



BREAKOUT STRATEGIES FOR EMERGING MARKETS

**BUSINESS AND MARKETING TACTICS
FOR ACHIEVING GROWTH**

JAGDISH SHETH | MONA SINHA
RESHMA SHAH

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Praise for ***Breakout Strategies for Emerging Markets***

“If every global marketing company applied the principles in this new and important book, I have no doubt that millions of consumers in emerging countries will achieve a higher standard of living and the global marketing companies will all achieve increased sales and profitability.”

Philip Kotler, S. C. Johnson & Son Distinguished Professor of Marketing, Kellogg School of Management, Northwestern University

“Sheth, Sinha, and Shah have developed a highly practical and comprehensive guide to navigating the complex challenges and achieving growth in emerging markets. Their book is a must read for anybody who is working in or wanting to enter emerging markets.”

Cynthia Kantor, Senior Executive, Global Product Line Leader, GE Power Services

“This is an essential compass for navigating the enormous possibilities and the many pitfalls of emerging markets. This is a well-researched and thoughtful guide-book to the challenges of converting nonusers to users at scale. The authors emphasize an outside-in approach that puts the reader in the shoes, boots, and sandals of the potential consumers before taking action.”

George Day, Geoffrey T. Boisi Professor Emeritus, Wharton School of Business, University of Pennsylvania

“Having had the extensive experience of leading a global division operating in over 100 countries, I know first-hand the challenges companies face when they enter emerging markets. The authors have uniquely developed an approach that will prove to be beneficial for those seeking success in emerging markets.”

Javier C. Goizueta, Retired Vice President, The Coca Cola Company and President of the Global McDonald's Division

“Despite the volatility in markets, which is greater for emerging markets, the fact is that every multinational company has to master the nuances of working in the different emerging markets. The variance between emerging markets is greater than that observed between different developed markets. As a result, adaptation across the emerging markets becomes important for success. The book provides an excellent approach for doing so.”

Nirmalya Kumar, Member—Group Executive Council at Tata Sons, Visiting Professor of Marketing at London Business School and Distinguished Fellow Emerging Markets Institute, INSEAD at Singapore

“Jagdish Sheth, one of the world’s leading experts on emerging markets, has done it again! In *Breakout Strategies*, he and his colleagues offer a practical road map for how to gain traction and achieve rapid growth in emerging economies. The book puts flesh on the bones of the 4 A’s model that Sheth pioneered some years back. It is a treasure trove of practical strategies and tactics illustrated with numerous real-world examples. It fills a void and is destined to become a classic on the topic.”

Ravi Ramamurti, D’Amore-McKim Distinguished Professor of
International Business, and Director, Center for Emerging Markets,
Northeastern University

“This book is a refreshing combination of strategic thought and practical application for operating in emerging markets, applied comprehensively and made robust with examples from Africa, Asia, and Latin America. Having lived and worked in each of these geographies, I see great value in the frameworks the authors have created to identify and commercialize opportunities in a responsible manner.”

Vinita Bali, Global Business Leader, formerly with Cadbury
Schweppes, The Coca-Cola Company, and Britannia Industries Ltd.

“Jagdish Sheth, Mona Sinha, and Reshma Shah have created an all-encompassing step-by-step model for engaging relevant stakeholders in emerging markets such as leaders, communities, employees, suppliers, and, of course, customers in their book, *Breakout Strategies for Emerging Markets*. Such a treatment of emerging markets takes this book from the common way of doing business—sourcing from emerging markets or selling commoditized products in emerging markets—to a level of engagement that benefits both emerging markets and those who engage with them. This is a sustainable and long-term viable way of strategizing about emerging markets.”

Tomas Hult, Professor and Byington Endowed Chair in
International Business, Broad College of Business, Michigan
State University, and Executive Director, Academy of
International Business

“A must-read book for companies that are searching for growth opportunities. This book very succinctly articulates how to tap into market opportunities in developing/emerging markets. Concepts like Breakout Strategies and 4 A’s marketing are simple yet very powerful and pragmatic concepts that companies can benefit from. This book is a brilliant blend of simple frameworks and well-articulated examples that brings the story to life very effectively and another marketing blockbuster on the anvil from Dr. Sheth.”

Stan Sthanunathan, Executive Vice President,
Consumer and Market Insights, Unilever

“Despite the recent economic slowdown in China and some other emerging markets (EM), it is indisputable that companies everywhere still need to sell much more to these EM consumers if they wish to grow. The framework and examples in this book should be of great help. Not only is it chock full of terrific insights and examples—it weaves these together into a new and very useful conceptual framework that has great managerial relevance. It brings together many new and useful points about how to sell to low (bottom of the pyramid) and middle income consumers, and the crucial youth market, in a multitude of geographical locales—not just China and India but also Latin America and Africa. Marketers everywhere need to read this book.”

Rajeev Batra, Sebastian S. Kresge Professor of Marketing,
Ross School of Business, University of Michigan

“A ‘must read’ book for managers seeking growth in emerging markets! Breakout strategies are new, large-scale ways to convert nonusers to users. The 4 A’s provide a powerful framework that starts from what a market offers: culture, values, systems, and needs. Companies grow by leveraging what the market lacks: technologies, processes, products, and brands. The authors’ offer compelling stories about how companies have overcome challenges to succeed in Africa, Asia, the Middle East, Europe, and South America.”

Dr. Ruth N. Bolton, Professor of Marketing, W.P. Carey School of
Business, Arizona State University

“Never have I seen the underlying drivers of success in emerging markets uncovered and communicated more effectively. The consumer and environmental factors discussed are the most often overlooked when setting strategy in emerging markets. The strategies advanced are real-world applicable and capture critical learning for success in emerging markets.”

Mike Shattuck, Former President Focus Brands International and
Owner, Global Franchising and Brand Building

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*Business and Marketing Tactics
for Achieving Growth*

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*To my grandchildren (Rehna, Maya, Anya, and Arya)
whose love keeps me going.*

—Jagdish Sheth

*To my three special people, Nuri, Sridhar, and Papa for
celebrating your milestone birthdays this year.*

—Mona Sinha

*To my parents, Jagdish and Madhuri Sheth, for showing me the
world and enabling me to appreciate all its diverse aspects.*

—Reshma Shah

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Breakout Strategies for Emerging Markets

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1

Converting Nonusers to Users

Emerging markets offer the biggest growth opportunity in the history of capitalism. Unfazed by the ups and downs of the global economy, many former developing nations have transformed into lucrative markets with potential annual consumption estimated at 30 trillion USD (U.S. dollars) by 2025 (Atsmon et al. 2012). Eyeing nearly 10 trillion USD of annual revenue from just India and China, businesses have been spending billions of dollars to understand and market to consumers in these emerging economies (Silverstein et al. 2012). Emerging economies are not only transforming marketing, but they are also transforming markets all over the world by attracting multinationals, shoring up domestic firms, and launching local brands onto the global stage.

The case for entering and competing in emerging markets is certainly a strong one. As The Coca-Cola Company's CEO Muhtar Kent concisely explained, "About 3.5 percent to 4 percent of the population of the world lives in the U.S., and we're a consumer goods company. So we sell where the people are. It's just math" (Nisen 2012). Further, as affluent nations aged, consumption levels and patterns changed, and consequently companies began to look for growth in emerging markets that were getting liberalized. No longer were they just ex-colonies with predominantly rural, agrarian, bottom-of-the-pyramid (BoP) consumers, but they also comprised a burgeoning middle class and a growing affluent class that was becoming increasingly brand conscious and driving growth in consumption (Sheth 2011).

Multinationals were not prepared for heterogeneity when they first entered these new markets in the early '80s. With almost 50 percent of consumers at the BoP and a fragmented market of largely unbranded domestic products from a large number of small enterprises, many

emerging markets were similar to preindustrialization-era farming economies. Vast swathes of the population were illiterate and traditional means of communication were ineffective in reaching them, which meant that marketers often needed to rethink their marketing mix. Many parts of these markets lacked or had poor quality of even basic infrastructure, such as electricity, clean drinking water, banking, telecommunication, transportation, and communications. Resources were chronically in shortage. Branded goods and services were relatively new entrants in emerging markets, which even now tend to be largely dominated by unbranded regional or local commodities. Governance in these markets is influenced predominantly by sociopolitical institutions based on religion, government, local community, business groups, or nongovernmental organizations, leaving new entrants struggling to navigate complex and unfamiliar regulatory structures (Sheth 2011). Further, even though consumers have accepted many aspects of global brands, they also show strong preferences for their traditions and cultures. Multinationals need to be attuned to socio-cultural-driven heterogeneities that frustrate unquestioned acceptance of global brands (Strizhakova, Coulter, and Price 2012).

The conceptual foundations as well as the practice of marketing are predominantly based on the study of branded goods and services from the developed parts of the Western world. However, in emerging markets, an estimated 65 percent of consumption is unbranded and much remains unknown about how these consumers and markets are different from or similar to developed ones (Sheth 2011). Douglas Daft, who preceded Muhtar Kent as CEO of Coca-Cola from 2000 to 2004, noted that Coca-Cola's standardization strategy had run its course, "The world had changed, and we had not. The world was demanding greater flexibility, responsiveness, and local sensitivity, while we were further consolidating decision-making and standardizing our practices" (Ball 2003). Companies like Unilever had successfully taken a long-term position in emerging markets, even when they were not yet in a growth surge. Eventually these companies became so ingrained in the fabric of local society that they were perceived more as local rather than global companies. However, for most companies, their foray into emerging markets remains a hit-or-miss experience with as many failures as successes. Thus, the next big evolutionary step of "going global" is not just "going local"

but seamlessly blending elements from the developing and developed world.

Despite the realization that entering emerging markets is a competitive imperative and requires a fair amount of rethinking, multinationals, as well as local companies, foraying into branded competition falter because they lack an explanatory framework and practical guidelines. Given that the size and unique consumption needs of emerging markets require investments running into billions of U.S. dollars, the failure to understand the key to succeeding in these markets is a critical and significant knowledge gap in business strategy. While recently much attention has focused on what is wrong with developing or emerging nations and the unreliability of these nations as investment destinations, we focus instead on what is *right*—the opportunities that exist, and those that can be created despite or perhaps even because of the challenges in these markets. We examine not just how brands overcome challenges, but also why those actions help them succeed. We propose breaking out of traditional marketing thought, which is normally centered on differentiation, segmentation, positioning, and the marketing mix to compete against other branded goods and services, to propose new ways of marketing aimed at converting the large numbers of non users in emerging markets to users.

The first step in this process is to acknowledge that as standards of living rise across the world, emerging market consumers are increasingly exposed to products previously used in developed nations or restricted to higher socio-economic groups. The obvious examples include cell phones and flat screen televisions, as well as basic products, such as shampoo and detergent. But, simply bringing in Western products, or even adapting them to emerging markets, is not sufficient because getting consumers to use products that they have not previously considered requires more than just making the products available. In fact, most products sold in emerging markets are typically unpackaged and unbranded so there is great opportunity in branding and organizing them.

Breakout marketing is the way companies can use what a given market offers (e.g., culture, values, systems, and needs) and introduce what it lacks (e.g., technologies, methods/processes, products, and brands), thereby transforming both themselves as well as the market. Notably, although brands usually begin their journey in

emerging markets by converting light users into heavy users, the great market expansion that marketers aspire to really comes from large-scale conversion of nonusers to users. Nonusers include those who do not consider the product category itself and also those who may be accustomed to the category but have previously used unbranded or noncommercial options. Consumption of unbranded products in emerging markets offers a huge, untapped potential to marketers, which can be leveraged if companies succeed in providing access, creating acceptability and building awareness at affordable price points.

Our in-depth observations of companies in emerging markets across the world led us to develop the eight key breakout strategies that we recommend in this book. These strategies are based on four key criteria, coined the 4 A's of Marketing and developed into a framework by Jagdish Sheth and Rajendra Sisodia (2012) after they spent years watching and learning how companies succeed. The 4 A's framework, comprising acceptability, affordability, accessibility, and awareness, combines a theoretical approach with the actual practice of marketing. More importantly, it is an outside-in customer-centric approach that begins with customer benefits instead of the inside-out product-centric approach that starts with firms' actions, objectives, and the traditional marketing mix. Marketers can use this framework to align their actions with the four essential values that customers seek. These values can be summarized as follows:

1. **Acceptability.** The extent to which the firms' total product offering meets and exceeds customer expectations. Acceptability has two key dimensions—functional acceptability and psychological acceptability.
2. **Affordability.** The extent to which customers in the target market are able and willing to pay the product's price. Affordability can also be characterized by two dimensions—economic affordability or the ability to pay, and psychological affordability or the willingness to pay.
3. **Accessibility.** The extent to which customers are able to readily acquire and use the product. Again, there are two dimensions to accessibility—the availability of goods and services, and their convenience.

- 4. Awareness.** The extent to which customers are informed regarding product characteristics, persuaded to try a new product or service, and, if applicable, reminded to repurchase it. Awareness includes both brand awareness and product knowledge.

The 4 A's framework helps to eliminate much of the guesswork that goes into marketing, because it lets managers work with a set of objectives that are focused on the consumer versus the marketer. This framework derives from a customer-value perspective based on the four distinct roles that customers play in the market: seekers, selectors, payers, and users. For a marketing program to succeed, it must achieve high marks for all four A's, using a blend of marketing and nonmarketing resources. The 4 A's framework helps companies create value for customers by identifying what they want and need, as well as by uncovering new wants and needs. For example, none of us knew we needed an iPad until Apple created it.

We traversed a creative path between this theoretical framework and the practice of marketing in an emerging-market context in order to develop our eight strategies. Our strategies will help companies build awareness among consumers as well as other stakeholders and gain acceptability for products and services by pricing them affordably and making them convenient to access. This book represents our combined years of experience in marketing, including in emerging markets. We use insights from global primary and secondary research; our work in academia, corporate practice, consulting, and case-writing; as well as our numerous presentations to industry audiences all over the world. Our brand stories range from Africa to Asia, passing through the Middle East to reach western Asia. We also step briefly into Europe and stretch down into South America with our examples. By using a story-telling approach to illustrate the success of these eight strategies, we provide real-world evidence for creative and contextual marketing in emerging markets. We hope that by bringing you the voices of numerous organizations and managers, we show you a way to grasp an unparalleled opportunity offered in the history of the world—the ability to transform the practice of marketing by including scores of new consumers from across the world, and thereby the ability to write new rules to drive strategic thought in marketing. According to the organizing framework developed at

the end of this chapter in Figure 1, this book is laid out so that each chapter describes a breakout strategy that operates within the context of the 4 A's framework. We offer two strategies for each A of marketing, and each strategy provides paths by which companies can convert nonusers to users.

The strategies in Chapters 2 and 3 discuss ways of creating *acceptability* by being mindful of special functionality needs and adherence to cultural norms. Chapters 4 and 5 offer strategies for *affordable* solutions, both at the base and at the top of the pyramid. Chapters 6 and 7 are focused on providing *accessibility* by leveraging existing distribution set ups and introducing new ones. Finally, Chapters 8 and 9 focus on creating *awareness* by building brand identity and then going beyond a customer focus to serve the needs of various stakeholders, such as supply chain members, communities, and government and nongovernment agencies. All these strategies are primarily aimed at expanding the market by converting nonusers to users. Here's a snapshot of what the chapters ahead have in store.

Chapter 2, titled "Creating Functional Fusion," speaks to the highly heterogeneous needs and expectations across different emerging markets; these are based on factors like local climate and the genetic makeup of local people that necessitate functional adaptation to make products acceptable (Sheth 2007). For example, the hot and dusty climate of northern India required Panasonic to rethink its air conditioning systems. Variations in skin types and hair texture compel product adaptations in several markets in Asia. Similarly, genetic and health predispositions also require product reformulation. For example, over 90 percent of Chinese consumers are lactose intolerant, so Cadbury Schweppes PLC had to reformulate its chocolates with less milk and, as a result, they also had to use less cocoa to avoid a bitter taste.

The lack of critical infrastructure, such as water and electricity, in many emerging markets also calls for out-of-the-box thinking for product modifications or innovations. For example, Whirlpool Corporation's washing machines for such regions are fully automatic, top-loading machines that restart the washing cycle from the point that a power outage occurred instead of restarting from the beginning of the cycle. They also conserve by reusing water. Companies incorporate local ingredients/components for cost efficiencies. This is especially

the case for food companies since ingredients are prone to spoilage if the supply chain is too long. Often companies retain/employ local talent for better leveraging on-the-ground knowledge. The ability to negotiate regulatory requirements of a country may also compel product and process modifications. IKEA's current domestic sourcing in China and future sourcing as it contemplates entry into India are based on government regulations.

In Chapter 3, "Designing Cultural Fusion," we turn our attention to making products culturally acceptable. If products or services do not take the totality of the customers' lived experience into account, then despite superior functional performance, they may fail due to lack of psychological acceptability. In other words, cultural fusion involves closing the gap between the marketing practices of advanced and emerging markets to improve their psychological acceptance. Cultural fusion includes a holistic view of consumers' local traditions, the history of their consumption experiences, and their aspirations to be contemporary.

Food and beverage companies have been at the forefront of cultural fusion by adapting their menus to local palates. Kentucky Fried Chicken's (KFC's) strategy in China reflects their focus on psychological acceptance. Their menu includes items specifically created for the unique tastes and preferences of Chinese consumers. Extensive market research led to the inclusion of lo mein and other noodle dishes that would not typically be found at KFCs in other countries, but several items incorporated Western elements as well, creating fusion cuisine. Disney's feng shui-influenced theme park design for Hong Kong is also an example of fusion because they leveraged aspects of local culture to make their brand more relevant to the local culture while they also retained Western design elements. Integrating new product categories into the local consumption culture often involves community-level assimilation to minimize the social risk of new product adoption. An example of this is Sula Vineyard's marketing efforts in India where they built the wine market from scratch by creating a wine culture and lifestyle that was a whole new concept for the Indian market. Adapting products to accommodate religion- or faith-based considerations is an important element of psychological acceptance. The rise of Islamic banking, which reflects an ingenuous combination of Western banking and

the religious considerations of Islam, reflects the power of cultural fusion.

In Chapter 4, we move on to affordability considerations. Titled “Democratizing the Offer,” this chapter delves into ways to innovate to achieve low-priced, affordable solutions. Marketers have long acknowledged that, despite a rise in per capita income, consumers in emerging markets have far lower disposable incomes than consumers in developed economies, even after accounting for purchasing power parity. However, determining creative ways of making purchases financially feasible for the BoP can be profitable for companies while also drawing millions into the consumption fold (Prahalad 2006). These large and attractive markets can be targeted by addressing both economic affordability, that is, the ability to pay, and psychological ability, that is, the willingness to pay (Sheth and Sisodia 2012).

Product development in emerging markets is often spurred by the needs of low-income consumers. For example, in Argentina, Sistema Ser/CEGIN transformed healthcare at the BoP by offering a subscription model. Similarly, GlaxoSmithKline came up with vaccines at multiple price levels for a range of middle- to low-income Latin American countries. Going beyond price, Capitec Bank began offering unsecured credit in South Africa, thereby drawing in non-users by helping them overcome noneconomic barriers to purchase. Such products often find markets for similar low-income consumers or those with reduced needs in the developed world; this concept is called *reverse innovation*, and was made famous by General Electric (GE). Levi Strauss & Co. created low-priced Denizen jeans for China, which were eventually launched in the United States, and the brand is now doing very well across segments. Such innovation opportunities are a way for companies to develop critical new skills that are applicable in affluent countries as well.

Managing products throughout their lifecycle is another way of offering affordable solutions. This includes options such as facilitating the sale of used goods, whether in an indigenous street market for, say, home appliances or clothes, or at a higher end, like Manheim’s auction-based market for used cars. Creative financing solutions are another way of democratizing the offer, such as by offering small business financing or even by offering the core product for free and earning revenue with add-on services or advertising.

In Chapter 5, we present an idea contrary to popular perceptions that emerging market consumers only want low-priced products. In “Upscaling the Offer,” we draw attention to the changing shape of the income pyramid in emerging markets as the ranks of the middle class swell and turn the triangle into a diamond. The neo-rich segments in these countries are expanding and creating an opportunity for luxury players to make an impact as well. The Asia-Pacific region is estimated to have more high-net-worth people than North America, though the total value of wealth held in the United States may be higher (Lorenzetti 2015). Thus, emerging markets present huge financial opportunities for companies that can serve upper echelon consumers.

Moreover, affordability means something is within one’s financial means, so the large and growing segments of middle class consumers in emerging markets imply that brands can also be “upscaled” to match the increasing paying capacity of their customers. It is worth noting that many products and brands that are nonluxury in the West are considered luxury products in emerging markets. So as consumers upgrade their consumption, introducing new products and brands to them opens up exciting new prospects for many companies. Since most consumption in emerging markets is of unpackaged, unbranded goods, simply adding packaging, as in the case of Moroccan dates, can transform a commodity into a well-recognized brand that can display/position its country of origin positively. In addition to the inclusion of packaging, accurately positioning, as well as adding services and benefits, adds to the value proposition. Brands like Sundrop in India or Rapoo in China have been able to leverage their success in low-price segments to eventually enter high-priced, value-added segments, effectively reversing their brand lifecycle. Higher prices can become attractive to an affluent audience in emerging markets by emphasizing the brand’s country of origin, which creates a halo effect if it is from the developed world. Several foreign luxury brands have discovered this phenomenon and feature their products on websites like Alibaba’s Tmall in China.

In Chapter 6, we present marketers with a strategy we title “Managing Reach” where we suggest ways of leveraging traditionally available distribution methods to increase access. *Accessibility* refers to the extent to which customers are able to easily acquire and use the product. Not only does this include ensuring the right amount

of product availability (it is neither under- nor overproduced), but it must also be convenient to access the product so the time and effort required to get the product is reduced (Sheth and Sisodia 2012). Distribution is an important challenge for companies to overcome in providing accessibility, given that most emerging markets often lack basic infrastructure, have multiple middle men, and face regulatory as well as scalability hurdles that hamper the physical movement of products to end consumers, especially at the BoP.

Chapter 6 also notes the many existing distribution systems in emerging markets that companies need to adapt to in order to create access. Often companies find that their traditional conceptualization of retailing must change because typical neighborhood stores can just be homes that double as stores with living areas at the back and store counters up front. There are also indigenous channels like street markets, pushcart vendors, and traditional bazaars. Some of these channels such as the Gold Souk in Dubai are fairly organized and increasingly famous international jewelers are setting up shop there. Another way of expanding reach is by collaborating with a variety of partners. Setting up or improving distribution systems in these countries often require partnerships similar to the way Sberbank of Russia partnered with its employees to transform its service quality and delivery. Similarly, SANY in China partnered with its distributors to shoulder some of the risks involved in marketing a relatively new brand. When making channel ownership decisions, businesses must consider the source and level of control they desire, like the way Grupo Los Grobo in Argentina rethought land ownership in order to transform the agro-supply chain.

In Chapter 7, titled “Reinventing Reach,” we propose using technology and other innovative ways for reaching out to consumers. Modern retail formats, like China Resources Vanguard Co. in China, and co-exists with “old” (for the developed world) technologies like vending machines and mobile vans are being used in interesting ways and for unusual products. For example, the South African Revenue Service (SARS) used mobile vans that are being used to fan out to rural areas for increasing citizens’ compliance with tax filing norms. Likewise, ATMs in Africa or India are like multipurpose kiosks dispensing phone recharges as well as agriculture and weather information.

E-commerce websites like Alibaba are huge online marketplaces in the business-to-consumer (B2C) as well as the business-to-business (B2B) space, whereas OLX, which offers free classifieds, has first-mover advantage over Craigslist in emerging markets. Online payment systems such as M-Pesa in Kenya are also revolutionizing ways of providing access to consumers in other emerging markets like India. Indeed, emerging markets are leapfrogging landlines and desktops to using mobile platforms for mobile commerce (m-commerce). Microfinance, another way of increasing reach for financial products, is also discussed in Chapter 7.

Chapter 8, “Building Brand Identity,” addresses the complexities of communicating with consumers in emerging markets. Although multinationals are well-versed in creating brand awareness, they often find themselves floundering when their traditional ways of brand communication do not find favor in emerging markets, such as when content clashes with the local culture, beliefs, and sentiment. Low literacy rates and limited or no access to media further complicate communication. This chapter examines ways in which companies have successfully created awareness about their product categories and increased knowledge about their brands in order to build a strong brand identity. Specifically, we focus on leveraging the source of communication, customizing the messaging, and evaluating the use of either traditional or new channels. Unbranded products can be infused with value by modernizing the packaging as Haldiram’s did in India, successfully branding traditional snacks and sweets that had previously been largely sold as commodities. Using celebrities to build credibility is also a way to leverage the power of communication.

Emerging markets have large youth segments, which companies target using multiple touch points. For example, Micromax, a mobile phone handset manufacturer, positioned itself on innovation and speed, and used music, movies, and cricket, which resonate well with young Indians. Companies can tap many consumers’ aspirations, such as for luxury or status (e.g., Buick in China) and beauty (e.g., L’Oréal in India). Media choice is also critical. For example, rural audiences may be best reached by indigenous media, such as wall paintings or street theater, but for young, urban populations, new media, such as WeChat in China, is appropriate.

Chapter 9 is appropriately titled “Engaging Stakeholders.” Although creating brand awareness increases consumers’ knowledge about the brand itself, an equally, if not more important criteria for success in emerging markets is for the brand to become part of the social, economic, and environmental successes of those countries by demonstrating concern for all stakeholders. Paying attention to the triple bottom line (i.e., people, planet, and profit) is an important way of managing varied stakeholder needs, and it helps companies become a causal part of the success stories of these countries rather than outsiders that merely benefit from opportunities that emerging markets offer.

Education is an important way of managing stakeholder relationships. While companies may need to educate consumers about how or why to use a product/brand, they may also need to educate them about modern sanitary habits, health-conscious consumption, and the environmental impact of consumption. This paves the way for increased brand awareness and also for a more vibrant and sustainable community. Such efforts are typically more successful when community members and leaders are also involved. Many pharmaceutical companies like GlaxoSmithKline in Africa and Latin America, and DuPont in India are engaging such stakeholders.

Co-opting employees and suppliers can help create new ways of creating awareness and preference. This is especially true when traditional media may not have the desired reach in large parts of the country. Establishing manufacturing and supply-chain partners is also an important part of stakeholder management. For example, Nestlé trained farmers, built schools, provided clean drinking water, and even partnered with the government and other organizations to tackle the problem of child labor. Stakeholders also include policy makers and community leaders who can be valuable partners. For example, Microsoft’s Partnerships for Technology Access (PTA) initiative is developing a model for creating strategic technology alliances among different public and private stakeholders. In Chile, PTA has created a public-private partnership called Mipyme Avanza (translation: my small business grows) to enable small businesses to buy their first computers. Internet and business software is provided by partners such as Microsoft, Intel, and Olidata. Similarly, for-profit

and nonprofit companies often collaborate. Thus, this chapter focuses on the various ways that companies can do well by doing good.

Finally, in Chapter 10, “Connecting the Dots,” we combine our learning from global cases and conceptual framework to summarize how you can use our eight strategies built around the 4 A’s framework. In particular, this chapter details how these strategies help address the inherent challenges that companies face in emerging markets. These are summarized in Table 1 in Chapter 10. We also take this opportunity to encourage you to promote mindful consumption as you implement your business strategy. This book plugs the knowledge gap in our understanding and practice of marketing with how to compete in emerging markets by offering a strategic marketing toolkit that managers can deploy in complex, heterogeneous markets.

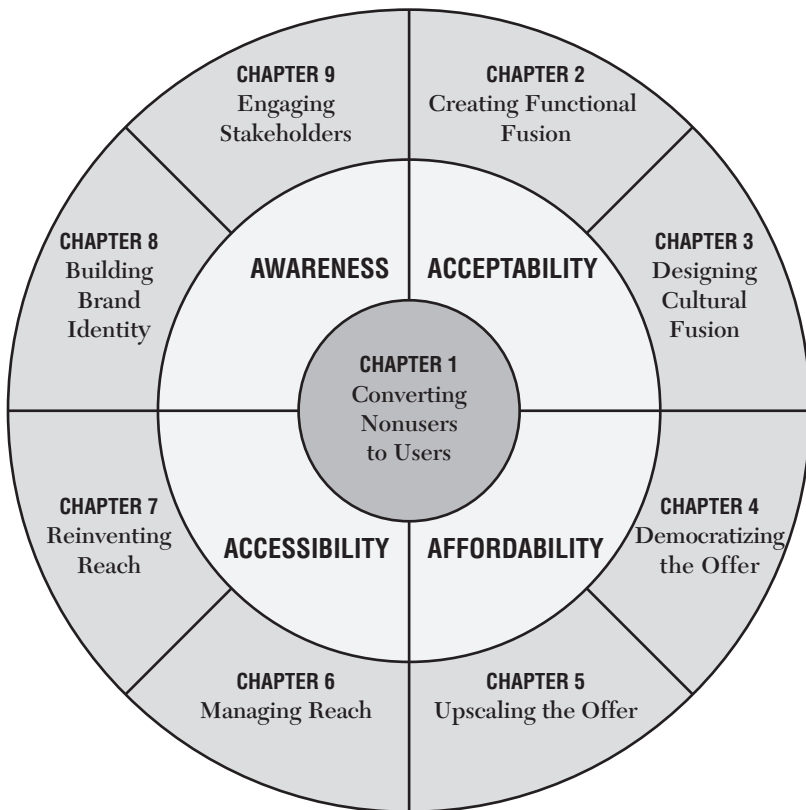


Figure 1: Breakout Strategies for Emerging Markets

Globalization was once about the dominance of Western culture and concepts and *glocalization* was about making adaptations for local sensibilities. *Breakout strategies* transcends its predecessors because it adapts to the new world view by acknowledging the impact of free trade and technology, and social networks that are increasingly weaving the world together. This new world view combines modernization with old-world culture and urges creative adaptation to resource constraints faced by large parts of the developing world (Sheth 2011). Not only does this entail leveraging what exists, that is, thinking in the box, but it also introduces what does not exist, that is, thinking out of the box. Hence, this book is aptly titled *Breakout Strategies for Emerging Markets: Business Tactics for Achieving Market Growth*. We endeavor to help you think differently in order to market differently.

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