Marketing in Emerging Markets: A Theoretical Study

Niayab Komal
Lahore School of Accounting and finance The University of Lahore.

ABSTRACT
In this modern era, companies cannot survive without having strong marketing strategies. In this regard, present research reveals theoretical findings regarding the challenging issue of marketing in Emerging markets. In this study the main attributes of emerging markets are highlighted i.e. variability of infra-structure, variability of customers, variability of income and low rate of labor. Considering these attributes methods and techniques of marketing i.e. segmentation of market, distribution channels, price, product, advertisement and communication with customers are discussed in the context of emerging markets.

Significance of Study
Marketing in emerging markets has crucial importance as emerging markets have rapidly growing population and economic activities. Without targeting the emerging markets multi-nationals cannot earn highest profits. Investment in an emerging market is appropriate to get reasonable return. Formerly economies were working under the supervision of government. Government formulates rules and subsidies for economies (Kornai, 1986) but with the popularity of private enterprises transition economies came into being. Every emerging economy has different political environment, infrastructure, income and size of economy so it is very significant to formulate and implement different and well-suited marketing strategies in emerging economies. Uncertainty in political environment, economic shocks, poor legal structure of markets, corruption, bribery, shortage of skilled labor have increased the risk for domestic as well as for foreign entrepreneurs (Nelson et al. 1998).

Objective and Pattern of Study
Present study is conducted to access the behavior and approach of customers belonging to emerging markets. The objective of present research is to highlight the strategies, methodology and techniques of enterprises to target the emerging economies to get optimal returns on theoretical basis. In last decade many multi-national companies move towards emerging economies with motive of increasing sales, generating returns and establishing a position. The marketing strategies deployed in America and Europe by enterprises is not beneficial for customers of emerging markets. To conquer a market it is essential to conquer its local customers. The needs of Pakistani, Indian and Chinese customers are much different from American customers.

Mostly developed markets are divided into finer segments, rapidly introduced by innovative products and strong network of distributors make the access easy to customers. But in emerging markets this simple strategy is not sufficient. One has to formulate emerging markets marketing strategy according to norms, tradition and needs of local customer. The serious way of catering the emerging market is to cater its customers first.

Keywords
Marketing, Emerging markets.
In present study the relationship between characteristics of emerging markets and marketing techniques is demonstrated. Broadly speaking there are four major characteristics of emerging markets i.e. variability in infrastructure, variability in customers, low income, low rate of labor in association to marketing segmentation, product, price, distribution and advertisement.

Methodology & Techniques

Variability in Infrastructure

Emerging markets have different infrastructure as compare to developed countries. So, marketing analyst should consider the variability of financial, telecommunication, transportation, power and fuel. For instance a bank cheque may take 3 to 4 days or more days for clearance due to lack of financial institutes. Rain-fall or storm may crack down the system of telecommunication. Poor transportation may delay your delivery of products into specific areas or it takes long time to reach at a desired point. Shortage of power like in Pakistan may cause shut down of manufacturing unit and reduce supply of products.

Marketing techniques

Segmentation

In this level segmentation should be made according to facilities of regions and areas. Developed areas, developing areas and under developed areas or it can be divided as rural and urban areas. Special attention should be paid to developing and under-developed areas or rural areas as there can be many hurdles in these areas in term of distribution of product and communication with customers.

Strong Distribution channels:

There is lack of super stores and chain stores in emerging markets. The large volume of trade is carried out through retailer shops. Rural and urban retailers work on different principles. Urban retailers have several brands of all products and companies deliver goods to them on regular time intervals sometimes 3 to 4 times in a day. But rural retailers are not well-aware and they usually have only one brand. It is difficult to deliver goods in rural areas but it is important too. So, companies should appoint their agents to delivery maximum goods in rural areas to increase their sale volume and profits.

Product, Price and Advertisement

Customers want quality products in emerging markets. They are ready to pay for products that maintain their quality consistently. By setting high prices a sharp increase in sale volume can be seen but in emerging markets at entry point to attract the customers and achieve sustainable sales volume low prices are required. In emerging markets people like to shop latest variety near their houses. So, products should be available with all available products. Further, rational customers want durable, well qualified products. They are attracted from packing and different colors. For instance highly qualified people like delicate and light color products as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers buy products because of their moods, customs, trends, fashions and festivals. Education wise customers can be divided into illiterate, primary, middle, matriculation, intermediate, bachelors, masters and post masters. At all level of education customers have different perception, understanding and opinion about brands and products. Some customers have rational thinking they shop rationally and want high savings. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Some customers are brand conscious and want to have high brands as a symbol of honor and grace. Som
conducted to know about the sentiments or opinions of customers. To convince illiterate customers, companies should send their agents with free samples to them to communicate about products. They should maintain stalls and free information centers for illiterate consumers.

**Different Income group**

Emerging markets have an attribute of low income. The residential of emerging markets mostly have low incomes. The customers of emerging markets can be described as government employees, semi government employees, private employees, monthly, daily and hourly wage employees.

**Segmentation**

In this category segmentation should be made according to level of income i.e. Low income customers, medium income customers and high income customers. Marketing strategic managers should focus on each group individually.

**Distribution**

Products should be distributed at different point of sales mostly at retailer shops in all areas and region of countries. Besides that it should be distributed at super stores, chain stores and big shopping plazas.

**Product, price and advertisement**

Low income people focus on basic necessities of life. Their main priority is to full fill their basic needs. Companies should focus them for the sale of basic goods like flour, bread, edible oil and pulses. Customers with medium income focus on necessities and to some extents luxuries. The companies of television, furniture and clothing etc should focus them. High income people in emerging markets are keen of branded cars, jewelry and antiques as a symbol of status. The price of product for low income should be settled at low level. Moderate prices for medium class and high prices for elite class should be set. Different advertisement modes are effective for different classes. High income group should be attracted by glamorous advertisement. Medium class group should be attracted by using electronic and printed media. And low income group by the retailers who keep the product of company.

**Communication**

Direct communication can be done by high income people to get their feedback and response on luxuries products through E-mail, phone or customer service agent. Medium class people can be connected through telephone, questionnaire and electronic media. Low class people are well connected with retailers, so company should appoint retailers as their brand or product sellers and to get feedback about product, face to face communication can be done with these customers.

**Low rate of labor**

In emerging markets, the labor is very cheap and it has a tradition trend of growing vegetables and manufacturing different products themselves. Customers want to buy product when it cannot be made by them. For instance, companies offer products that reduce time and effort of humans. But in emerging markets due to large population, poor planning, lack of education and lack of job opportunities compel people to do work at low rate. For instance customers do not use cleaning machines as they are expensive and house cleaning labor is cheap in emerging countries.

**Segmentation**

Segmentation should be done differently in this category. As people have option of low labor for instance instead of buying washing machine people hire labor to wash clothes. They the cost of time is low for people in emerging markets so products are to be positioned in a trendy and efficient manners so that it can appeal people to buy washing machine and hire a labor to operate it.

**Distribution**

Distribution by using all heavy means of distribution like machinery needs huge amount of capital. In this way the cost of product goes up and it should not attract the customer of emerging markets. Small sale points, individual sale gents and small retailer shops are best to achieve the desired sales volume.

**Product, price and advertisement**

Customers in emerging markets have to decide whether they want specific product or want to manufacture it. In emerging markets, transportation, labor and material cost is low, so people can easily make products at home instead of buying from the market. They have to decide that available product is available at low rate as compare to own cost of manufacturing? The quality of product is extensively good and up-to-mark. The product has unique features that cannot be obtained by making the product at home. Low prices should be set in emerging markets. Media advertisement is far expensive so personal visits are more beneficial in this regard.

**Communication**

The cost of communication with electron, printed and social media is intensively high as compare to the cost of door to door visits, small points of conversation and personal sales visits are highly effective in emerging markets.

**Conclusion**

Multi-national companies are not able to cater billion of emerging market customers. Emerging markets are different from developed markets. Most of multi-national companies have experience of developed markets and they are trying to work on same footing in emerging markets. But emerging markets have their own attributes. The highlighted attributes in this study are variability in infra-structure, variability in customers, different income groups and low rate of labor. While considering these attributes marketing techniques like segmentation, distribution, price, product, advertisement and communication with customers is described in detail. On the theoretical basis it is concluded that low prices are suitable for emerging markets so that companies should minimize their cost of production. Products with consistent quality and not easily manufactured at home at low cost are attracted in emerging markets. Different and mix sources of advertisement and communication are appropriate in emerging markets i.e. through electron, print, social media, door to door visits, personal sales and small conversation centers. Different attributes of emerging markets need to address differently in term of segmentation. Segmentation can be made on the basis of rural or urban areas, educated or illiterate customers, rational or irrational customers, low income, medium income or high income and segment of cheap labor or costly labor. Mix distribution strategies and techniques should be used in emerging markets.

**Limitations of study**

- Present study is based on theoretical facts about attributes of emerging markets and marketing techniques. Practical facts can be different from present findings.
- Present study is based on the personal concepts and observations of researcher, these observations can be changed in different circumstances.

**References**

NIRAJ, D. and AMITAVA, C., (2000), Rethinking marketing...
programs for emerging markets., Working paper series, paper no. 320
INTERNATIONAL FINANCE CORPORATION (IFC) (1999) database