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ENTRY RULES

Emerging and developed economies differ in speed of growth and development as well as characteristics and entry norms. Emerging markets offer a chance for companies to set up businesses, whereas developed economies merge, acquire or conquer market shares of competitors.

The economies can be compared on different parameters. (See: On 16 Parameters). Emerging markets have distinct characteristics and they work as entry points for companies willing to explore the emerging markets. “On 16 Parameters” is an indicator of how the food market of the fast emerging companies behaves and how they lend “go-to-market strategies” opportunities.

An analysis of this table shows that developed markets are more mature and stable with predictable characteristics and well-established aspects such as, logistics, retail and institutional environment. This maturity is reflected in the population that tends to search for differentiated products and services, especially niche offerings such as healthy products and better institutional environment. Following is the crux based on the indicators as mentioned in the index.

1. Emerging markets can´t be generalised. A deep understanding of each market is necessary. Countries differ amongst and within themselves. China, Brazil and India are real “continents” and differ depending on each specific region, urban or rural areas, and cultural background. Imagine generalising Africa, what a huge mistake that would be!

Developed Countries	Parameter of Analysis	Emerging Countries
Stable	**GDP**	Growing
Relatively stable	**Population**	Growing
Relatively stable	**Urbanisation of population**	Urbanisation growing fast and emerging of mega-cities
Mature or declining	**Food markets**	Sales are booming
Small effect on consumption	**Income growth and income distribution**	Huge impact on consumption (still a high percentage of income spent on food)
Well educated	**Consumer profile**	Being educated
More homogenous group	**Country's characteristics**	Different segments of emerging economies, difficult to aggregate
High quality and sophisticated markets	**Quality (food safety) in markets**	High level of informal markets and food safety under construction
High percentage of consumption (expenditure) in food service	**Food service share in food consumption**	Smaller participation of expenditure in food service
Quite stable	**Retail systems**	Undergoing huge transformation
Limited possibility	**Expansion of commodity production**	High possibility
High sensitivity of population and severe laws, recycling and consciousness	**Environment and preservation issues**	Low sensitivity of population and regulation being built
Growing faster	**Adoption of bio-fuels**	Low
Healthy, veggies, fruits, organics, among others	**Consumption**	Quantity (protein)
Developed and mature	**Logistics and transport systems**	Early stage of development, immature
Consolidated, respected and well known	**Institutional environment**	Being built, with high transaction costs

3. Barter system may be the strategy adopted for finance purposes as trading in monetary terms is risky because in an emerging economy most people lack income and face inflation, thus making the recouping of money a challenge. These issues change business models.

4. Marketing channels in emerging economies involve a large amount of distributors and can sometimes be very chaotic. The modern retail systems are diverse and dual and several variations are found within each country. A segmentation process should be done using this variable and a clear multi-channel approach (in product and services) should be established by the companies.

5. An entrant has to adapt to deal with family business and family managed distribution systems. They tend to respond differently to a company offer and ask for more services and financial benefits than for discounts, which is a basic demand of large multinational retailers.

6. Companies willing to enter should have a motivated sales force equipped with modern technology that allows for data generation and analysis. It would help them to acquire information about the market and target the different market segments.

7. Companies should try to select well and build trust with distributors in order to determine entry barriers for latecomers in these markets.

8. Emerging economies have a fast rate of economic growth, which leads to surfeit of job opportunities. In such a scenario, employees change companies quite fast. So, companies willing to enter should have a strategy to attract and retain talents.

9. Competition is different. New local players may come in to these markets in form of competitors. They come faster in emerging markets as opposed in mature markets. Since the local players are more adapted to local situations and know the rules of the game, the new entrant will find them a stiff competition and should be well-prepared.

10. Acquisition of local companies may be a strategy to get people and market knowledge, but one needs to be sensitive to cultural aspects, or else this move can backfire.

11. Economies can have institutional restrictions such as entry norms via joint venture or local partners only. So, it is recommended that entrants should use local experts to understand the regulatory system.

12. Adapting product lines to local logistic systems is also needed. At times, entrants can be faced with issues such as emerging markets not having a cooling equipment-system in transportation.

13. Finding the right media to communicate with potential consumers is also required so that efficacy of message is not lost and reaches potential customers. Local sources of media may be used, as they can be more effective.

14. Focusing on the growing segment of food service in emerging cities may be a nice strategy to enter. Once consumers are familiarized with the products, the retail strategy for expansion can be adopted.

15. The new companies should abstain from reaching out to the existing markets since the complexity is huge and the company may get lost. Focusing on target segments is a key to success.

16. Manuals containing necessary procedures should be made and used as an important source for faster training.

17. Investing in emerging economies may require other types of investments which are not previously planned, such as infrastructure, local community benefits, corporate social responsibility programs etc.

In order to grow in today's global scenario, there is a need to understand how to play the game. The difficulties are no doubt immense, but the opportunities are plentiful too.

Marcos Fava Neves is a professor at the School of Business, University of São Paulo, Brazil. (favaneves@gmail.com)

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