the governance mode adopted and the nature of the results mainly measured (Comini et al, 2012)

Despite the differences and all the possible variations, the Social Business Model is made coherent by some features that can be commonly traced in all of its declinations.

The first common element concerns a different conception of value, seen in its multi-dimensional complexity.

The idea of Blended Value precisely describes this feature, which encloses the economic, the social and the environmental aspects of the value generation, all bounded together on a triple-line.

A company's success, according to the Social Business Model, is evaluated from these different (previously ignored) dimensions that deeply qualify the innovative vision characterizing the model (Emerson, 2003).

Moreover, companies start to overcome the boundaries of the for-profit vs non-profit conception, reaching a middle point that has been defined “for-benefit” by Colander (2012) and which combines the market-based approach to social objectives.

The concept at hand seems to be particularly relevant for the reconciliation of the civil society with the business world acclaimed by several authors and theorists of the Social Business Model (Brugmann & Prahalad, 2007; Porter and Kramer, 2011; Yunus, 2007).

Another aspect that appears as a leitmotiv for the different perspectives concerns the strategic relevance gained by partnerships with actors traditionally excluded by the business networks (Comini et al, 2012).

Private companies, NGOs, governments and societies are now understanding the relevance of cooperating together in order to address the global challenges in a process of co-creation that needs to be managed through a dialogue between the mentioned actors (Brugman & Prahalad, 2007).

As stated in the introduction, the paper particularly aims to understand what paradigm can be successfully used to combine both the commercial goals of private companies at the Bottom of The Pyramid and the socio-economic development of it in a mutual and bilateral way.

The model that primarily fits this double orders of goals, considering all possible variations that can emerge from the different combination of the elements mentioned above, is the North-American paradigm (Comini et al, 2012).

This declination of the Social Business Model is based on the central role played by private multinational companies and their potential entrance in BOP markets through actions that promote the socio-economic development of the target area.

According to Comini et al (2012, p. 389), the social business model under this perspective can be defined as “*any market entrepreneur activity that has social impacts within its business action*”.

The innovative element of the paradigm is mainly played by the new meaning given to the business activity, that stops being conceived only from the traditional commercial perspective and starts being considered, and consequently evaluated, for the social impacts obtained.

Thus, the economic purpose is blended with the social one, realizing a combination that should sustain the creation of benefits for all the actors involved.

Regardless of the evaluations made by Yunus, this model aims to combine the profit generation with the realization of social objectives, trying to unify the two perspectives in a mutually reinforcing way. As previously mentioned, the perspective at hand starts from an innovative perception of value, reconceived in its multi-dimensional nature.

Furthermore, the literature that refers to this model defines multinational companies as the preferred actors for the development of low-income segments.

Even if this point has been fiercely criticized by some authors, which consider the local enterprises (SMEs) as the favorite subjects for handling the society's improvements and exploiting the opportunities of the developing markets (Khanna & Palepu, 2006), a consistent part of the literature deeply supports the crucial role of MNCs.

The large availability of tangible and intangible resources, the ability to leverage them within the company, as well as the sufficient dimensions in order to foster a diversified network are some of the reasons promoted to support the idea (Prahalad & Hart, 2002; Prahalad & Hammond 2002, London & Hart, 2004).

Thus, even if most scholars agree about the fact that MNCs can represent the central actor for the exploitation of the low-income segments and the creation of mutual value, at the same time they point out the necessity for a critical review of the managerial techniques adopted. A crucial point relates to the measures that need to be implemented in order to create balance between the two “souls” living inside the managerial practices, such as a different approach in the evaluation of the results, that have to switch from a short-term perspective to a longer one,

including a constant evaluation of the social impact created (London, 2007), as well as the adaptability of the different mind-sets inside the company, that could represent a serious obstacle for the acceptance of the Social Business implementation (Oxen & Boxembaum, 2009).

Moreover, given the high degree of institutional void, large companies need to elaborate a structured analysis for understanding the crucial aspects of the selected country, such as the political and social situation, the country's degree of openness, the characteristics of its principle markets, such as the product, the labor and the capital ones, following the framework proposed by Khanna et al (2005) for developing effective strategies in the developing economies (2005).

The model is deeply rooted into the analysis of the Bottom of the Pyramid provided in the previous chapter, which conceive this segment from both a commercial perspective and a social one. Thus, the consistent and untapped demand, for the new companies that aims to expand globally, is combined to the concrete socio-economic development of the segment itself, in the attempt of creating a virtuous circle between all the stakeholders involved (Porter and Kramer, 2011).

This last concept is clearly stated by Porter and Kramer (2011) in their article "Creating Shared Value", in which is theorized a new perspective of value creation corroborated by London (2008) and defined as follows: "The policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which operates" (2011, p. 66).

The idea, which constitutes the pivotal element for the exploitation of opportunities at the Bottom of The Pyramid, is reprised by the authors, which consider three different paths in order to create shared value: the re-conception of traditional products and markets, the redefinition of productivity in the value chain and the development of local clusters where the company aims to explore the market.

The last aspect is particularly relevant for the reinforcement of the area where the low-income segments live, since it enables not only the development of a wide range of skills and capabilities useful for the sustainability of the communities (Simanis & Hart, 2009), but it also creates the base for the legal and economic development of these markets.

The empowerment of the target area also constitutes a central point in the analysis provided by Prahalad and Hart, which highlight the importance of creating buying power in the low-income classes in order to promote the reinforcement of these segments.

The cluster empowerment represents a sine qua non condition for approaching the low-income segments, not only because the purchasing power of these segments need to be improved in order to be able to participate actively on the market, but also because an efficient cluster is able to “*play a crucial role in driving productivity, innovation, and competitiveness*” (Porter & Kramer, 2011, p.72).

These strategies, as well as the others expressed by the theorists of this model, reflect the importance given to the inclusion of the communities in the process of business development, linking it to the realization of benefits that promote the continuous growth of the society.

2.6 How To Measure The Results

As a direct consequence of the analysis provided before, the exploitation of the BoP markets and the implementation of a Social Business by private companies imply the measurement of a double order of results that need to be achieved for defining the company’s success.

The traditional and well-known metrics adopted by the business environment in order to certify and check the profitable development of the activities, need to be sustained by the measurement of the social impact created among the target segments served (O’Donohoe, Leijonhufvud, Saltuk, 2010).

The metrics that traditionally relates to the measurement of the income statement, the balance sheet and the cash flows, need to be corroborated by the advancements on the social impact, not only to certify the improvements obtained from the social perspective, but also because these ones represent the fuel for the financial results in a co-creation perspective (Porter and Kramer, 2011)

A correct implementation of the social measures adopted by companies is willing to impact the economic results from different sides.

On one hand, the cluster that hosts the Social Business can benefit from a social development and an improved quality of life, increasing the expenses due to higher income levels (Simanis & Hart, 2009).

On the other hand, the prolific creation of a Social Business can drastically impact on the brand equity of the company, offering the chance to create new brand associations, expand the brand awareness, improve the brand loyalty and create a trusted relation between the new consumer segments and companies (Aaker, 2002).

In order to concretize and systemize the metrics adopted for the social value measurement, the Global Impact Investing Network (GIIN) has developed the IRIS, a complete and focused

framework of performance measures that take into consideration not only the financial results, but also the social and the environmental ones.

According to IRIS, social impacts can be reached through the development of different business sectors, which are connected to the satisfaction of the community's basic needs (Agriculture, Water, Housing) or which are related to the delivery of services such as education, health, energy or financial services.⁹

Moreover, the mentioned framework concretely helps companies in measuring the social impact produced by suggesting a set of official metrics such as the employment generation, the income productivity/growth, the community development, the access to education and to financial services.

The concreteness of these metrics is furthermore certified by the existence of a rating system (GIIRS), which evaluates companies and funds according to their social and environmental impact based on the parameters promoted by IRIS¹⁰.

As shown above, the financial results and the social ones are strictly connected for the measurement of the Social Business' success, representing the two patterns that have to be followed for its implementation.

3. METHODOLOGY

The paper has been structured as a single-case study mainly characterized by explanatory purposes (Yin, 2009).

The primary study question mentioned in the introduction, which investigate the feasibility of a Social Business in a developing country implemented by a multinational company, has been divided upon a set of propositions that regarded the research of different aspects of the phenomenon studied, such as the strengths, the weaknesses, the opportunities, the threats and the challenges of the project.

The work aimed to describe a real case through the comparison of the theories that relate to the BoP and the Social Business Model with “the empirical results of the case study” (Yin, 2009, p. 38).

The analysis has been focused on the exploration of a single case (the Projeto Coletivo by Coca Cola Company), and the findings have been obtained through the use of all the methods considered by the “multiple source of evidence” technique (Yin, 2009; Eisenhardt, 2001).

⁹ (<http://iris.thegiin.org/>)

¹⁰ (<http://giirs.org/>)

The sources used for the development of the case study have been:

- Documentation and archival records:

The data collection has been built through the use of administrative documentation and archival records provided by Coca Cola Brasil and by the NGOs visited, such as public use files and survey data. The use of these documents has been limited according to the privacy policy established in accordance with the providers.

- Direct Observation, Participant-Observation, Physical artifacts:

One of the most important sources of information has been represented by the direct participation to the projects studied. With the collaboration of Coca Cola Brasil and three NGOs involved (Coletivo União da Juta in the community of Sapopemba, in the South - East suburbs of São Paulo; Coletivo Nossa Senhora located in the district of Ermelino Matarazzo, in the East part of São Paulo; Coletivo Mensageiros da Esperança, situated in the district of Brasilândia, in the North area of São Paulo), three full-day visits have been organized in some of the communities of São Paulo that host a Projeto Coletivo.

The visits have been crucial for the collection of data that otherwise would have remained impossible to reach without a direct participation to the real life of the communities.

During the three days it has been possible not only to interview the participants of the project, but also to take part to some moments that have been drastically helpful for the understanding of the Social Business implemented by Coca Cola Brasil such as:

- The participation to a class of Projeto Coletivo conducted by one of the teachers interviewed. The lesson has given the chance to see the interaction between the students and deepen the contents taught during the course.
- A tour inside the communities, in order to reach the NGOs and interview the local retailers, which helped in understanding the daily life inside the segments of population analyzed and observing the infrastructure conditions of these area.
- The active involvement in the routine life of the NGOs (the participation to two lunches with the students and to the activities promoted by the institutions visited),

which helped gathering an insider perspective and obtaining unique sources of information.

All the activities mentioned above have been relevant for the direct observation and the participant-observation and they have represented the chance for collecting physical artifacts (working papers, questionnaires, etc.) of Projeto Coletivo.

- Interviews:

The visits have been relevant for the realization of interviews with some of the representatives of the subjects involved in the building of the project (Appendix I, Appendix II).

Two types of interviews have been elaborated according to the participant's profiles:

- The **focused interviews** have been developed with the students, the teachers and the sellers involved in the project.

The choice has been led by the willingness to produce a reliable output, avoiding biases and homogenizing the contents of the interviews, given the inherent difficulty in analyzing such different profiles in a short time about the same themes. The interviews have been structured with open-answer questions and have mainly regarded the personal experience inside and outside the project, as well as the perception of the brand and the product.

The interviews have complexly regarded 19 students of an age comprised between 15 and 23 years old; 3 teachers and 4 owners of small shops inside the community which hosts the Projeto Coletivo.

- The **in-depth interviews** have been developed with:

- Two founders of the NGOs visited that hosted the project.
- The executive responsible for Projeto Coletivo in São Paulo
- A senior manager of Social Business at Coca Cola Brasil
- The Marketing coordinator at Coca Cola FEMSA.

All the interviewed can be considered key-informants (Yin, 2009) because of their role played in the development of the project and their “insider” perspective.

In these cases, the typology of the interview has been more open-structured (non-structured interview) , trying to understand in a deeper way the different points of view from the people that directly work for Projeto Coletivo occupying different roles.

Thus, the interviews not only regarded their relation with Coca Cola as a product, but they have gone further, in the attempt of reaching critical information able to give substance and reliability to the research.

All the interviews, elaborated during the three full days of visits of the Projetos Coletivos, have been recorded, producing a total amount of registered material that approximately reaches 16 hours. The largest part of this time has been focused on the in-depth interviews, which have represented the principal skeleton for reaching the essential information. Given this cognitive support, the focused interviews have been developed in order to complete the information obtained and gain the perspective of subjects involved in the project. This last typology of interviews played an important part of the overall work, because enabled the gathering of information from subjects that, for their inner nature and characteristics, would be difficult to reach.

All the mentioned interviews have been realized inside the communities in the Projeto Coletivo visited.

As previously mentioned, the work has focused on one project implemented by Coca Cola Brasil. The choice has been led, not only by the fact that few companies are currently managing a Social Business inside their business activities in Brazil, but also because the focus on a single case has represented the chance to properly understand and analyze the mechanisms and the challenges encountered by this new paradigm.

In order to reduce the possible distortions and biases that could rise from the analysis of a single example, the work has followed the embedded single-case study design (Yin, 2009). For instance, multiple units of analysis have been considered, offering the chance to portray a more complete and satisfactory picture of the real situation. The points of view collected from the company's managers, the founders of the NGOs, the teachers, the students, and the sellers have been combined in the attempt of critically understand a complex and new reality such as the Social Business one.

The conclusions, in order to ensure the construct validity of the work (Yin, 2009), have been reached through three types of triangulation – data sources, evaluators and perspectives on the same data (Patton, 2002 apud Yin, 2009).¹¹

Moreover, the different sources of evidence listed above have converged together in order to understand, expand and compare the theoretical background with the reality, following the “convergence of evidence method of multiple sources of evidence” technique suggested by Yin (2009).

4. RESULTS

4.1 Introduction

Projeto Coletivo is a reality that deeply embodies the concept of Social Business previously analyzed in the theoretical chapter, particularly referring to the North-American perspective (Comini et al, 2012).

The case study offers a concrete example of the strengths, the weaknesses, the opportunities, the threats and the challenges that can emerge from the implementation of a Social Business inside an emerging country such as Brazil. Moreover, the research shows the crucial steps that can be used in order to develop this new business typology and implement it in a multinational company.

The project analyzed, implemented by Coca Cola Brasil in 2009, explores and concretely applies the idea of Shared Value supported by the authors Porter & Kramer (2011), as well as the Co-Creation concept (Brugman & Prahalad, 2007), operating on a double order of interrelated and inter-dependent fields.

The socio-economic development of a community characterized by low-income levels is strictly connected to a second relevant order of objectives linked to the company’s commercial success. The strategic idea aims to improve the quality of life of the segments that live at the BoP, while exploiting the enormous economic potential hidden by them, embodying the pioneering paradigm of the Social Business Model.

4.2 Historical Steps, Mission and Main Concept

¹¹ Patton M.Q. (2002). *Qualitative research & Evaluation Methods*. Third edition. USA: Sage Publication

The Projeto Coletivo, which was firstly opened in 2009 in the communities of São Paulo and Recife, is the final result of a complex research about the potentialities of the BoP markets and the community's needs, as well as an attempt to combine social progress with commercial success in a multinational company.

The basic idea developed by Coca Cola Company consists of building a physical space inside the community (through a partnership with an NGO) devoted to the offer of working-focused courses able to increase in the employment rate and the related income generation of the segments living in the areas served by the project.

Combined to these social objectives, Coca Cola Company aims at increasing its financial returns through an expansion of the selling volumes and an increase of its brand loyalty among the targeted areas.

In 2010, when only 31 Projetos Coletivos were activated, more than 2200 young people have participated to the programs, while the fast expansion of Projeto Coletivo led to the creation of 79 operating communities by 2011, which have been dislocated in the main cities of the country (São Paulo, Rio de Janeiro, Bahia, Minas, Recife).

In September 2012, there were 138 Projetos Coletivos among the country, serving the same number of communities and involving a total amount of 17,000 students, since the beginning of the project.

The graph below shows the numerical evolution of the project since its start.

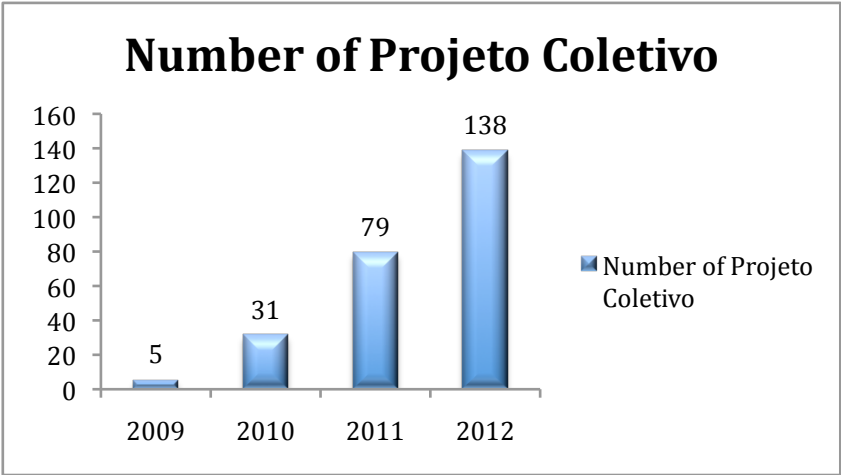


Figure 1 - Chronological Expansion of Projeto Coletivo

Source: elaborated by the author

The ambitious goal, supported by the concrete results obtained so far, is to close the year 2012 with 186 operative projects among the country, 28 of them in the region of São Paulo.

“*Matar as grandes sedes humanas*”¹², this is the mission of the entire project, which aims to obtain a commercial success and a faster expansion of the selling volumes among the low-income segments of the Brazilian population while offering a working-focused educational support to young people at the Base of the Pyramid.

The slogan itself hides the blended nature of Social Business, including two different meanings inside the same word, the thirst, which is declined in a physical acceptance and in a metaphoric one. Thirst of Coke and thirst of life and progress, two concepts that the management of Coca Cola Brasil explicitly wants to satisfy in order to obtain the leadership in the low-income segments.

According to the Marketing Coordinator at Coca Cola FEMSA, the main goals of the project can be divided upon two interrelated categories summarized by the table below:

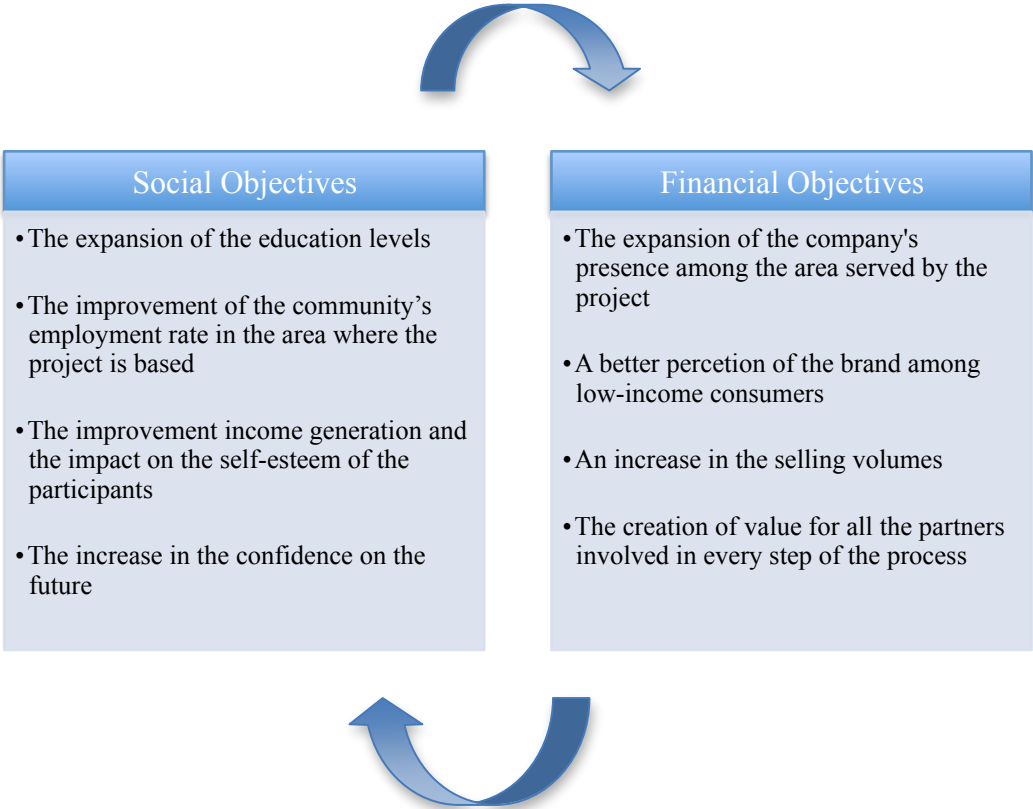


Figure 2 - Objectives of Projeto Coletivo

Source: elaborated by the author

¹² Translation: “Eradicate the human thirsts”

With the objective of achieving these results, Coca Cola Brasil, with the help of Instituto Coca Cola, the social branch of the company, has shifted from a Transactional Model, which implies a mere commercial exchange between the producer and the consumer, to a Transformational Model, characterized by a more involving dialogue between the mentioned actors.

The conceptual structure of Projeto Coletivo, as emerged by the interview with the Marketing Coordinator of Coca Cola FEMSA, can be summarized in three adjectives, which express the idea at the bottom of it: Fix, Flexible, Free.

Fix means that Projeto Coletivo is characterized by the same structure everywhere. The classrooms are organized with the same basic physical layout (APPENDIX IV) and the teaching methods need to follow some precise directories in order to provide a homogeneous offer among the country.

Moreover, every Projeto Coletivo need to be aligned to the same strategic guidelines everywhere, being similar for what concerns the organizational structure, the educational contents and the main vision implemented.

Projeto Coletivo, although, is characterized by a high flexibility, which concerns not only the artistic personalization of the rooms where the classes take place in order to reflect the environment and the community where it is located (APPENDIX V), but it also concerns the choice between the different courses, according to the community's needs.

Free particularly relates to the fact that the participation to the courses is not charged, as well as to the teachers' personalized method to express themselves through the courses.

The chapters below aim to guide into the exploration of this project, enlightening the steps that brought to the creation of it, its organizational structure and the results obtained by it so far, using the multiple perspectives of the people that have participated to it.

4.3 Organization

As mentioned before, Projeto Coletivo has to follow a simple and uniform strategy: improve the community's income generation and increase the selling volumes for the company. Every course implemented, as every activity developed inside the project need to satisfy this double order of goals, ones for the company and ones for the community. A third category of benefits

risers for the partners of the project (NGOs, commercial partners, financial institutions), which can variously profit by the activity.

In order to accomplish these different objectives, Projeto Coletivo is jointly managed by Instituto Coca Cola and Coca Cola Company, with a clear division of the respective roles and activities.

The overall business strategy, which embraces both the commercial and the social guidelines, is generally developed by Coca Cola Company, in order to ensure a high grade of coherence of all the activities developed.

Meanwhile, the operative implementation of the strategies is divided upon the institutions that directly refer to Coca Cola Company. While the 16 Franchisees owned by Coca Cola in Brazil are asked for the implementation of the commercial strategy (possessing the right to produce and commercialize the product), the concrete implementation of the social aspects is managed by Instituto Coca Cola, according to the guidelines received.

This last mentioned actor, Instituto Coca Cola, is formally registered as an OSCIP (Organização da Sociedade Civil de Interesse Público). Given its legal nature, it benefits of fiscal facilities and it represents the social harm of the company's Brazilian division.

The communication between the institutions involved runs through two important paths, a top-down line that concerns the operative implementation of the directories planned by the head-quarter, and bottom-up, which pertains the evaluation of the results obtained through the Social Business implemented (Fig. 3).

Another crucial activity managed by the Instituto Coca Cola concerns the mediation activity played between the company and the other institutions included in the social programs such as the NGOs, the commercial partners, the public institutions and the micro-credit ones.

In order to achieve the necessary autonomy and the sufficient grade of transparency, Instituto Coca Cola is managed by people coming from outside the company, which are not directly involved in the business activity.

A primary role inside this network is played by the NGOs. These institutions are the central actors inside the connective tissue created for the implementation of the project, since they are both a bridge between the company and the target communities, and the place where all the activities related to the project are developed.

The relation with the NGOs enables the company having an insider perspective of the needs and the expectations coming from the community, acting as a neuralgic path for gathering information about the social characteristics of the target segments.

Moreover, the NGOs promote and increase the project's awareness among the communities, improving the trust, the confidence and the commitment of people to the project.

NGOs are also in charge of the daily management of the space where the lessons take place, organizing the timetables, the applications and all the activities related to it.

The list below shows the name of the four most important non-profit organization contacted by Coca Cola Brasil for the implementation of Projeto Coletivo in the state of São Paulo, two of which have been visited for gathering the results of the research:

- Coletivo Mensageiros da Esperança (Vila Brasilândia)
- Coletivo Arquinha (Paraisópolis)
- Coletivo Nossa Senhora Aparecida (Ermelino Matarazzo)
- Coletivo UNAS (Heliópolis)

The commercial partners of Coca Cola Company play another relevant role inside the network, executing a double function.

On one hand, they are the first subjects involved for the recruitment of the students that finish the courses offered by Projeto Coletivo, benefiting of an important source of human resources.

On the other hand, they are asked to contribute in the financing of the project (this role is still not activated) and in the development of strategic projects jointly with the Instituto Coca Cola.

Two main categories of partners are selected for the collaboration with Projeto Coletivo among the list of companies that have commercial relation with Coca Cola Company: the first one concerns the international and national companies, while the second relates to the small and regional ones.

FIFA and McDonald's lead the first category, but other partnerships with strong national actors are progressively growing (according to the board of Coca Cola Brasil the names can't be mentioned in this work for privacy purposes).

The relation with FIFA, of which Coca Cola Company represents one of the official partners, is strongly focused on the World Cup of 2014, which will be hosted by Brazil. For instance, Projeto Coletivo will represent the first reference for the professional training of the volunteers that will participate to the event managed by FIFA, acting as a crucial subject for the successful development of the World Cup and benefiting from the notoriety and the promotional activity developed by the partner.

According to the interviews to the management of Coca Cola Brasil, the Government and the public institutions mainly operate in the recruitment process of the students from Projeto Coletivo, offering job opportunities and organizing their selection directly in the communities that host the project (during the first visit inside the community it has been possible to take part to the selection process for two vacancies promoted by the Tribunal de Justiça de São Paulo).

On the other hand, micro-credit institutions should lend money for the ones that, once graduated from Projeto Coletivo, aim to develop a business inside the community. This aspect, although, is encountering difficulties. For instance, only one case has been developed since the beginning of the project.

The mentioned separation of the main roles between the actors, as well as the communication flow created between them, has been built specifically to ensure the realization of benefits in a mutual perspective for every stage of the process.



Figure 3 - The organization and the communication flows of the Coca Cola Company System

Source: elaborated by the author



Figure 4 - The map of Projeto Coletivo's Stakeholders

Source: elaborated by the author

4.4 Communication

The communication strategy of Projeto Coletivo designed and adopted by Coca Cola Company can be divided into two different classes: the one directed to inside the community and the one directed to outside the community.

All the communication and promotional activities concerning Projeto Coletivo inside the community are designed for being developed by the community itself. The word-of-mouth plays a crucial role for this aspect, involving the teachers and the students in the promotion of the project directly in the areas where they live.

The strategy implemented aims to communicate the deep sense of inclusion of the company. Moreover, a leading role is played by the NGOs, which insert the project inside their normal offer increasing the awareness of the project.

The communication strategy for outside the community has gradually expanded since the beginning from the corporate communication to the external one.

According to the results obtained by the interviews with the management of Coca Cola Brasil, the promotional activity that regards Projeto Coletivo is structured to be always included inside the company's communication strategy, being strongly embedded with the corporate strategic programs.

All the promotional activities that concern Projeto Coletivo, implemented by the company, focus on the same core concept: the personal experience of the people that take part to the project. Instead of emphasizing the institutional information regarding the new idea conceived by the Company, Projeto Coletivo is communicated through the life experience of the people involved in it, in order to express in a direct way the focus of the project and its sense of inclusion of and proximity to the community.

Projeto Coletivo has started its communication strategy prevalently with an endomarketing approach, particularly aimed to sensitize the corporate culture inside the company and dull the conceptual barriers to the implementation of the project.

A first campaign has regarded the employees of Coca Cola FEMSA that live close or inside the communities, which have been nominated ambassadors of the project inside the company, in order to expand its knowledge through the other employees.

Moreover, a promotional campaign has been designed for the internal television channel of Coca Cola FEMSA, as well as for the corporate magazine and the internal web page. Pictures and interviews have been posted for incrementing the awareness and sensitize the corporate culture about the project. Another activity regarded the invitation of the teachers from Projeto Coletivo and the donors of the NGOs to present the model inside the company.

After this first step, Coca Cola Brasil started the realization of strategic partnerships in order to expand the project awareness and to promote it through well-recognized channels.

The strategy has mainly regarded promotional activities guided by opinion leader, reaching the main media through the stories of the people involved in it (TV, newspapers, magazines).

According to this strategy, a special promotional campaign has been built in 2011, which clearly exemplifies the concept of the communication strategy strongly based on the life of the people that took part to Projeto Coletivo. The promotional campaign "*Cada garrafa tem a*

sua história”¹³, which also represent the slogan of the marketing action, has been presented in the whole South America, through a promotional video conceived as a small documentary about the history of two students selected from Projeto Coletivo and through a renewed packaging that portrays the their faces on the Coke cans and bottles (APPENDIX VI).

The last step has been guided by the relevance of some strategic partners such as McDonald’s and FIFA.

The company, jointly with McDonald’s, signed a campaign for the Olympic games based in London and another partnership, previously mentioned, has been built with FIFA for the upcoming World Cup of 2014 in Brazil.

The communication campaigns have always included the same concept mentioned before: let the project being explained through the eyes, the mouths and the personal experiences of the people involved in it.

4.5 The Building of Projeto Coletivo

Coca Cola Brasil, with the help of Coca Cola FEMSA and Instituto Coca Cola, has followed four main steps that brought to the creation of Projeto Coletivo. The chapter below will accurately describe these phases, pointing out the most relevant aspects of each one.

4.5.1 The Analysis from Coca Cola Company – Step 1

Coca Cola Company has firstly started with the definition of the main characteristics of its target segment, the Brazilian C class, developing a deep and complex analysis that combined two quantitative researches to a qualitative one. The work has been structured as follows:

1. A quantitative survey of the Brazilian Bottom of the Pyramid

The research promoted by Coca Cola Company about the Brazilian Bottom of the Pyramid segments has mainly confirmed the hugeness of the demand coming from this segment of population, corroborating the results previously explained in the chapter 2.3 of this paper, to which this paragraph sends back for a deeper analysis.

2. A Statistical Analysis of the Brazilian C Class

¹³ Translation: “Every bottle have its history”

The analysis aimed at discovering the real potential hidden by the C class, as well as its consumption trends. A first relevant feature about Brazilian C class concerns its growth rate, which corresponds to 1,2 million of families per year. 4 million people are yearly entering in the C Class, generating a consistent increase in the amount of its total purchasing volume.

It is counted that by the 2014, the Brazilian C class will represents 56% of the population, according to the analysis provided by IBOPE for Coca Cola Brasil, hiding an economic potential that corresponds to R\$620 billions per year and representing an enormous and barely served economic potential.

The hugeness of this demand is understandable from an analysis of the monthly expenses' composition of a C Class average family, which gains an average salary that is approximately estimated around R\$1190¹⁴.

A brief consideration of the consumption trends of this segment of population underlines that the three sectors that principally lead the volumes of expenditures are the following: food, household goods and transportation, with a respective share of 30,4%, 14,3% and 10,7% of the total household expenditures. The sum of the expenditures of the previous three sectors accounts for R\$100 billions, showing a considerable potential (Hammond et al., 2007).

Although the expenses for food, as mentioned above, occupy a relevant voice of the family's balance, the ones directed to the beverages segment reach a share that is stable around 3% of the total income, convertible on a monetary value that monthly corresponds to R\$35.¹⁵

From an analysis of the consumer's financial resources allocation, Coca Cola (and more generally the products referred to the Soft Drink segment) is not only competing on the share of 3% of the household expenses that refers to the beverage market, but also on another share (that counts approximately for another 3% of the consumer expenses). This last one refers to the expenses for the superfluous product categories, on which the competition is leaded by extremely differentiated product categories (ex. electronic apparels, furniture, etc.).

Thus, Coca Cola is competing as a superfluous and aspiration good on two shares of the C class's household income.

As easily understandable, the economic potential for the company is high in the C class, although it has to be carefully managed by the company in order to be fully exploited. The absence of a specific tailored strategy for the segment considered can easily represent a market failure, even for a well-known multinational company such as Coca Cola.

¹⁴ LATIN PANEL E TARGET, 2010

¹⁵ LATIN PANEL E TARGET, 2010

Moving to the social features and the habits that characterize the C class, Coca Cola Company discovered that 90% of the families belonging to this segment are led and managed by women.

The role of the father is generally limited to provide the necessary financial resources for the family's survival, but mothers still occupy the main educational role.

Families act as a crucial catalyst inside the society's structure: 42% of class C lives close to their family, sharing the same building or growing close in the same community.

The role of the community is also recognizable considering the main influences that affect the purchase choices of class C. The word-of-mouth represents the most important feature in the evaluation of consumption opportunities, since approximately 60% of the consumers that belongs to this segment use to share information about their experiences with others.

This last aspect has been deeply analyzed by the company, which has collected some important data concerning the population purchasing habits.

The 40% of computers owned by the total Brazilian population are in the hands of Class C and the same share is recognizable for the share of mobile phones owned by this segment. 34% of the C class has a car and the 70% of the credit cards released in the country are emitted for this segment.

An overall outlook to the numbers listed above clearly express the existence of a great potential coming from the C class. The economic growth, combined to the presence of new social and purchasing habits lead to the conclusion that the segment at hand can represent a concrete business opportunity for those companies that are able to communicate and dialogue in an innovative way with the community.

3. The “In-Field Analysis”

The third step had involved a research in the field and it has been developed in order to concretely understand the habits and the values that prevalently guide the behaviors of the C class, the main target segment of Projeto Coletivo.

During the phase at hand, all the managers from Coca Cola Company assigned to the project had to spend two entire days inside the communities, directly experiencing the life at the Bottom of the Pyramid in different areas of Brazil with the help of a team of anthropologists.

From this experiment has emerged an analysis structured around 10 main common points about the consumer behaviors and the social trends of the C class.

Moreover, this phase has included some direct meetings with the principal community's leaders, normally linked to an NGO based inside the area explored.

The research has been described as a crucial step in the whole analysis, not only due to the high impact caused by the cultural shock, but also because of the helpfulness of the output obtained. The results collected have been evaluated both from a managerial perspective and an anthropological one, in order to give a better understanding of the reality observed.

The 10 insights provided after the direct experience at the Base of the Pyramid have been showed as the core concepts to follow for the building of Projeto Coletivo.

These are:

- ***“Minha rua é meu reino” (My street is my world)***

The sentence above underlines the perception of the community as an extended family. Each community acts as an independent world inside the society, bounded by strict and powerful connections.

Inside its borders it's possible to find everything needed (family, shops, bars, churches). Coca Cola, consequently, needs to be closer to the community, building its image inside it and not outside from it.

- ***“Mercadinho da esquina é meu parceiro de todos os dias” (The shop around the corner represents my daily reference)***

While the 75% of the population of classes A and B uses the car for its purchases, the largest part of the low-income consumers does it by walk. This characteristic reduces the number of items bought on each consumption occasion by the C Class and increases the frequency of purchase, leading to the building of a direct, personal and unique relation between the consumer and the seller. The *“mercadinho”* (small shop located inside the communities where the segments described as the Bottom of the Pyramid generally live) is seen as a reference point and the relation with it is mainly trust-oriented.

- ***“A mãe” (The mother)***

The central role played by mother inside the family and its scarce recognition inside the community.

A relevant aspect that relates to it pertains the familiar consumption trends, since the mothers usually sacrifice their needs for the children purchase opportunities.

Moreover, mothers give a great relevance to the role of education. Concerning this point, two different conception of school can be designed according to the affiliation to the higher income part of the C Class or to the lower one. For what concerns the first one, education is seen as an important accelerator for the developments the family itself. Meanwhile, for the ones that belong to the lower part of the segment, education is seen as an opportunity to avoid the street and the dangers that it hides (drugs, prostitution, violence).

- ***“Pior que não ter dinheiro é ser discriminado na hora da compra” (Being discriminated in the purchasing occasions is worse than not having money)***

The point regards the feeling of being discriminated by the society, perceiving a sense of exclusion that doesn't relate to the amount of money possessed, but it is more connected to cultural aspects. For what concerns this issue, Coca Cola Brasil understood that, in order to successfully exploit the BoP market, the simple delivery of the product doesn't represent a sufficient strategy. Companies need to create a sense of inclusion connected to the selling of the products, which incentives the self-esteem of the potential buyers.

- ***“Eu amo essa marca, mas ela não é para mim” (I love this Brand, but it's not for me)***

The point relates to the aspect of “Platonic Love”, which deeply characterizes the relation between the low-income consumers and the brand Coca Cola.

The largest part of consumers daily buys Dolly, a low-price competitor of Coca Cola, which has the leadership among the low-income segments on the Soft Drink market. Although they declare that their consumption choice is motivated by the fact that they like the product, consumers affirm as well that they love Coca Cola and that they would buy Coca Cola if they could have the financial disposal to afford it every day.

The consumption of Coca Cola is generally associated to some special events as the “Almoço do Domingo”¹⁶ or other peculiar moments of celebration.

¹⁶ Translation: The Sunday's lunch, a relevant moment for the families of C class.

- ***“Substância mais Sabor” (Nourishing and savory)***

The tastes reflect the life style of people, pushing for complex and variegate flavors of food and beverages, which also need to be nutritionally consistent.

The powder juice is one of the most sold products among this class because it satisfies the needs of a strong flavor and because of its low price.

A family monthly consumes an average of 30 packets of powder juice per month (each packet is the base for 2 liters of juice) particularly because of its nutritional properties and its variegate tastes.

The beverage market represents a high potential for a future market penetration of Coca Cola, which has to modify not only its image and acceptance among these consumers, but also diversify the offer with products that are more appreciated by this class.

- ***“Quanto mais melhor” (The more, the better)***

Abundance is the leading word for meeting the tastes of class C.

This concept influences every aspect of the promotion and the physical distribution of a product among the low income segments, as well for what concerns the packaging and the physical features of the product itself.

Quantity is the essential element that catches the attention of this consumer target, which drastically differs from the high-income one for what concerns the expectations and aspirations in the purchasing occasion. While this last segment is more attracted by essentiality and exclusivity, the Bottom of the Pyramid consumers are more fascinated by the abundance of colors and tastes.

- ***“Dinheiro não traz felicidade” (Money doesn’t bring happiness)***

The Bottom of the Pyramid has shown a high overall level of happiness despite the low financial resources available and the difficulties faced in living in communities where violence and drugs still represent alarming issues of the daily life.

This feeling is deeply influenced by the high level of hope for the future that characterizes this segment, as well as for the communitarian life that conveys a general sense of protection. The daily routine is strictly connected to the family and the common places where the people can meet.

- ***“Fazer de dois limões com uma limonada” (Produce a lemonade out of two lemons)***

Low-income segments are characterized by a high level of entrepreneurship, a bright creativity and an elastic adaptability. These features are proved by the innumerable activities developed by this segment in order to gain extra-profits that complete their official income. The creation of alternative and additional working paths besides the normal ones is highly common in this segment, where the informal economy still represents a preponderant part of the income generation.

- ***“Família em lua de mel” (Family in honeymoon)***

The insight portrays the strong union existing between parents and sons in order to build together a better future and share the opportunities that rise from the present.

The family represents the strongest institution inside the communities, discouraging any attempt to live these realities.

4. Relevant conclusion gained from the researches

The joint analysis of the quantitative and qualitative researches explained above led to three important conclusions about the C Class and its habits:

1. They ask for having more
2. They ask for knowing more
3. They ask for experimenting more

For what concerns the first feature (having more), it is documented that in the last ten years the lowest classes of the Brazilian Pyramid achieved an important increment in the differentiation of their purchases, moving from 21 to 37 different product categories normally bought. Looking specifically at the Class C, 39% of the consumers are buying service goods primary based on quality instead of price, showing the evidence that quality plays a leading role in the purchasing choice of this segment. The reason of a quality-based decision is easily understandable: a mistake in the purchase can represent an unrepeatably loss of money.

Moreover, the second aspect mentioned is visible from the data referred to the higher investments in education made by this segment in the last years, with the primary goal of upgrade in the social pyramid through a better formal knowledge.

The proliferation of courses focused on English and IT lessons has been relevant particularly in the urban suburbs. A similar trend has been registered for what concern the access to the university education (15% of all the university's students come from the class C).

The last feature, which relates to the need of experimenting more, is connected to the higher purchase power gained by this class.

More people have the opportunity to travel, as well as to enjoy activities previously limited to the higher classes as sports and cultural experiences.

The results obtained, combined to the conclusions made, brought to the formulation of a clear and ambitious goal: implement the first best-in-class action for the Base of the Pyramid.

The strategy to achieve this objective had been mainly developed around four conceptual pillars, in order to reach a competitive and sustainable advantage among the competitors:

- **Build a stronger connection with the consumer**

In order to create a stable and prolific relation with the consumers, Coca Cola Brasil understood the importance of the role played by the family and the central influence occupied by mothers and their aspirations. Thus, the strategy should have been centered on these two aspects for an effective acceptance of the project by the BoP segments.

Moreover, the analysis pointed out the necessity of reaching a strong relation with an NGO inside the community, able to share the knowledge and the experience achieved and to be a strong reference actor for the people living in the areas selected.

- **Offer a better value proposition**

The second pillar concerns the value proposition offered by Coca Cola Brasil among the considered segments. A first and pivotal objective regards the increase of the purchase frequency in the Brazilian communities through a strategic action able to improve the involvement of the potential consumers in the product offer.

A crucial aspect, in order to achieve the previous goal, has been related to the creation of partnerships, not only with the subjects previously mentioned (NGOs), but also with other

actors able to help the realization of the project's objectives, such as public and private institutions, micro-credit foundations etc.

- **Build a continuous dialogue between the company and the community in order to create a virtuous circle of benefits between them.**

The project needs to be built to create a continuous dialogue between the communities involved and the company, acting as a crucial vehicle for understanding the consumer's needs of the classes targeted by Coca Cola Brasil.

The mentioned point not only need to generate benefits for the company, since it gives a deeper market consciousness, but it also need to strengthen the community, since Coca Cola Brasil would be able to produce specific products and services that improve the quality of life at the Base of the Pyramid, such as high-nutritious products.

The point is based on a virtuous circle that aims to reinforce the two parts through a win-win relation.

- **Offer a better project of life**

The better project of life mainly consists of enabling people at the BoP in gaining more purchasing power through the realization of a higher income. The result is double: a higher quality of life is combined to increased consumption levels. The company and the community benefit from the same process of value creation.

All these points have been connected with a strong innovation in the company's organizational culture, with the aim of building a project that need to be easily replicable in the different areas of the country.

Moreover, the project has developed through the analysis of the most pushing needs coming from the community and the structuring of a strategy that actively involved the potential low-income consumers in a process of co-creation. Combined to this, Coca Cola Company tried to understand what was its main expertise and what it could concretely offer to the community.

The main demand that emerged concerned the lack of professional education, which would facilitate their entrance in the working environment, as well as support the income generation. The deep market knowledge of the Company could have been useful to primary solve this issue.

4.5.2 The Implementation phase – Step 2

The concrete realization of a Projeto Coletivo passes through the six main steps described below.

1. The Area individuation

The first critical step for the building of a Projeto Coletivo concerns the selection of the area, which has to accomplish two orders of different needs. It has to be potentially profitable for the company, as well as represent the perfect environment where to start the process of co-creation with the community.

The analysis that brings to the individuation of the area is standardized for the whole country and it is made through a deep and accurate research that detects the potentialities and the current socio-economic situation of the potential target region.

The analysis starts inside the company, coordinated by the commercial department, in order to understand what are the areas that possess the range of standards fixed by Coca Cola Company.

These ones need to be both relevant from a demographic and commercial perspective.

From the first point of view, the area need to host an average population of 150-200 thousands people characterized by a low-income average distribution. The population density need to be high and, most important, the share of people between 15 and 25 years old, on the overall inhabitants of the area, need to reach a range between the 15 and 20% of the total population. Furthermore, the areas need to be served by public and private institutions such as schools and churches.

The analysis aims to understand the economically active portion of population, the gender proportion of the inhabitants and the socio-economic level that mainly characterizes the area.

The second prerequisite relates to the commercial position of Coca Cola Company inside the community. This analysis is mainly based on the individuation of all the POS located in the target area currently served by Coca Cola and on the measurement of their selling volumes.

Thus, the target area has to be characterized by a lack of company's penetration and physical distribution, low average selling volumes and, moreover, it has to show a potential future

growth, particularly measured by the provisions of the socio-economic improvements inside the community.

The overall analysis is aimed to understand the feasibility of the project in a long-term perspective, trying to comprehend if the target to which Projeto Coletivo is focused will be consistent in the next future, pushing a strong demand for education.

2. The Partner Identification

A second relevant step concerns the identification of the NGOs, which has to host the Projeto Coletivo and actively operate inside the community and for the community in the context of the selected macro-region.

The analysis is focused on the NGOs itself, considering its dimension, its organizational features, its physical structure and its recognition among the community.

Normally NGOs need to be characterized by a small-scale dimension and they need to be deeply rooted in the area, self-financing themselves without the help of public investments. The access to the institution has to be free for the community and without any restrictions, in order to increase the participation and the sense of inclusion of the community in the activities developed inside the NGO.

The choice of the partner institution plays a crucial role in the overall building of Projeto Coletivo, since the relation between the NGO and Coca Cola Company is ruled by the values of equality and mutual respect. The strong partnership between the two actors is ensured by the sharing of all the most important information about the project, not only concerning the results obtained, but also the co-realization of possible improvements.

Moreover, the partnership need to lead to a mutual benefit and for this crucial reason has to be correctly developed since the beginning.

3. The Building of Projeto Coletivo

The construction of a Projeto Coletivo, following the concept of Co-Creation, directly involves all the subjects that take part to it.

The Company provides the teaching materials and the educational support for the starting of the courses.

The NGO, by its side, open its doors, physically hosting the project in its spaces and promoting it among the area.

On the other side, the community starts to increase the word-of-mouth about the company and its educational offer.

4.5.3 The Tailoring of the Educational Offer – Step 3

The overall educational offer provided by Projeto Coletivo is specifically tailored on the community's needs.

The courses currently activated are the following:

- **Retail:** the focus is providing a practical educational support to those that aim to find an employment in an existing organization. It offers a wide perspective on merchandising, marketing and organizational tools.
- **Entrepreneurship:** focused on providing the tools for the students that wish to open their own business inside the community or support the existing ones.
- **Logistics:** the same objective of the Retail Course (employment in an organization) but more specifically focused on the logistics theme.
- **Recycling:** the only course that is structured in a different way. The main target is represented by women, which are organized in working groups that follow the classes in a specific area equipped as a production line.
- **Audio Visual:** the first course of Projeto Coletivo mainly connected to the creative and artistic production. The first step for the implementation of other courses with a similar content

The courses, to which approximately 120 students take part, are structured on 32 hours, on a lapse of time of two months.

Only a selection of the courses listed above is concretely implemented on each Projeto Coletivo, according to the evaluation of the most pushing needs of the area and to the employment potentialities of it.

The relevance is primarily given to the effective chance to reach the final objective of the project, which can be expressed, as mentioned above, into two interlinked categories.

From the participants' perspective, it has to be considered the probability of finding an employment and obtaining a salary after the course. For what concerns the company, the goal relates to the commercial improvements inside the area where the specific course is activated, The implementation of the courses firstly passes through an experimental step that enables the management and the community in valuating its potential success.

A second relevant aspect is referred to identification and the selection of the teachers, which need to possess some characteristics in order to be eligible for their position inside Projeto Coletivo. They need to be over eighteen years old, to have completed at least the high school, to be part of the community and possess good communication and relational skills.

The students' prerequisites vary according to the course's typology to which they apply. A differentiated range of rules have been established with the aim of specifically identify a target which can fully benefit from the participation to the course itself and concretely exploit opportunities into the job market.

For what concerns the most popular one, the Retail Course, students generally have to be enrolled to or have concluded the high school and they have to be between 15 and 25 years old.

More specific requirements are asked, for example, for the students that apply at the Recycling Course, which is mainly focused for women over eighteen years old that already have experience in some productive activities.

The methodology of all the courses (except the Recycling Course, which follows specific and independent rules) is structured into three different modules, which include a theoretical part, a virtual one and a practical one.

The first phase is developed inside the class through theoretical lessons provided by a teacher of Projeto Coletivo.

The second phase consists of a virtual game that reproduces the management of a supermarket, with the main educational objective of fixing the concepts previously studied.

The third and last step regards the student's involvement in the concrete reality. Every student need to take part to at least 10 visits in a small business located inside the community, with the aim of understanding the daily life of it and, at the end of the course, provide a plan to improve its business opportunities.

The businesses that take part to the practical lessons are directly chosen by the teachers and generally do not belong to the Coca Cola's network. Moreover, they change every two months in order to expand and promote the project and the brand among the community.

Regarding the educational aspect, the first visible benefit for the young students concerns the chance to obtain their first job inside the Coca Cola Company's network or outside it, independently. The students improve the skills that would be necessary in order to start their first pace in the work environment.

Coca Cola Company, on the other side, benefits from the students' role of "mini-developer of the market" since they can increase the overall business based in the community opening new commercial activities or being employed and thus improving their income levels and increase their consumption levels.

4.5.4 The Support In The First Step – Step 4

The support on the first step is provided through two different paths.

The first one concerns the creation of new businesses inside the community and it is particularly devoted for the promotion of the students' entrepreneurship and the support of those that aim at starting a brand-new activity.

For these people, Coca Cola Company is starting the creation of relations with local financial institutions able to provide the financial means necessary for the foundation of these activities. This point, however, is still on a planning phase, since only one case of microcredit has been developed so far.

The second way, which is the most relevant activity managed by Projeto Coletivo, pertains the support in the first step for those students that are looking for a first employment in an external organization.

During the last two weeks of the courses, the student's profile is registered on a virtual platform to which the company's network (mainly composed by commercial partners and public institutions) has free access.

The second step, which regards the start of the recruitment process, consists of hosting inside Projeto Coletivo the companies and the public institutions that are looking for new human resources. The mentioned passage is crucial, since it creates a bridge between the employers and the potential employees that was previously inexistent. For instance, since this part of the selection process is realized inside the community, students feel more motivated in taking part to it, without the necessity of moving to other areas of the city difficult to reach.

4.6 Results

The collection of the results can be divided upon two different sections: the ones referable to the company's data, directly collected through the interview to one of the mentors of Projeto Coletivo and the results personally obtained from the interviews to the students, the teachers and the donors of the NGOs involved in the project.

The differentiation between the two sources has been made in order to understand the eventual presence of a mismatching between the results provided by the company and the reality directly checked in the field.

The two sections below aim to analyze the two different points of view listed above from a double perspective, the social one and the economic one, in accordance to the determinations of the Social Business Model provided in the theoretical part.

Thus, the measurement of the social impact achieved inside the community is combined to the analysis of some commercial and financial indexes in order to portray the improvements obtained in the area involved in Projeto Coletivo.

4.6.1 The Company Results

The results are monthly measured by the company in all the areas that host a Projeto Coletivo. The measurements are collected through the use of different macro-indexes that are related to the two major and inter-dependent classes previously mentioned: the social results and the financial ones.

The Financial Results

Cost Structure

The first financial aspect carefully evaluated by the company concerns the costs covered by Coca Cola Company for the creation, the implementation and the start of the entire project.

The board of Coca Cola has identified three distinct categories of costs, which relates to the different phases of its realization:

- The Infrastructural Costs, which include the concrete building of the space where the classes take place, as well as the refunds provided to the NGOs for part of the expenses related to the use of their spaces.

- The Administrative Costs, which relates to the management of the entire project, such as the costs related to the teachers.
- The Operational Costs, which are the most impacting and refer to the daily life expenses inside the project.

The three categories are currently fully covered by the company, which is although trying to design a model able to turn the third category of costs to self-sustainable, particularly with the creation of specific projects with its commercial partners.

Selling Volumes

The economic results mainly relates to the growth of the selling volumes achieved by the company in the areas where Projeto Coletivo is implemented, compared to the ones achieved on a national scale.

The selling volumes, not revealed during the interviews for privacy reasons, are calculated comparing the areas where the project exist and where it still doesn't exist in the same laps of time, on a monthly report that provided by Coca Cola FEMSA which collect the information gathered in every Point of Sell served.

Another important analysis referred to the subject above concerns the project's financial evaluation in terms of the Return of Investments reached by each Projeto Coletivo created inside the country and their Time of Return from the Investments, to which the selling volumes contribute.

Normally, as pointed out by the interviewed, a mid-term strategic marketing project takes 3-4 years to return on the investment, depending on the dimensions of the project and on the scale of the company that implement it. Projeto Coletivo, according to the data collected by Coca Cola Company, has reached it in less time, almost halving the standard time.

Distribution

Important reflections concerns the better distribution achieved by the company in areas that are normally difficult to reach because of security issues. The image of Coca Cola has been so radically changed and powerfully accepted inside the communities where Projeto Coletivo

has entered, that the distribution problems have been overcome, enabling the access to areas that were previously impenetrable.

Respect, credibility, acceptance can be considered the three main values conveyed by this activity to the brand Coca Cola by Projeto Coletivo, enabling the access to areas normally avoided by private companies because of the dangers connected to it.

The Brand Equity

The last point considered in the financial analysis pertains to the measurement of the Brand Love and its reflection on the product diffusion among the communities reached by Projeto Coletivo.

The research is made comparing the situation ante and post implementation of a Projeto Coletivo in the selected areas, trying to understand and measure the real impact on the community for what concerns the perception of the brand and the cognitive links created with it by the consumers.

The analysis made by Coca Cola shows that the Brand Love approximately doubled in the communities that host a Projeto Coletivo.

Before the creation of this project the brand awareness was complexly high, given the huge popularity that Coca Cola has reached in the whole world, although the brand loyalty and the love for it needed to be improved.

Coca Cola has always been perceived as a high quality product, but it was previously seen as a brand distant from the community's needs and its reality.

Projeto Coletivo helped the company destroying some barriers that were a concrete obstacle for the development of its popularity inside the low-income communities, improving the company's credibility and building the perception that the brand is closer and more reachable by people, even if the price remained the same.

The aspect had a direct impact on the selling volume, which are directly influenced by the new perception of the brand, obtained through the sense of inclusion that has been achieved by the implementation of Projeto Coletivo and its work specifically developed for the community.

Thanks to the viral diffusion of the brand through the NGOs and the use of a communication style that passes only through the people that actively take part to it, an innovative concept of the brand Coca Cola has been built.

The results provided by Coca Cola Company seem to prove this aspect, showing that the areas where Projeto Coletivo has been implemented have registered an increased value for what concerns the Brand Love index regularly estimated by the company.

The increment in the Brand Love for Coca Cola is mainly driven by the fact that the company succeeded in the creation of a continuous dialogue with the involved segments of population, helping the company in shaping its offer and understanding the needs of a social class that otherwise would be difficult to reach.

The reflections of this action are not limited to the consumer’s perception of the brand and the increased selling of the existing products, but they have an important impact on other aspects that are crucial for the building of the company’s success in the Brazilian C Class.

One issue refers to the better understanding of the consumer’s tastes at the bottom of the pyramid. The constructive dialogue between the company and the community has underlined the need for a differentiation of the product mix, particularly focused on the creation of fruit-flavored soft drinks. Coca Cola has discovered the huge diffusion of powder juice, which pushes to an enlargement of the current offer, still limited 4 basic flavors (lime, orange, guaraná and the cola one).

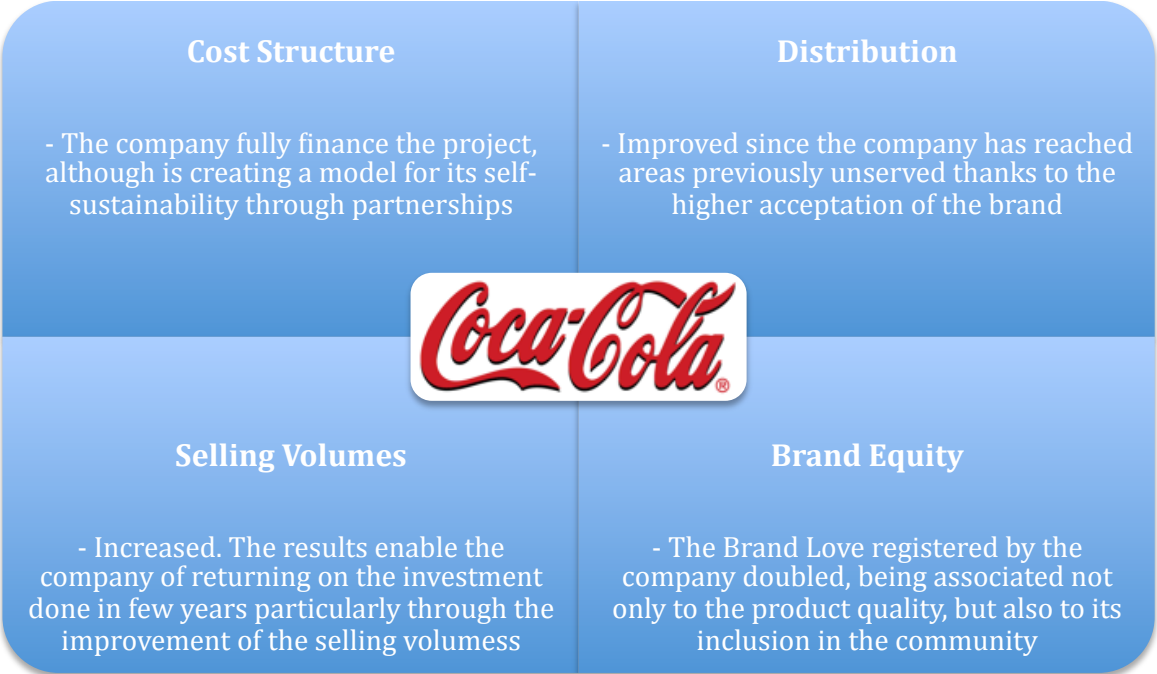


Figure 5 - Financial Results by Coca Cola Company

Source: elaborated by the author

The Social Results

According to the results provided by the company, the two indexes that are relevant for the understanding of the social impact are the employment rate, to which is connected the increase in the household income, and the confidence about the future achieved in those communities where Projeto Coletivo is implemented.

The two indexes have shown a positive increase after the implementation of the project inside the communities.

According to the data provided by the company, the employment rate of the students that participate to Projeto Coletivo has grown by a 20%, generating an increase of about 35-40% in the income disposability of the communities.

The second metric, which pertains the confidence about the future has registered a great improvement in the areas that host the project. The company counted that generally young students of Projeto Coletivo are more confident about the future than the young people that haven't taken part to it.

For instance, 85% of students that participate to the project believe that the future will be better than the present, while this value fall to 71% for those that haven't participated.

4.6.2 The In-Field Results

As mentioned before, the interviews with the students, the teachers, the sellers and the donors of the NGOs have been conducted in three different communities of the region of São Paulo.

The analysis on the field generally brought to similar results to the ones provided by the Company, although some interesting gaps have been underlined concerning some important aspects.

The Financial Results

Cost Structure

The analysis of the cost structure involved the donors of the NGOs, leading to some important conclusions.

Projeto Coletivo is fully financed by Coca Cola, which covers the three categories of costs mentioned above (infrastructural, administrative and operational costs). According to the

interviews made with the managers of the NGOs, the model, as currently structured, doesn't seem to be self-sustainable, continuously requiring the funds from the company for the existence of the project.

Thus, some improvements can be implemented, particularly helping the NGOs in qualifying themselves as value creators.

As stated by one of the interviewed, only few NGOs currently involved in the project have implemented activities able to generate financial value, letting them dependent to the pressures of public and private investments.

In order to avoid this dependency, deeply criticized by one of the donors of the NGOs that drastically affirmed that “*A gente tem um proposito não se aliar com o governo. Eles mandam e você obedece. O governo tira toda nossa criatividade*”¹⁷, pointing out the negative effects of depending on public funds, NGOs should start implementing strategies to self-sustain their activities.

Although some improvements concerning this point have been achieved and proved by the interviewed, which have affirmed that “*A Coca Cola trouxe este olhar mais profissional para a instituição*”¹⁸, bringing a change inside the institution in terms of a better organization, more changes are needed.

Coca Cola Company, for this goal, can play as a relevant actor, shifting its entrepreneurial knowledge to the social mind-set that predominate the NGOs. Although an important contact has been created between the private business world and the non-profit one, the dialogue still seems to be at its beginning, claiming for a higher involvement and a deeper reciprocal consideration. “*Eu acredito muito na parceria, mas tem que ter dialogo. Eles estão aprendendo que não é em qualquer situação que eles vão mandar e a gente vai fazer*”¹⁹: the words from one of the donors of the NGO interviewed clearly shows that the dialogue is still on a germinal phase, on which both are learning how to communicate with the others and sharing their know-how.

¹⁷ Translation: “We have a goal that consists of avoiding the partnership with the government. Why? They order and you have to follow. The Government kills our creativity”.

¹⁸ Translation: “Coca Cola brought a more professional perspective inside the NGO”.

¹⁹ Translation: I strongly believe in this partnership, but the dialogue is needed. They (Coca Cola) are learning that we (NGO) are doing whatever they want”.

Selling Volumes

The interviews on the field led to some relevant conclusions about the selling trends of Coca Cola inside the communities.

Approximately half of the interviewed has affirmed that after their participation to the project they are buying more Coca Cola. The other half, although declares that the perception of the brand has been changed, still buy other products.

A double order of causes is recognizable for this phenomenon.

First of all, the price still constitutes a discriminatory element for the product purchase. Coca Cola is perceived by all the interviewed as a high-quality product, which is mainly consumed in particular occasions such as the “*Almoço do Domingo*”²⁰ or other special situations.

Thus, the product is still mainly seen as an exception to the daily consumption of soft drinks and beverages. Although all the interviewed described the price of Coca Cola as “*razoável*”²¹ because of the perceived quality of the product, all of them declared that they would consume more if the price was lower. All the answers to the question “Would you buy more Coca Cola if the price would be lower” have been positive and came with strong exclamations of approval.

Another cause relates to the consumer’s tastes. Approximately 70% of the people interviewed declare that the favorite drink remains the fresh fruit juice, the powder juice or other soft drinks characterized by a taste connected to fruits. This point should be taken into a great consideration by the company, which should tailor an ad-hoc strategy for these segments of population in order to expand the current product offer, enlarging the product mix to flavors that seems to be more close to their tastes.

The cola taste, according to what has been collected by the interviews, doesn’t represent the consumers’ first choice.

The Distribution

The interviews that concerned the distribution have mainly focused on the testimony provided by the donors of the small shops where Projeto Coletivo has developed the third step of the educational offer (the practical visits and the release of a brief plan of improvements by the students).

²⁰ Translation: “Sunday’s lunch”

²¹ Translation: “Reasonable”

Although the results that concern this part are partial, given the inherent difficulty of realizing interviews inside the community with people that are not related to the NGO (for this reason the mentioned interviews haven't been recorded), it has been registered a wide divergence from the conclusion provided by the management of Coca Cola.

The interviewed generally admitted that they are not served directly by Coca Cola FEMSA (the Brazilian provider of Coca cola), and that they normally buy the products in a hypermarket, where the costs are generally lower.

Moreover, the direct observation of the areas involved has shown the clear difficulties for reaching the communities by private multinational companies. Not only the poverty of the infrastructures represents a great impediment to the development of a structured supply chain, but also the absence of a safe environment acts as a clear obstacle for development of these neighborhoods. For instance, the visits to the different Projetos Coletivos have been guided by people that were already known inside the communities, which admitted that without their presence the visit would have been impossible.

A clarification, although, need to be pointed out. The areas where the interviews have been conducted have been reached by Projeto Coletivo since few months. For this reason, the effects of the project can be still on a germinal phase, particularly concerning the increase in the consumption of Coca Cola and the consequent increment in the distribution.

Although the specification above, the reality shows that the small businesses based in the community can develop their own strategic paths, acting independently from the typical value chain considered by private companies. The point claims a great attention by multinational companies, which have to increase their knowledge of a market that is still partially controlled by mechanism different to the traditional ones.

The Brand Equity

The last aspect that has represented an important focus of the interviews is related to the brand perception. All the students interviewed have demonstrated a higher involvement considering the brand image, admitting that if they were previously used to perceive Coca Cola Company as high-quality soft drink producer, after the participation to Projeto Coletivo, they have started to appreciate it under a different and brighter light. "*A confiança*"²² represents one of the most pronounced words by the interviewed in order to explain their personal vision of the

²² Translation: "The trust"

company. The implementation of Projeto Coletivo has been able to create a wide spectrum of association, synthesized by concepts such as “*Felicidade*”, “*Oportunidade*”, “*Liberdade*”²³, which are combined to attributes that refer more to the physical qualities of the product such as “*Qualidade*” and “*Sabor*”²⁴.

The Social results

All the students and teachers interviewed have demonstrated a high level of hope concerning their personal future and the one related to the community itself.

The optimistic view of the world seems to permeate their life, especially concerning the working opportunities and the quality of life. The largest percentage of the students revealed that they trust in the future and that they strongly believe in a development of the country and the community.

Projeto Coletivo is seen uniformly as a way to improve the quality of life at the BoP, particularly because of its educational offer.

The visits inside the projects and the direct participation to their daily life have shown these feelings, demonstrated by a high level of participation and involvement in the activities proposed.

Moreover, most of the students affirm their willingness to reside inside the community, demonstrating a strong sense of belonging to it.

A hopeful vision, even if more realistically based, is expressed by the donors of the NGOs, which recognize the potential for a concrete development, but still underlining the limits of communities where the lack of formal knowledge, cultural activities and a general sense of inclusiveness represents a serious obstacle. The problems related to the abuse of drugs, the diffusion of violence and the high presence of unemployment are still unsolved pitfalls able to constipate the progress.

Another weakness is related to the absence of the government action inside the community, as clearly pointed out by one of the students that affirmed that this issue relates not only to the security control managed by the police, but also to the absence of “*eventos culturais desenvolvidos da prefeitura para a comunidade*”²⁵.

²³ Translation: “Happiness, chance, freedom”

²⁴ Translation: “Quality and Flavor”

²⁵ Translation: “Cultural events promoted by the Prefeitura for the community”.

The donors generally agree about the positive impact of Projeto Coletivo inside the community, claiming for the enlargement of free activities centered on the development of education inside the community (cit. “*O projeto coletivo pode mudar a vida de muitas pessoas, pode transformar comunidade e transformou a instituição*”²⁶).

One of the donors interviewed pointed out an interesting metaphor for describing the current situation of the community, talking about the fact that too many people are still asleep and don't feel the necessity of waking up and change their reality. The image is particularly strong if connected to the work developed by the NGOs and Projeto Coletivo in order to increase the practical means for a concrete development of these areas. The donor linked this feeling to the Projeto Coletivo, affirming the positive impact of it on the community, but more from a technical perspective rather than a behavioral one.

A drastic change in the community not only need to pass through the teaching of technical knowledge, but also through a strong behavioral education that has to be implemented by the actors that concretely want to generate a positive impact on the Bottom Of The Pyramid.

For what concerns the second aspect measured by Coca Cola Company, the improvements in the employment rate, the visions expressed by the interviews are not homogeneous.

The students generally reveal a full confidence about the tools learned during the courses. The largest part of them admit that the concepts taught in the context of Projeto Coletivo are essential elements for a future employment, underlying the necessity of a professional education inside the community (many of them identified in the “*Falta de educação*”²⁷ the biggest problem of the community).

The major part of the students and teachers of Projeto Coletivo, although, underline an important weakness of the project that concerns the duration of the courses, too short and concentrated.

A different perspective is pointed out by the donors of the NGOs, which show a deep challenge for the future of Projeto Coletivo.

The main points criticized relates to three main aspects:

²⁶ Translation: “The project can change the life of a lot of people, of the community and it has transformed the NGO as well).

²⁷ Translation: “The lack of education”

1. The mismatch between the contents taught in the courses and the real needs of the community:

According to the subjects interviewed, Projeto Coletivo represent an important educational tool, but it is too focused on fields that do not entirely get the concrete necessities of a community where the informal economy represents the main part of its value creation.

The interviewed explained their doubts about the contents taught in the courses of Projeto Coletivo, affirming that some of the concepts are far from the reality of the community and not useful for the concrete socio-economic development of it.

The high presence of handicraft inside the community, as well as the diffusion of an informal economy mainly based on small and micro businesses reveal a discrepancy from the courses' programs adopted in the Projeto Coletivo and the reality.

Another point that relates to this concept pertains the lack of education that concerns the behavioral features of the students, which plays a relevant role for the their employability.

*“A parte técnica é boa, mas a parte comportamental tem que ser desenvolvida. Os jovens não se adaptaram à escola do varejo”*²⁸. The sentence, pronounced by one of the teachers of Projeto Coletivo, points out the mismatch that exist between the contents and the real needs. Although the technical part is well developed, other aspects need to be better qualified in order to prepare the students to the working environment.

The third and last aspect denounced considers the differentiation of the courses taught inside the project. *“Eles (the students) querem inovação. Eu to trabalhando para que eles (people from Coca Cola Brasil) percebam que dá para trazer muito mais que isso”*²⁹. The sentence above, pointed out by one of the donors of the NGOs, corroborate the idea that the students need a continuous development of the programs in order to get attracted to them. This issue, which is still not perceived by the company, represents a visible weakness of the project.

²⁸ Translation: “The contents of the courses are good, but the behavioral aspects need to be developed. Young people haven’t got used yet to the working rhythm of retail jobs”.

²⁹ Translation: “ The students ask for innovation. I’m working for making understand people from Coca Cola that they should do more than what they have done”

2. The concrete difficulties and the poor willingness encountered by the people living inside the community in leaving it for working purposes.

Another point that emerges from the interviews regards the fact that, as explained above, people from the communities encounter a concrete difficulty in getting out from it. As pointed out by the interviewed, young people mainly want to stay there and for this reason they meet practical obstacles to follow a job opportunity that is outside of the community's borders. A student has precisely caught this feeling by answering to the question about his willingness to leave the community the following sentence: *“Eu acho que não mudaria porque já construí a minha historia aqui”*.³⁰

Although Projeto Coletivo generally hosts the recruiter in order to do the first selection step inside the community and facilitate the employment process for its students, the following phases of the mentioned process are often developed in other areas of the city, discouraging the students in continuing the selection because of the costs of moving to other neighborhoods of the town.

*“Porque eu tenho que sair do meu lugar? Eu tenho que transformar este lugar, para ele ser agradável a meus olhos”*³¹. The words above, pronounced by one of the donors of the NGO visited clearly states the sense of belonging to the community felt by people living there.

3. The broad age range of the students that take part to Projeto Coletivo

The third obstacle to the improvement in the employment rate hoped by the board of Projeto Coletivo concerns a peculiarity of the courses implemented.

Although there is a differentiation in the age of the participants to the different courses, Projeto Coletivo is generally focused on a range of age that goes from 15 to 25 years old. The age diversity hides different needs and different goals of the students enrolled, claiming for a diversification of the programs implemented.

As mentioned by one of the teachers of Projeto Coletivo, *“Os jovens entre 16 e 20 anos quer outras coisas do trabalho, eles vão pensar no trabalho só depois dos 20 anos”*³². Thus, the lower part of the mentioned range is not generally focused in the job research and conceives

³⁰ Translation: “I think I wouldn't change place since I have already built my history here”

³¹ Translation: “Why do I have to leave my place? I need to change this place in order to make it better for me”.

³² Translation: “Young people between 16 and 20 years old ask for different things than working opportunities, they start thinking of it after being 20 years old”

Projeto Coletivo as a mean to achieve a greater education. Meanwhile, the higher part is profoundly involved in the job research and sees Projeto Coletivo as a primary way to obtain the necessary skills for an employment. The distortion between the aspirations of these two segments creates a serious issue for the correct development of the project, according to what emerges from the interviews, generating negative reflections on the employability of the students and their motivation.

The themes discussed above represent a serious challenge for the development of the project, which should tailor and implement new and different strategies in order to increase the employment rate and achieve the final goal of develop the community in a socio-economic perspective.

	Financial Results	Social Results
The Company Results	<p>- Selling Volume:</p> <ul style="list-style-type: none"> • Increased <p>- Distribution:</p> <ul style="list-style-type: none"> • Respect, credibility, acceptance enabled the company reaching areas previously difficult to reach <p>- Brand Equity:</p> <ul style="list-style-type: none"> • Improved 	<p>- Confidence in the Future:</p> <ul style="list-style-type: none"> • Consistently increased <p>- Employment rate:</p> <ul style="list-style-type: none"> • +20% since the beginning of the project
The In-field Results	<p>- Selling Volumes:</p> <ul style="list-style-type: none"> • Price and consumer's tastes still represent a barrier to the improvements in the selling volumes <p>- Distribution:</p> <ul style="list-style-type: none"> • Existence of areas where Coca Cola FEMSA still doesn't represent a reference point for the distribution of the product <p>-Brand Equity:</p> <ul style="list-style-type: none"> • Consistently improved 	<p>- Confidence in the Future</p> <ul style="list-style-type: none"> • Consistently increased <p>- Employment rate:</p> <ul style="list-style-type: none"> • Different barriers have been encountered for a concrete improvement of the index

Table 2 - A Comparative Overview of the Results

Source: elaborated by the author

4.7 Objectives and Future Developments

According to the manager of Projeto Coletivo, the objectives of the project need to be divided into the commercial expectations and the social ones.

For what concerns the first point, Coca Cola Company with the implementation of its transformational strategy, aims to increase the growth of the product selling among the Class C. The success needs to be reached through the engagement of the customer in a more complete way, involving him in a dialogue. The brand love should pass through the idea of inclusion provided by the company's marketing strategy as Projeto Coletivo.

The social objectives are challenging and pertain the development of the community on different aspects, from the educational skills to the employment rates.

Instituto Coca Cola doesn't use the framework mentioned in the theoretical part (IRIS and GIIRS), or at least only two of the indexes considered by the IRIS, partially ignoring the multidimensional aspects that can be considered as the social impact created on a community.

The implementation of the social business inside the company basically aims to:

- Develop 1,000 Projeto Coletivo among the country in the next future, in the attempt to reach the number of 186 by the end of 2012 (15 more only in the area of Sao Paulo)
- Enlarge the educational offer to 500,000 young students and provide employment to at least 150,000 young people before moving the model to another country
- Provide employment for at least 30% of the students enrolled in the project and increase their household income by 50% (objective already reached as a mean of all the areas involved by Projeto Coletivo, but not by all the regions singularly involved)
- Generate a deep impact in the young generations' confidence about the future, on from a personal and professional point of view

The realization of the expectations formulated by the board of Coca Cola joint with Instituto Coca Cola need to pass through a range of improvements of the current formula of the Projeto Coletivo.

The experimental phase has demonstrated controversial points of success and failure for the company and the community, thus changes and reassessments have to be done in order to achieve the challenging goals previously mentioned.

For these reasons, the strategy designed by the two considered institutions for the future aims to:

- Enlarge the actual educational offer to fields that are still poorly present inside the community such as cultural activities
- Improve the role played by the NGOs, expanding their businesses and their skills for different complementary activities such as consultancy
- Create different and more flexible variation of the Projeto Coletivo
- Focus on the female segment of the population, which is still the less recognized inside the community, as mentioned before in the paper;

The creation of brand-new possibilities passes through a drastic innovation on the managerial mind-set, as well as through the experimentation of paths unlighted by creativity. For these reasons, the objectives and the different ways to reach them are still in an elaboration phase that needs resilient minds for their formulation.

5. DISCUSSION AND FINAL CONSIDERATIONS

5.1 Discussion of the Results

The results obtained through the case study have given the chance to understand the validity of the propositions proposed by the theoretical framework presented in the chapters above.

The thesis, given the in-depth analysis of a real case, offers a set of conceptual keys that represents the starting point for a prolific reflection about the feasibility of a Social Business in a developing reality, which constitutes the primary research question of the work.

The chapter at hand tries to offer a critical analysis of the results collected, in the attempt of understanding the validity of the concepts previously explained through the example of Projeto Coletivo.

From a broad perspective, Projeto Coletivo has generally found support on the theories that advocate a concrete opportunity at the Bottom of the Pyramid for those companies that are able to implement a new business model, specifically tailored in order to combine the traditional commercial strategies with the production of a social impact in the community.

According to the results obtained, it can be consciously affirmed that the segments of population considered (the BoP) represent an interesting and prolific target that needs to be carefully taken into consideration by the business environment. Coca Cola Company, from this perspective, has been able to focus on one of the most promising segment of the Base of the Pyramid, the young people, which constitute one of the strongest elements for the future Brazilian growth (cit. from one of the teachers of the Projeto Coletivo: *“tudo é ruim aqui (in the community), Só tem uma coisa de bom: os jovens são extremamente talentosos”*³³).

The researches provided by the company before the ideation and the implementation of the project, as well as the visits realized inside the communities, corroborated the propositions offered by those theorists that support the existence of a great economic potential coming from the low-income segments of the population (Prahalad & Hart, 2002; Barki & Parente, 2010, Hammond et al, 2007).

The consistent prevalence of an informal economy, the high concentration of young people in these segments, the lack of institutional power, as well as the scarce trust demonstrated to it by people (one of the NGOs donors, talking about the politicians, declared that they are only *“Um bando de corrupto. Não tem mais quem briga por nada, que se posicione. Isso é péssimo por um país”*³⁴) leave spaces for the intervention of private subjects such as multinational companies, which could fill the existing voids using their capabilities and leveraging the resources internationally diffused that they possess (Porter & Kramer, 2011).

However, based on the research, it appears that private companies that wish to enter in these segments concretely need to modify not only their managerial and organizational approaches (Porter & Kramer, 2011; Prahalad & Hart, 2002; Gollakota et al, 2010; Simanis & Hart, 2008), but also their mindsets and cultural features in order to deal with these emerging realities, gain the trust of the target segments and obtain the social and the commercial results in a co-creation perspective (Simanis & Hart, 2008).

³³ Translation: “Everything is bad here. Only one thing is good: young people are extremely talented”

³⁴ Translation: “A bunch of corrupted. There isn’t anyone that fight for something, or that takes a position. This is terrible for a country”

As mentioned above, Coca Cola Brasil had to spend a huge amount of time and resources to get the project accepted inside the company itself, providing proofs that supported the concreteness of the financial results obtained through the development of the social business. Concerning this point, the interviews let emerge the difficulties of proving that these actions are not motivated by philanthropic goals, instead, they are (or the should be) able to effectively impact the financial results.

Despite the optimistic view presented above, the project has encountered some consistent contrasts and emerging difficulties that narrow the chances of success for private companies and for the project itself.

First of all, corroborating the vision of Karnani, the results have shown that some of the cultural and social features that characterize the BoP segments represent obstacles to the implementation of Social Businesses by private companies.

The lack of education registered in these developing areas, for example, has a deep influence on people's behavior, acting as a strong impediment to the presumed creativity attributed to these segments by the supporters of the Social Business Model. The romanticized vision of poor people contested by Karnani (2007, 2008, 2010) finds support in the results obtained in the interviews made with the donors of the NGOs, which clearly state that the extensive lack of quality in the educational offer reduces curiosity and initiative particularly among the young segments of population. "*A síndrome do coitadinho*"³⁵, as underlined by the donor of an NGO, represents a diffuse way of acting among young people, which refuse to actively participate for the change of their community and prefer to passively accept the world as it is. A symptomatic element for supporting this aspect comes from the strong sense of belonging to the community registered by the people interviewed, combined to a partial refusal to the world outside the community itself. These elements act as an obstacle to the contamination of ideas and the prolific generation of innovative business solutions from the Base of the Pyramid.

The communities, for some aspects, appear as monads in their relation with the world, acting as independent realities that are separated by the world from an intangible wall difficult to overcome, corroborating the concept of poverty as social exclusion provided by Sen (2000). The causes of this feature, if they are certainly related to the sense of exclusion and neglect provided by the society, they are also connected to the lack of education denounced by the subjects interviewed.

³⁵ Translation: "The syndrome of the poor"

A second point that seems to complicate the effectiveness of the exploration of the BoP by private companies pertains the cultural knowledge of the target segments achieved by the MNCs through the building of strategic partnerships.

Although the authors collectively agree that the creation of a solid and diversified network can fill this void (Prahalad & Hammond, 2002; Gollakota et al, 2010) particularly underlying the relevance of the relation with the NGOs, it has emerged how sometimes these ones cannot fulfill completely the objectives of the project, as well as generate problems connected to the different nature of the subjects involved.

Projeto Coletivo, for instance, has been created through the support of a large and strong network of organizations operative in the communities targeted by Coca Cola Brasil.

According to both the management of Instituto Coca Cola and the donors of the NGOs, the relations have been based on the reciprocal respect and contamination, inspired by values of equality.

Despite this effort, although, many incomprehension have risen, reducing the impact of the social results on the community and the commercial results for the company.

The interviews, for instance, have shown that the professional education provided by the project is too narrowed to the building of professional skills that are far from the real needs of the community, pointing out a mismatch between the company's knowledge and the reality.

Two elements may obstacle the relation between such different actors.

The first one relates to the nature of the subject considered. Following the North-American perspective (Comini et al, 2012), multinational companies are the favorite subjects for entering in the BoP markets with the implementation of a Social Business.

This point, corroborated by the results obtained in the analysis, has demonstrated its validity for the case at hand.

Coca Cola Company, for instance, have been able to enter in these markets thanks to its wide presence around the world, to the leverage of the know-how achieved to the dedication of a large amount of tangible and intangible resourced to the development of the project. Moreover, the multinational character of the considered company can represent the base for the future launch of the project among different countries, contributing to the building of a managerial paradigm that can take advantage of the experience achieved.

Although, the well-known brand name and the features previously mentioned can represent an obstacle for what concern the relation with the NGOs.

Despite Brugman and Prahalad (2007) have affirmed that these two actors are currently closer than in past times, it has emerged, during the interviews, a certain grade of diffidence particularly directed to Coca Cola Brasil from the people involved in the NGOs.

These last ones, during the interviews, have affirmed that a dialogue exist but it is managed by Coca Cola mainly for profit purposes, saying that “*Dialogo? Eles não fazem isso de bom grado. Eles são uma empresa, negocio, business só*”³⁶ and pointing out a contrasted vision about the multinational company, which are only starting now to understand that profits are only one of the possible results (cit. “*Eles estão começando só agora a aprender que existem outras coisas além dos negócios, além do dinheiro*”³⁷). If the young students that participated to the projects have generally welcomed the entrance of the company inside the community, perceiving Coca Cola in a different and better way, some partially hidden resistances from the NGOs are still present.

The point, although is easily understandable. The people from the NGOs visited have worked inside the communities for decades, spending energies and resources for the unique and pure purpose of developing these areas in a sustainable way, facing the difficulties of the daily life in an environment where violence, drugs and poverty represent constant barriers. The brand new entrance of a private company in this reality, that has been devoted to the business and to the profit-making mindset for years, is seen with understandable suspects. The direct observation of the NGOs has been crucial for understanding how these institutions act as islands inside an ocean of difficulties. The strong commitment revealed by the people involved and the pride for the activity done is difficult to match with a mind-set that is ruled by other logics.

The second element relates to the practical nature of the relation between NGOs and private companies and the reflections on the corporate culture.

If it's true that these partnerships are essential elements for the entrance in these segments, it has been underlined how the dialogue between the actors involved need to be carefully managed, as well as continuously reinforced and sustained by a strong investment in focused resources.

The obstacles appear to be solvable, but companies, in order to overcome the problems, need not only to concretely re-conceive their corporate cultures, but they are also called to invest in the preparation of the human resources selected for dealing with the NGOs and the

³⁶ Translation: “Dialogue? They are just a business”

³⁷ Translation: “They (the MNCs) are starting only now understanding that exist other things rather than business and money”

communities. For instance, according to one of the NGO's donors interviewed, "*Se não tiver uma pessoa com um outro olhar que quebra este paradigma, não consegue avançar. Seria ele brigando comigo. Tem que ter um mediador*"³⁸. The sentence clearly states the necessity for a corporate culture that is able to act change the mind-set of people, in order to enable them in being a media between the non-profit perspective and the for-profit one.

Coca Cola, for instance, has been partially capable of building the elements mentioned above (the same donor has admitted that Projeto Coletivo has been built together with the company and the people of the NGO in a equal dialogue, "*(O projeto) Foi criado a 4 mãos, eles e nos*"³⁹), but further improvements need to be implemented, in order to increment the proximity of the company to the community.

The last aspect that deserves to be highlighted concerns the results obtained. As explained in the theoretical chapters, these are following two interrelated fields, the social and the financial ones. The research has demonstrated how the financial results have been concretized in a growth of the selling particularly driven by the increased distribution achieved among the segments previously excluded and by a different perception of the brand promoted through the Social Business implemented. For what concerns this aspect, Coca Cola has apparently achieved its objectives, although these conclusions can't be supported by data, given the privacy requested.

More effort, although, is generally required for the concrete realization of the corporate objectives.

As mentioned above, many retailers are still excluded by the supply chain of Coca Cola, given the practical difficulties of operating safely in these areas.

Moreover, the volumes sold can be increased by a better understanding of the real needs of these segments, which have strong and peculiar preferences that have to be considered by the company.

Moving to the social impacts on the society, Coca Cola has certainly started a prolific course, visible on the faces of the students and understandable by their words. The visit inside the community gave the chance to see, particularly during the classes, the high participation and commitment to the courses, but the complexity of the situation need to be carefully evaluated,

³⁸ Translation: "Without someone able to see from a different perspective that break the traditional paradigm, it would be impossible to develop. It would be me against him. A media is necessary"

³⁹ Translation: "The project has been created by four hand, their (Coca Cola Company) and ours)

in order to fully understand what the society really needs and what can be done in order to create the keys to solve it.

For instance, the courses offered by Coca Cola are well organized and structured, but they can be improved, as discussed in the previous chapter. The final goal, which relates to the employment rate, is not fully achieved given to the practical obstacles that afflict the communities. Thus, the effectiveness of an idea always needs to be compared to its concrete implementation and to the consequences that could be produced. It's not only a matter of conceiving a virtuous business model for low income segments, but it's also a question of studying the feasibility and measure the possible social impacts declined on different and various metrics.

Projeto Coletivo is a clear example of a creative implementation of a Social Business by a multinational company. The case studied has offered the chance to compare the theories previously explained to a practical case and to realize that the Social Business Model can represent a viable way for the multinational companies that aims to enter in the BoP markets with their products. MNCs, although are called not only to deeply re-conceive their managerial paradigms and the roles that they play inside the society.

As emerged by the analysis of Projeto Coletivo, the existence of a great potential at the BoP doesn't coincide with the automatic acceptance of the private companies that intend to enter in these segments by the communities targeted, neither with the social and commercial success of the projects eventually implemented.

Various and contrasting challenges need to be faced by the companies involved, demonstrating that the entrance in the Bottom of the Pyramid can represent a source of development for businesses and communities, or a useless and harmful attempt if prepared without the requested accuracy.

5.2 Theoretical Implications

The case study about Projeto Coletivo aimed at enlightening the theoretical framework that refers to the BoP markets and to the Social Business Model, acting as a concrete tool able to prove some concepts and deny others with the help of a practical research.

The paper aimed to concretely understand and portray an existing reality, in the attempt of defining the boundaries and identifying the conceptual keys of a subject that, given its inner

nature, need to be developed through a constant comparison with the real business environment.

5.3 Managerial implications

The research acts as relevant tool for the private companies that are willing to access to the BoP markets through the implementation of a Social Business.

The paper, thanks to the deep exploration of a multinational company such as Coca Cola Brasil, has developed a strategic analysis of the most important aspects that need to be taken into consideration for the entrance in a developing market. The strengths, the weaknesses, the opportunities and the threats of this model have been portrayed using a unique and valuable example that can serve as a benchmark for the understanding of what could be the criticisms for exploiting the BoP markets and what could be the results achieved in doing so.

5.4 Limitations

The first set of limitations relates to the inherent nature of the thesis elaborated.

Although the research has been done with the accuracy requested, the single-case study method presents insuperable weaknesses that pertain to its focus on one single situation, without exploring multiple realities that could confirm or challenge the results obtained.

The single case study method gave the chance to deepen the Coca Cola's project in Brazil, enlightening numerous aspects that otherwise would have remained silent and unexplored, but it still represents a single perspective on a complex business world, where new and different realities are currently existing and developing. Thus, the first limit of this work refers to the absence of a comparative analysis with other examples that could challenge the results obtained.

A second order of limitations pertains to the subject of the thesis. The researches about the BoP segments and the Social Business Model are relatively innovative fields where theorists are adding their contribution in order to provide consistency to a framework that is still at its germinal phase.

The theory is deeply connected to the concrete reality for both topics and the assumptions made in the theoretical framework strictly depend on the development of the real events.

Moreover, companies are discovering now the potentialities of the BoP markets and the tailoring of specific strategies to target them is a long process that precise of a considerable lapse of time in order to see its validity and future effectiveness.

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APPENDIX

APPENDIX I – Questionnaire for Focused Interviews to Students

IMPACT ON THE COMMUNITY – PERSONAL

1. What is Projeto Coletivo for you?
2. How did you get in touch with Projeto Coletivo? Who/What did suggest you the participation to the project?
3. How did you decide to take part to it?
4. What were your expectations about the project? Were them higher or lower than what you've obtained with it?
5. What does Projeto Coletivo represent for you?
6. How did Projeto Coletivo change your personal life? And of your family?
7. How does Projeto Coletivo changed/impact your community?
8. What do you like the most in Pojeto Coletivo?
9. What do you dislike in Projeto Coletivo?
10. What are your suggestions for the project? What does still need to be improved? What need to be the same?
11. What do think is the most pushing need of your community? What would you do to solve it?
12. What are your feelings about your future and the one of your community?
13. In one sentence: what is Projeto Coletivo for you?

IMPACT ON COCA COLA COMPANY

1. Which soft drink do you prefer?
2. Which soft drink do you buy more frequently?
3. Do you buy Coca Cola? Why
4. How often do you buy Coca Cola? Why?
5. Do you connect the purchase of Coca Cola to a particular situation? What? Why?

6. What are your feelings when you buy a bottle of Coca Cola? What are your feelings when you buy another soft drink?
7. Do you buy more Coca Cola after taking part to the project?
8. Would you buy more Coca Cola if the price would be lower?
9. How would you describe Coca Cola?
10. The first thing that you think of Coca Cola is: -----
11. Do you trust in Coca Cola? Why?
12. Do you feel Coca Cola close to the community needs?
13. What does Coca Cola represent in your life before and after Projeto Coletivo? Did your perceptions have changed?

APPENDIX II – Additional questionnaire for focused interview with sellers

1. Did Projeto Coletivo help you in your sales? Why? Of which products?
2. How do you buy Coca Cola (Through a distributor, directly, in wholesalers?) Did it change after Projeto Coletivo?
3. Are you selling more Coke after Projeto Coletivo? Why? How Much?
4. Do you think Coke could help you more? How? Why?
5. Which other companies you have a good partnership? Why the partnership with these companies is good?
6. Do you buy and sell products from the community, or local region? Which ones?
7. What do you like the most in Pojeto Coletivo?
8. What do you dislike in Projeto Coletivo?

APPENDIX III – Pictures from Projeto Coletivo – The physical layout of the classes



APPENDIX IV – Pictures from Projeto Coletivo – The personalization of the classes



APPENDIX V – Pictures from Projeto Coletivo – People from the project



APPENDIX VI – Pictures from Projeto Coletivo – Packaging from the promotional campaign “Cada Garrafa tem a sua historia”

