

Cracking the code for selling into the developing world

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Consumers in the developing world are some of the world's best customers - emerging economy markets have contributed more than half of the Coca-Cola Co.'s global revenue since 2006, and Mexico, China, and Brazil were the three largest non-US contributors. But the best way for large consumer packaged goods companies to reach these markets remains a challenge. New research suggests that different combinations of package sizes, price, and merchandising work more effectively depending on whether the products are moving through mom-and-pop stores or large, self-service chains.

This marketing challenge and an analysis of a typical emerging economy market - in southeastern Brazil - are described in "Consumer Brand Marketing through Full- and Self-Service Channels in an Emerging Economy," to be published in the December 2015 issue of the *Journal of Retailing*. The authors are Professors Rajkumar Venkatesan and Paul Farris of the University of Virginia's Darden Graduate School of Business, Leandro Guisconi of the São Paulo School of Business Administration, Fundação Getulio Vargas (FGV), and Marcos Fava Neves of the School of Economics and Business, FEARP, University of São Paulo.

The authors analyzed sales of all brands of soft drinks, plus related advertising, promotions, and in-store merchandising, over more than four years in a largely urban region in southeastern Brazil. The area included both large chain retailers and small independent stores, enabling the authors to construct a complex pattern of what type of packaging,

price, and merchandising worked best in the different venues.

According to the authors, the effectiveness of marketing mix elements varies with the channel format. For instance, where full-service, mom-and-pop stores predominate, mass advertising is less effective but package size variety is particularly important to the marketing mix and brands' channel relationship programs support price increases with no decrease in sales. "Our study highlights that marketing mix strategies popular in the self-service-dominant channels of developed economies are not as effective in the full-service formats that remain important in emerging economies," they write.

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