



An occasional paper by Phil Allen, CEO, MarketAbility

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Business Growth in Emerging Geographies

During 2004 we featured China in each of our email briefings, as China seemed to be the focus of many marketers attention. We are sure that it will continue to be so, not least because the prospects of growth in the mature economies of North America and Europe are not great and companies based in those continents are under huge pressure to grow. But if everyone is making a bee-line for China, does that not just lead to a bottleneck of competitive activity, which the local Chinese will be only too pleased to exploit, as they have been doing for the last few years, which has led to western marketers holding the misguided belief that China means low price, a myth I hope that we scotched in one of last year's email briefings.

So, where are the other areas of potential growth and value capture? India is the largest democracy in the world and has a large population which can understand the English language. India's wealth is growing through the activities of some very successful local companies, such as Reliance, India's most valuable private company and largest business group. Further, India's economic wealth is being fuelled by the growth of service industries outsourced from western economies. Is India an country of opportunity being ignored by western companies?

May 1st, 2004 saw the expansion of the EU eastwards to include ten new economies, all of whom seek to gain economic growth as a result of their EU membership. These ten countries and their central European neighbours also represent market growth opportunities that are perhaps easier to exploit for European marketers than the opportunities offered by China. Not only because of their proximity, but also because of a closer culture and fewer language difficulties. There is also the factor of similar business processes, which can facilitate trade and business relations between companies in these countries

Turkey has a population of 70 million - almost the size of Germany. Today the wealth of the country is not evident, but the country has ambitious plans to grow the economy and Turkey is beginning to gain political respectability, having been acknowledged as a potential future EU member.

The wealth being created in Middle Eastern countries through the continued exploitation of their indigenous raw materials and the more recent realisation that they can add more value to those raw materials by developing the downstream businesses, which is why there is a flourishing chemicals and plastics industry in the region. Some countries – notably Dubai – are also looking beyond the raw materials and their downstream markets to create wealth from services such as tourism and shopping. How can marketers in the more mature countries capitalise on the growing value creation opportunities in these countries?

Are these countries being neglected by marketers, overshadowed by the overwhelming size of China and the recent easing of access to China markets. Our advice: ignore these other markets at your peril. Having said that, we are not advising marketers to ignore China either, but rather to have a balanced approach in their geographic growth portfolios.

Practical Marketing for Value Growth

WE DO while others only talk

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