**SAARF Pyramid**

**Introduction**

There is world-wide interest in the potential that exists at the Bottom of the Pyramid (BoP) (Prahalad, 2005; Prahalad & Hart, 1998). Prahalad put forward the concept that it was possible, based on a large global market with an income of less than $US 2 per day, to exploit the opportunities at the BoP and at the same time alleviate poverty. This could be achieved based on economies of scale, innovative technology, a different business model and working together with the local community, NGO’s and government (Prahalad, 2005).

**What is the SAARF Pyramid?**

This led to the question as to whether there is a South African Pyramid and, if so, how could it be identified and what was its size?

The starting point to answer these questions was an analysis of the 29 variables used to identify SAARF’s Living Standards Measure (LSM®’s). Through the use of Ward’s method, followed by cluster analysis, it was found that there were 4 natural divisions: Foundation: LSM®’s 1-4; Core: LSM®’s 5-6; Buttress: LSM®’s 7-8 and Apex: LSM®’s 9-10. These four layers of the South African Pyramid are now available on the AMPS® database.

The current size of these 4 groups is Foundation 8,695,000 (25%); Core 13,863,000 (40%); Buttress 6,998,000 (20%) and Apex 5,380,000 (15%).

**Pyramid References**


