

Can collaboration help base of the pyramid firms offer affordable products?

Aron O'Cass

Macquarie University

Hailu Getnet

Macquarie University

Vida Siahtiri

Macquarie University

Hormoz Ahmadi

Australian Catholic University

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Abstract

With significant resource constraints, successful development of new products by local Base of the Pyramid (BoP) firms, may rely heavily on collaboration with suppliers and customers, as well as how the firm positions its products in the market. The study draws on data obtained from a multi-informant survey of marketing managers and product development managers of local manufacturers in Ethiopia, along with a sample of their respective business customers (i.e., retailers). Employing social capital, and institutional theories, the study finds that affordability and superior new product performance (financial and non-financial) of local BoP manufacturers are driven by new product advantage which is stronger in firms who are better at collaborating with business partners. The results further reveal that product advantage and performance (financial and non-financial) are differentially impacted by market turbulence and competitive intensity.

Keywords: *BoP; collaboration; NPD*

Track: Innovation Management & New Product Development