Would you like to grow your business in emerging markets?

Companies seeking to expand in emerging markets increasingly see the 4.5 billion people at the so-called base of the economic pyramid (BOP) as potentially important customers, diverse new sources of supply, and strategic distribution and retail partners. But they often struggle to find even basic data to inform their strategy.

To help with early-stage research and analysis of inclusive business opportunities, the World Bank Group has released the most comprehensive dataset to date on consumer spending patterns in developing countries.

4.5 billion people, a $5 trillion* market

What data are available?

The Global Consumption Database has compiled data from surveys of more than a million households around the world. Users can access spending numbers, view graphs and tables, and download data for analysis. The data can be broken down in several ways:

- **By country** — for 92 developing countries and emerging markets
- **By location** — for rural and urban areas
- **By consumption segment** — for lowest, low, middle, and higher
- **By sector** — for 12 sectors including food and beverage, housing, clothing and footwear, energy, transport, health, information and communications technology, education, personal care, water utility, financial services
- **By category** — for 25 sub-sector level categories, including dairy, grains, meat and fish, and fruits and vegetables within the food and beverage sector
- **By specific products and services** — for 107 detailed sub-category items, including fresh milk, preserved milk, eggs, butter, and cheese within the dairy category

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.

The Global Consumption Database can help you:

- **Size up** existing demand and willingness to pay in particular product and service categories
- **Identify categories** where demand may be latent, requiring greater investment and partnership to unlock
- **Clarify needs** for more in-depth market research to evaluate specific opportunities

Access the Global Consumption Database: http://datatopics.worldbank.org/consumption
What do the data show?

**Affordability and access to financing are key to success in inclusive business.** The 4.5 billion people at the BOP spend an enormous amount in the aggregate—$5 trillion,* more than half of all consumer spending in developing countries and emerging markets—but very small amounts individually. This means that companies need to sell products and services at low prices offset by higher volumes. Financing is an important enabler, for large and small purchases alike.

**Different segments require different business models.** The BOP is a diverse group—encompassing 3 billion people spending less than $3 a day* and 1.5 billion spending up to 3 times as much; 1.7 billion in crowded urban environments and 2.8 billion in vast rural areas; and men and women of all ages, backgrounds, and preferences. To succeed in the many different segments at the BOP requires different products, marketing strategies, distribution channels, and pricing and payment options.

**The BOP is young, offering great potential for companies willing to invest.** People at the BOP are younger on average than those in higher consumption segments—44% are under age 20, and 61% under age 30. Young people are particularly open to new products, services, and business models—especially technology-enabled ones—creating a big opportunity to engage them as customers, suppliers, distributors, retailers, and employees.

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.

What’s next?

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. IFC has a track record of helping companies succeed at the BOP.

Since 2005 it has committed more than $9.5 billion in investment to more than 400 companies with inclusive business models. These companies—local and multinational, family owned and public—operate across a range of sectors, earning returns similar to those of IFC’s overall portfolio.

For companies ready to start or scale inclusive business models, IFC is here to help through:

- **Knowledge**—about BOP markets and case studies of profitable business models
- **Investment services**—including debt, equity, and partial credit guarantees, plus help in mobilizing additional investors
- **Advisory services**—to help educate consumers; build the capacity of BOP suppliers, distributors, and retailers; and facilitate financing all along the value chain
- **Connections**—with peers and potential partners in business, government, and civil society

*For more information, email inclusivebusiness@ifc.org*

“By making data on spending freely available in a form that is useful to the private sector, we aim to lower the up-front cost of exploring inclusive business opportunities—reducing a critical barrier to investment and accelerating the pace of inclusive business development around the world.”

– **Jin-Yong Cai**, Executive Vice President and CEO, IFC
Capturing a Large Milk Market: Small-Scale Distribution

Colombia has the second highest per capita milk consumption in Latin America. At the BOP, sales of fresh milk total $481 million* a year, and sales of preserved milk $312 million.* Most milk sales occur through small-scale retail outlets—more than 500,000 mom-and-pop shops, corner stores, and kiosks.

IFC Client Solution: Alquería

Alquería has become the market leader in UHT (ultra-high-temperature-treated) milk and the third largest dairy company in Colombia by successfully serving the BOP. It channels 69% of its sales through small-scale retail outlets—140,000 in all—where limited refrigerator space makes UHT milk an ideal product.

Alquería staff visit the outlets every morning to take orders, transmitting them by mobile phone. Deliveries are made anywhere from three times a week to once a day by third-party transporters using trucks, motorcycles, or small trolleys.

In 2010 IFC provided Alquería with $15 million in long-term debt and $5 million in equity.

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.

To learn more, visit http://www.ifc.org/inclusivebusiness
Unleashing BOP Housing Market Growth: Housing Finance

Today BOP households devote just 10% of their spending to housing. Developers are seeking to stimulate demand through new models that balance aspiration and affordability. A home is the biggest investment most people ever make—and financing is key, especially at the BOP.

IFC Client Solution: Aadhar Housing Finance

In India, where the BOP spends $99 million* a year on housing, Aadhar Housing Finance has developed a lending approach for BOP borrowers. More than half its clients earn less than $400 a month. The company succeeds by engaging them personally.

Aadhar first educates BOP consumers about the technical, legal, and financial aspects of home ownership through events at workplaces and village markets. The company then conducts personal interviews and home visits, to carry out thorough due diligence even when potential borrowers lack credit histories and income statements.

Aadhar is a joint venture between IFC and its client Dewan Housing Finance Corporation Limited. IFC has invested $4.5 million in equity.

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.

To learn more, visit http://www.ifc.org/inclusivebusiness
INFO & COMM TECHNOLOGY

$206 BILLION* IN SPENDING AT THE BOP

Products and services cover telecommunications equipment and services; audiovisual, photographic, and information processing equipment and repairs; and recording media.

Expanding Markets across Sectors: Mobile Payments

Mobile telecommunications have become widespread in even the world’s toughest environments. In Afghanistan BOP consumers spend $562 million* a year on mobile equipment and service. By enabling such options as mobile payments, the technology can lower entry barriers and expand markets across sectors.

IFC Client Solution: Roshan

Roshan aims to provide all Afghans with access to mobile telephony—and to play a key part in the country’s reconstruction and redevelopment. The company has built a nationwide mobile network and serves 6 million customers, 99% of them at the BOP.

Some 1.2 million of these customers use the mobile payment service M-Paisa, offered in partnership with Vodafone. They can purchase mobile airtime, pay bills, make deposits and withdrawals, send money to relatives within the country and around the world, and securely receive salaries or humanitarian aid disbursements. M-Paisa can be operated by voice recognition in three languages, a key feature for the 70% of Afghans who are illiterate.

In 2013 IFC provided Roshan with $65 million in long-term debt.

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.

To learn more, visit http://www.ifc.org/inclusivebusiness
The demand for high-quality education in developing countries often exceeds what the public sector can supply. A good education is an investment that pays off in employability and earnings—and the BOP is demonstrating its willingness to pay. In Sub-Saharan Africa BOP consumers spend $11 billion* a year on education.

**IFC Client Solution: Bridge International Academies**

Bridge International Academies has tapped into this willingness to pay with a network of 259 primary and preprimary schools serving some 90,000 pupils in Kenya. Bridge charges just $6 per pupil a month.

To keep costs low, Bridge applies data, technology, and expert advice to standardize and scale every aspect of delivering high-quality education—including how academies are built, how teachers are selected and trained, and how lessons are delivered and monitored for improvement. Bridge pupils are benefiting: on average they score 35% higher in core reading skills and 19% higher in math than their peers in neighboring schools.

In 2014 IFC provided Bridge with $10 million in equity.

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.
EDUCATION

To learn more, visit http://www.ifc.org/inclusivebusiness

CLOTHING & FOOTWEAR AND PERSONAL CARE

$405 billion* in combined spending at the BOP. In Brazil, Tribanco saw that it could help BOP consumers purchase needed items by working with local mom-and-pop shops to extend credit. Shop owners decide which customers are eligible for store credit cards and encourage them to repay in return for lower transaction fees. Tribanco has issued 2.5 million cards through 9,000 shops so far.

ENERGY

$317 billion* in spending at the BOP, including $137 billion* on electricity. In the Brazilian state of Maranhão, CEMAR has leveraged good customer service, investments in efficiency, and government partnerships to bring power to over 2 million households—about 50% of them low income—and stimulate demand for such products as electric lighting and appliances.

TRANSPORT

$298 billion* in spending at the BOP, including $25 billion* on motorcycles. In Indonesia, PT Summit OTO Finance has granted BOP clients more than 1.5 million small loans for motorcycle purchases. The motorcycles open new opportunities to do business or reach higher-paying jobs—and thus to build credit histories as well.

HEALTH

$243 billion* in spending at the BOP, including $71 billion* on medical services such as hospital care. In India, Apollo Hospitals delivers a limited range of the most commonly needed health services through a chain of Reach hospitals in small cities and rural areas. Its three Reach hospitals each year serve 120,000 patients who earn less than $2 a day.

WATER UTILITY

$32 billion* in spending at the BOP excluding bottled drinking water. In the Philippines, Manila Water has partnered with local governments and community-based organizations to finance, build, and sometimes operate water infrastructure—bringing connections to more than a million BOP households. Connected households pay only 5% of what they previously paid water vendors.

* Combined total in 2005 purchasing power parity dollar terms for lowest and low consumption segments in 92 sample countries.
ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on leveraging the power of the private sector to create jobs and tackle the world’s most pressing development challenges.

Working with private enterprises in more than 100 countries, IFC uses its capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity. Its investments in fiscal 2013 reached an all-time high of over $18 billion. IFC committed 9% of that total to companies with inclusive business models.

Recognizing the importance of inclusive business, IFC established its Inclusive Business Models Group in 2010. Today the group is leading efforts to promote inclusive business across IFC:

- **Catalyzing** ideas and innovation by sharing market data and insight, developing custom tools and resources, and helping clients replicate inclusive business models

- **Convening** IFC clients, investment professionals, thought leaders, and international development stakeholders to promote collaboration during the annual Inclusive Business Forum and other global meetings

- **Communicating** successful business models and best practices through reports and case studies and highlighting innovation through the Financial Times/IFC Transformational Business Awards

To learn more, visit http://www.ifc.org/inclusivebusiness

*Creating Opportunity Where It’s Needed Most*