
Casas Bahia - Marketing to the Poor

Introduction:

Casas Bahia, a renowned Brazilian retail company, has gained significant attention for its unique and innovative business model that targets the bottom of the pyramid (BoP) market. In this blog post, we will delve into the marketing strategy employed by Casas Bahia and critically examine its success, as well as the criticisms surrounding its approach.

Background Note:

Before we dive into the specifics of Casas Bahia's marketing strategy, it's important to understand the context in which the company operates. Brazil, like many other countries, has a significant population living in poverty. Casas Bahia saw an opportunity to cater to this underserved market segment and provide them with affordable and accessible consumer goods.

Serving the Urban Poor:

Casas Bahia's marketing strategy focuses on the urban poor, who often face limited access to credit and financial resources. Understanding the importance and potential of the BoP market, Casas Bahia devised a model that would make quality products affordable through installment sales and credit financing options tailored to the specific needs of the urban poor.

The Business Model:

At the heart of Casas Bahia's success lies its unique business model. By targeting the BoP market, the company tapped into a customer base that was largely ignored by traditional retailers. Casas Bahia offered affordable installment plans, making high-quality products accessible to those with limited financial means. Additionally, the company leveraged mass marketing techniques to reach a wide audience and build brand recognition.

The Criticism:

While Casas Bahia's marketing strategy has achieved significant success, it has not been without its share of criticism. Detractors argue that the company's focus on credit financing may perpetuate a cycle of debt for the urban poor. Some critics also question the sustainability of the business model, as it heavily relies on continued economic growth and stable credit markets.

Conclusion:

In conclusion, Casas Bahia's marketing strategy targeting the BoP market has proven to be a game-changer in the retail industry. By understanding the unique needs of the urban poor and providing them with affordable options, the company has experienced remarkable success. However, it is crucial to address the criticisms and potential implications of this approach to ensure a sustainable and ethical business model.