

# **Product and Market Development for Subsistence Marketplaces**

**Fall 2006, and Spring 2007**

## **Course Description**

This is a 2-course sequence cross-listed in both the colleges of Business and Engineering, and jointly taught by engineering and business faculty. "Product and Market Development for Subsistence Marketplaces" will combine in-class pedagogy with significant experiential learning, resulting in useful and marketable product concepts and prototypes. Second year Masters students in business and engineering and a few select areas in the college of liberal arts will jointly learn and use principles of marketing, cost accounting, project finance, engineering development, manufacturing development and new product development across two semesters to develop successful and profitable new products suitable for subsistence marketplaces. The general levels of poverty and literacy of the target consumers suggests that both traditional market research and engineering methods will have to be modified in application.

Up to 6 teams of 6 students, from engineering, business, and a few select areas in the college of liberal arts such as cross-cultural psychology, sociology and anthropology will work together over the course of 2 semesters to identify an opportunity of general need, conduct market research in the field to obtain detailed understanding both of the need and of the special context, develop a product concept, convert the concept to a workable prototype, and develop a manufacturing plan, marketing strategy, and overall business plan for commercializing the product. The first 9-10 weeks of the Fall session will focus on understanding the context of subsistence marketplaces through immersion and then emersion. The remainder of the fall semester will be spent developing initial concepts. The class will travel to India for actual immersion in the context and to gather specific market research over the Thanksgiving or the winter break. Spring semester will be spent converting concepts to workable prototypes, testing them in the market, and developing manufacturing, marketing and business strategic plans. While some proxy market testing can be accomplished with individuals from adult education

centers locally, it is hoped that a subset of the class will be able to travel back to India over spring break for additional market testing.

This course is differentiated from other courses offered at the university in the extent of experiential learning and in its highly cross-functional nature. It is differentiated from cross-functional experiential new product development courses offered elsewhere in the nation by focusing on products for low-literate, low income individuals in subsistence marketplaces, such as in transitional economies, like India and China.

### **Background**

Recent work has begun to provide broad insight into the role and nature of innovation targeted at the 4 billion living in poverty in the global marketplace, also referred to as the bottom of the pyramid. These subsistence marketplaces have been described in terms of their size and accessibility, with brand conscious, connected customers willing to accept new technology. The literature has emphasized the market development imperative in terms of creation of the capacity to consume, the need for new goods and services, dignity and choice for the poor, and the importance of developing trust between buyer and seller. Several principles of innovation have been discussed including finding sustainable solutions, understanding functionality, innovating with process and deskilling work, educating low-literate consumers, designing for hostile infrastructure, and designing innovative distribution chains. Issues of importance to business research and education about the nature of product and market development for these distinctly different marketplaces will be addressed through our Laboratory Course on Product and Market Development for Subsistence Marketplaces.

New product development lab courses are not new; however, what is new here is a course that focuses on developing products and services to serve the needs of those living in subsistence marketplaces. Overlaying the content in a typical new product develop lab course will be a separate module that develops contextual understanding of subsistence marketplaces. This type of immersion in the unique context will set the stage for new product development.

The course spans issues from business to engineering. It covers, at one end, the bottom-up understanding of buyers, sellers, and marketplaces beyond literacy and resource barriers. At the other end, it covers the technologies that could be used to develop innovative products. In between, the course includes issues in product and market development as well as the nature of research methods to employ.

The course will address a number of issues, a few of which are listed as exemplars.

- What are the characteristics of successful and unsuccessful products for subsistence marketplaces?
- How should products be designed for such marketplaces?
- What is the nature of distribution channels for successful versus unsuccessful products?
- How should market research be conducted throughout the new product development process? How should research be designed to obtain feedback about concepts, prototypes, and distribution channels from low-literate, low-income consumers and distribution channel members?
- How do buyers and sellers make decisions and participate in subsistence marketplaces?

### **Unique Learning Opportunities**

The unique and pioneering nature of this course lends itself to some learning opportunities for students over and above the content described above.

- ❖ An opportunity to compare, contrast, and, therefore, sharpen Marketing skill sets for traditional marketplaces. To enroll in this course, it is not at all necessary that students have clear plans to work in subsistence marketplaces. On the contrary, experience in a radically different context, as different as can be, and comparison and contrast, can serve to sharpen existing knowledge. Lessons learnt for subsistence marketplaces can in turn be applied in other marketplaces.
- ❖ An opportunity to contribute to knowledge creation in this area. This is the first course of its kind we know of and there is no book out there.

We expect project reports from students to form the basis for future learning material to be disseminated widely through publications.

- ❖ An opportunity to broaden one's perspective across, cultural as well as literacy and resource barriers.

### **Instructors**

Madhu Viswanathan, College of Business, [mviswana@uiuc.edu](mailto:mviswana@uiuc.edu)  
Madhu Viswanathan focuses on two programs of research; measurement and research methodology, and low-literate buyer and seller behavior. His research on literacy, poverty, and marketplace behavior examines low-literate consumer behavior in the US and low-literate buyers and sellers in India. His research on literacy is applied through the Marketplace Literacy Project ([www.marketplaceliteracy.org](http://www.marketplaceliteracy.org)), a not-for-profit organization that he founded and directs, which has developed and conducts entrepreneurial and consumer literacy training programs for low-literate, low-income adults in India.

Ali Yassine, College of Engineering, [yassine@uiuc.edu](mailto:yassine@uiuc.edu)  
Ali Yassine's research involves managing the development process of complex engineering systems and design process modeling. His research in product development focuses on the management of design iteration, overlapping of development phases, and product decomposition/integration techniques.