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### Current Articles

## Selling to the Poor

Fortune Sellers

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Developing nations offer multinational corporations a vast, untapped market. But consumers, even poor ones, often associate particular brands with unsavory business practices. Increasingly, corporations seek moral and ethical legitimacy—and try to avoid charges of exploitation—when marketing their goods and services to the poor. “Customers are searching for organizations that they can trust,” explains Raoul Pinnell, vice president of global brands and communications at Shell International.

Multilateral initiatives aimed at improving corporate behavior and boosting consumer acceptance, such as the United Nations Global Compact or the Caux Round Table's Principles for Business, have met with mixed results. Alternatively, some corporations that work in poor markets are undertaking innovative and transparent self-regulation projects, sometimes with assistance from governments in the developing world. In 1993, when Avon sent an army of direct-selling cosmetics merchants paddling up Amazon tributaries to sell perfumes and makeup to miners and prostitutes, Avon ladies answered only to themselves. Today, direct sellers arriving to “Avon-gelize” remote Indian villages are subject to sanctioning by an Indian judge—effectively a corporate ombudsman—if they break a code of ethics formulated by the Indian Direct Selling Association. (The code aims to weed out “fraudulent elements” among direct sellers and prevent pyramid schemes.) “It's protection for the company, the consumer, and the sales force,” says David Gosling, Avon India's managing director.

Similarly, the Switzerland-based Nestlé Group, a longtime target of human rights advocates for their marketing of baby formula over mother's milk in poor countries, appointed an ombudsman in 2002 to expose any unethical promotional activities. Coca-Cola India is attempting to, in their words, regain public trust and credibility after allegations of pesticide contamination incited angry consumers in Bombay to smash thousands of Coke bottles in 2003. The company recently formed an advisory board—led by former Indian Cabinet Secretary Naresh Chandra—that will oversee Coca-Cola's practices in India. The company also appointed former chief justice of the Indian Supreme Court B.N. Kirpal to lead an advisory body called the India Environment Council, which will guide Coca-Cola India's social-responsibility practices.

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