The poor represent not only a disgraceful human condition but also a huge potential market if marketers can find ways to serve their needs. But the poor differ greatly from each other in their needs, perceptions, and behavior. Marketers need to apply their skills in market segmentation to distinguish different poverty groups and thus to invoke effective plans and policies to alleviate poverty. Decisions must be made on which poverty segments to target and which social marketing solutions have the best chance of motivating poverty-escaping behavior, to the long-term welfare of individuals, nations, and the global community.

**Keywords:** poverty; poverty solutions; market segmentation; social welfare; social marketing

Poverty has been humanity’s ever-present curse. Even the most optimistic among us think it can be contained, but not seriously reduced or eliminated. We believe, however, that world poverty can be more skillfully addressed, and in the process, reduced as a scourge of humanity, by applying micromarketing techniques to macromarketing challenges, ultimately to the benefit of millions of poor stakeholders in an increasingly global marketing system.

There have been multiple approaches to alleviate poverty. Many societies historically handled the problem of the poor by isolating them or setting up alms programs. More systemic antipoverty programs emerged in the early twentieth century, particularly in England, where Beatrice and Sidney Webb (1910) carried out surveys of the poor and established the profession of social work. Their emphasis was on setting up poor houses or visitation programs to alleviate the pain of poverty. Nineteenth-century economists previously held that poverty alleviation resulted from furthering economic growth, believing that newly created wealth would trickle down to the poor. Keynes (1936) later made a vigorous case for government deficit spending to create jobs. Harrod (1948) and Domar (1957) argued for faster economic growth; however, they did not model how the distribution of income might be affected in the short or long run by faster economic growth. Despite several well-intentioned approaches, the incidence of global poverty remains deplorable.

Global institutions are beginning to act. The World Bank (2000), for example, is finally addressing poverty as a major concern, and the United Nations Development Programme (UNDP 2003) has rallied its member-countries to develop a major program to fight poverty. The UN’s principal goal and targets are to (1) eradicate extreme poverty and hunger and (2) halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day.

These statements do not mean that the problem is a simple income and/or food-security issue. It is worthwhile to trace the evolution of the definition and analysis of poverty over the decades of frustrations in trying to alleviate it.

**What Is the Poverty Problem?**

The World Bank gives us a quick and deceptively simple answer. At the turn of the twenty-first century, the poverty problem is how to get 4 billion people of this world to live better lives; most of them now live on less than $2 a day, and those living on less than a dollar a day number more than 1.3 billion (e.g., World Bank 2000). Seen from this perspective, development economists had initially partitioned the poverty problem into two parts: population and income. The solution that logically follows is likewise in two parts: first, control population growth, and second, raise the poor country’s per capita income.

Not surprisingly, these were exactly the solutions that the World Bank and other aid organizations including donor countries pursued in the three development decades of the 1960s, 1970s, and 1980s. Contraceptives, family planning, and responsible parenthood programs sought to control population growth. On the other hand, the solution based on raising per capita income took the form of industrialization programs aimed at agriculture and manufacturing.

The United Nations Fund for Population Activities (UNFPA 1997-2005) reported that the family-planning programs in the developing countries, especially in Asia, have...
succeeded in reducing population growth during the past three decades (see also UNDP 2003). Per capita income in these countries also showed general, modest increases (UNDP 1996). UNDP concluded that during the past three decades, many countries succeeded in reducing poverty. But a closer look at the data revealed a disturbing trend. Between the mid-1960s and mid-1990s, the poorest 20 percent of the world’s population experienced income-share downturn from 2.3 to 1.4 percent, while the richest 20 percent saw share increase from 70 to 85 percent. So although per capita incomes have been increasing, the gap between the middle and upper classes, and the poor majority has been widening, creating more problems. Growing inequality is responsible, more than any other factor, for moving the poverty segment of a developing country population through the three stages of first apathy, then unwillingness to participate, and finally anger that culminates in violence (e.g., Stiglitz 2002).

The macroeconomic approach to poverty analysis ends up pointing to inequality. Per capita income, an average metric, does not adequately capture the disparity. Greater insights resulted from survey data of households and micro enterprises, which were focused on objective and readily observable data about the poor. Social psychological data slowly emerged, but not until the 1990s did so-called participatory surveys gain currency among development economists working on poverty. It was imperative to measure the poor for their perception of what constitutes poverty and minimally acceptable income (Goedhart et al. 1977; Hagenaars 1986).

Development economists discovered a more direct way of tackling and managing inequality. Tactics included livelihood programs for the individual poor and micro-loan programs, such as the Grameen Bank to assist small-scale entrepreneurs. A succession of such surveys emerged with methodological requirements (e.g., Narayan 1994). Their significance included appreciation that it makes practical sense to segment the poverty problem and the poor.

### Segmenting the Poverty Marketplace

Because market segmentation was not a planning tool of development economists, early segmentation schemas were fairly elementary. Eventually, a distinction emerged between the marginal poor and the extreme poor (e.g., World Bank 1990). At the same time, more attention was paid to the naturally occurring segmentation in terms of geographic distribution. Other findings indicated that the world’s poor can be segmented along two dimensions: incidence (highest versus lowest) and change (increase versus decline) (Chen, Gaurav, and Ravallion 1994). This four-way segmentation categorized South Asian and sub-Saharan countries as places with the highest poverty incidence, and Middle East, North African, and East Asian countries with the lowest incidence. Countries where poverty incidence declined were in South Asia. It increased in Latin American and sub-Saharan Africa.

In any country in the developing world, the total poverty market is proportionally large. For example, it is nearing 60 percent of the total population in the South Asian countries and more than 50 percent in sub-Saharan African countries (Chen, Gaurav, and Ravallion 1994). Segmenting large populations consists of breaking the problems that contribute to poverty into distinct and servable components. Diseases, water quality, hunger, political corruption, lack of access to credit, inability to own land, and natural disasters are all distinct problems of poverty. However, they fall with unequal force on women, children, some tribal or religious sects, and the elderly. Knowing which problem is associated with the most affected segment is important. The segmenting, targeting, and positioning (S-T-P) process is helpful in this regard and, while it is well known to marketers, it is worth revisiting as an integral tool for poverty alleviation.

### Poverty Market Segmentation, Targeting, and Positioning

The process of S-T-P consists of the sequence of three steps. The first step includes partitioning the total market into differentially responsive segments and profiling the sociodemography and behavior of each identified segment. Segments of the poor, for example, can be differentiated by need. Coping behavior studies of the poor in several provincial areas with shorelines in the Philippines showed that the fishing community and household population are typically the poorest. Fishermen in these provinces could no longer catch fish along the shorelines because of chemical pollution of the waters that distilleries, canning, and other manufacturing establishments cause. Neither could these fishermen catch fish farther out into the ocean because of the presence of large commercial fishing vessels.

This need profiling of the impoverished fishermen segment enabled the study to quickly identify the correct priority need of this extreme, poor segment. It was, first and foremost, relief of hunger, and education was secondary. But the national antipoverty policy dictated that the appropriate procedure was in this often quoted mantra: “Don’t give them fish; teach them fishing.” The reality of the local situation clearly indicated that this was a misplaced rule. The priority need of the extreme poor is first for a feeding program. It is a reality that one of Shakespeare’s memorable characters, Cato, captured when he said: “It’s difficult to argue with the hungry poor since his belly has no ears.” It is the other poor segment, the marginal poor, who have three square meals a day and therefore have as their priority need education or learning income-earning skills first above hunger relief.

The next step in distinguishing segments of the poor is to decide which segments come first, second, or third in allocating scarce poverty alleviation program resources. Behavioral profiling is critical. After all, the poverty alleviation program is essentially about inducing behavior change through social marketing programs (e.g., Dholakia and
In this understanding of poverty, the poor have therefore four priority needs: the need to raise income, the need for improved nutrition, the need for better basic education, and the need for disease-curing and disease-preventing health care. Sen (1981, 1984, 1999) categorized these needs as “capabilities” and spoke of poverty as a state of capability deprivation. He classified the last three needs as “intrinsic capabilities” against the need to raise income, which he regarded as an “instrumental capability” for attaining the intrinsic needs. In this sense, it is the three intrinsic needs that are the truly ultimate priority needs of the poor. Raising income is a priority need, but not an ultimate need; it is the means to the ultimate need.

Household surveys have confirmed this role of income. For example, the Inter-American Development Bank (1998) household survey data on five Latin American countries showed how the poorest households in these countries completed fewer years of education than their richer counterparts. In each of the five countries, the number of years of schooling of the twenty-five-year-old household members rose as they moved up the income ladder. Income was instrumental to educational attainment, which in turn is positively associated with smaller family size and lowered infant mortality rates.

**Poverty Aspects and Realities**

Five taken-for-granted and sometimes unnoticed aspects of poverty must be appreciated if we are to do a better job of rescuing the poor and helping them to succeed.

1. *The poor are a heterogeneous group.* As previously suggested, the poor are varied, on a number of dimensions. Thus, we need to identify the major poverty segments and apply the appropriate procedures to help the poor in each segment escape from and stay out of poverty. Moreover, in attempting to assist the poor, it is necessary to gain insight into how they perceive the costs of changing their behavior and situation. For different poverty segments, there are differing costs for escaping and staying out of poverty. We need better understanding of segment tendencies, appropriate solutions, costs, and other possibly unknown factors and issues that can affect poverty-escaping behavior, which hints at aspect 2, below.

2. *Appropriate solutions for each segment require market research.* A quick but valid and cost-effective means of finding out what different poverty segments require for poverty-alleviating assistance is market research. Poverty market research at the local level, both qualitative and quantitative, is critical to gaining insight into the right poverty-alleviating assistance to each segment.

3. *The poor need the help of many institutions.* Effective and sustained poverty alleviation depends on action by a three-way partnership among government, civil organizations, and
businesses. Business, perhaps reluctant to invest in poor markets, has begun to see the Fortune at the Bottom of the Pyramid (Prahalad 2005). Corporations have usually made philanthropic contributions but are now seeing the value of untapped and new markets. A single cell phone in a sub-Saharan region can create a business opportunity for a small reseller of calls by the minute. In several African countries, cell phone sales are growing 150 percent a year, far in excess of saturated Western markets. Governments are eliminating import tariffs, and local micro lenders are financing them through nonprofit agencies.

4. The cyclical nature of poverty. The poverty situation of the poor is not static but dynamic. By the right combination of outside help and personal effort, a poor person in the extreme poverty segment may successfully migrate into the less extreme condition of the overall poor segment. But after some months or a year or two and because of circumstances, the poverty escapee often falls back into the originating extreme poverty segment. Something similar recurs in many of the other poverty segments. Again, to offer the right bundle of solutions, poverty-escaping programs must understand the uncontrollable and controllable forces that cause people to transition back into poverty.

5. The true face of poverty is a localized face. At the local level, we meet the poor face-to-face; engagement must occur where they live and work. It follows that the development and implementation of poverty solutions matters most at the local level, especially given that antipoverty policies set at the national level are not sufficient to solve the varied poverty problems at local levels (Friedman 2005). The “tipping point” (Gladwell 2000, 9), in other words, does not come from the national level; it is found at the local level. Localizing each area’s antipoverty program, enables aforementioned institutions of government, civil society, and business to cooperate in a three-way partnership to reduce and eliminate poverty.

SOLUTIONS GALORE

In this section we list fifty solutions to poverty, loosely introduced with regard for their chronological introduction. Typical of most development programs, poverty alleviation campaigns started with known solutions, tools, approaches, and practices. S-T-P, as we have seen, was not among them. There was, however, in-depth analysis of the priority problems of the poor, and most campaigns were preceded by some kind of “needs assessments.” The assessment tool used in most cases was the rapid assessment method (RAM; Ong 1996; Vian 2001), mostly undertaken to lend “research” support to a predetermined set of needs and interventions.

In the 1980s, interventions, mostly known as “safety nets,” were introduced by international aid agencies in Third World countries hit by natural disasters. They initially included the following:

1. cash transfers,
2. direct feeding programs,
3. free food distribution,
4. price subsidies, and
5. public works programs.

These interventions’ principal purpose was to protect the poor, especially the extreme poor. The intended protection was from the adverse effects on poor people’s already low income and deprived conditions as an aftermath of natural disasters like earthquakes, typhoons, floods, cyclones, drought, and similar others. They were basically short-term relief measures.

In other parts of the Third World, especially Africa and South Asia, shocks also came from civil war and conflicts. Postconflict social safety nets were introduced, categorized under what became known as “the Triple R Framework” (Gunatilaka and Kiriwandeniya 1999):

6. relief institutions and services,
7. rehabilitation assistance, and
8. reconciliation and peace-building assistance.

Subsequently, the need for safety nets went beyond the period during and after natural and man-made shocks. It became apparent that the poor also needed protection from the deteriorating conditions of their daily lives. And so, social safety net programs came to include poverty solutions (Adato and Lund 2005) like the following:

9. social security systems for those working in the informal sector,
10. services for school dropouts and street children,
11. workfare (emergency work relief) programs,
12. microfinance and self-employment programs,
13. maternal and child health services,
14. psychosocial care for affected families, and
15. assistance for the elderly and disabled.

In western countries, particularly the United States, safety net has come to be understood to refer to both service providers and service programs almost exclusively in relation to health care for “uninsured, Medicaid and other vulnerable populations” (Grantmakers 2005). For these target beneficiaries, safety net services include the following:

16. ambulatory care;
17. hospital emergency room and inpatient services;
18. health services for substance abuse, disabilities, and mental illness;
19. assistive care services with ordinary and instrumental activities of daily living; and
20. medication assistance and health support.
Then in the 1990s, social protection services and solutions became popular. These services actually included safety net measures, but they also covered longer-term solutions. They were not only protective (coming after some shock) but also preventive in character. According to the International Food Policy Research Institute, “Social protections are not only programs aimed at reducing the impact of shocks and coping with their aftermath, but also interventions designed to prevent shocks and destitution in the first place” (Adato and Lund 2005). They include “all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalized; and so with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalized groups” (Mpagi 2002).

In terms of services, these initiatives and poverty solutions take such specific forms as:

Social assistance (or the “old-style social welfare”) services such as:

21. disability benefits,
22. single-parent allowances, and
23. social pensions for the elderly poor.

Social insurance schemes for . . .

24. pensions,
25. health insurance,
26. maternity benefits,
27. unemployment benefits and retrenchment packages, and
28. funeral societies.

Social services for the poor in need of special care; examples include the following:

29. orphanages and reception centers for abandoned children,
30. institutions providing care for other people unable to provide for themselves, and
31. feeding camps and settlement areas for refugees and displaced persons.

Social equity services; examples include the following:

32. victims of domestic violence or sexual abuse,
33. marginalized minorities, and
34. stigmatized groups.

Towards the end of the last century and at the start of the new one, the idea of empowerment solutions came into prominence. Sen (1999) argued economic development is fundamentally “the expansion of individual freedom of choice,” which inspired this shift toward empowering the poor as the key to a lasting end to poverty.

At the start of the new millennium, the World Bank (2000) adopted empowerment as its primary strategy in “attacking poverty.” It is a poverty reduction strategy aimed at “expanding the assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives” (Narayan 1994; see also Narayan and Nyamwaya 1996; Narayan 2002; World Bank 1994, 1998).

In terms of poverty solution services, empowerment programs included both safety net and social protection services as tools and mechanisms for making the poor empowerment-ready. The empowerment solutions encompassed such mechanisms as: Material asset-building assistance for:

35. expanding financial assets: savings and working capital, and
36. expanding physical assets, for example, land, housing, livestock.

Human capability-building assistance for:

37. education,
38. good health,
39. production, and
40. other life-enhancing skills.

Social capability-building assistance for:

41. organizing and mobilizing for collective problem solving,
42. enhancing “social capital, the norms and networks that enable collective action,” and
43. “creating ‘bridge’ relations to access new resources managed by other groups.”

Empowerment support services and assistance like:

44. providing local agency with the budget to support with information and staff the poor and their organizations for community-driven development (CDD) projects;
45. “investing in citizen report cards on local government expenditures, follow-the-money surveys, and measurement of service delivery outcomes”;
46. “promoting dialogue between poor people’s organizations, government officials and policy-makers, and the private sector to initiate pro-poor regulatory change”;
47. “providing graduated subsidies to broker new linkages between poor people and their organizations, on the one hand, and markets and formal financial systems, on the other”;
48. “increasing poor people’s access to information technology in order to improve their market access”;
49. “strengthening membership-based groups, organizations, and networks of the poor”; and
50. supporting “judicial and legal reforms for improving poor people’s physical and financial access to justice.”

So there are at least fifty poverty problem solutions accumulated during the past three decades. Like laws, solutions have never been short in supply. That some or even many of them had been able to do their work in some places or for some period of time cannot be denied. But there lies the problem: poverty solutions worked in some places but not in
others; sometime but not other times or over time. To be able to facilitate poverty solutions in all places and all the time, the solutions need an organizing framework to convert them into integrated strategy clusters. The need is to select the poverty solutions that fit the needs and conditions of each poverty segment.

CONCLUSION

Poverty cannot be eliminated, but it can be better understood and partly alleviated through the application of methods of marketing analysis and planning. The poor have too often been viewed as a homogeneous mass to be addressed with standardized programs of assistance developed at the national level. This is bound to produce mismatches between local needs and solutions. It is at the local level where poverty market segments can be identified and appropriate social marketing steps taken to motivate poverty-escaping behavior. Along with many other solutions—financial, legal, educative—a good case can be made for the application of marketing S-T-P strategies to reduce the extent and pain of poverty.

NOTE

1. One may want to focus on the “early adopter” segments, namely, those who respond first to opportunities for change and improvement. Early adopters who experience successful outcomes will advertise the success by word of mouth, the lowest cost and most effective method of sharing good news.

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