

Finding the markets in emerging markets

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The billions of consumers in developing countries are tantalizing to global consumer packaged goods companies, but they're hardly low-hanging fruit. They're more like a mega-crop of berries hanging off the tiniest, most difficult to reach branches of very tall and spreading trees. New research described in the December 2015 issue of the *Journal of Retailing* details the difficulties in reaching these consumers and proposes an econometric model to help firms develop a multichannel distribution strategy tailored to emerging markets.

In "Leveraging Distribution to Maximize Firm Performance in Emerging Markets," V. Kumar, the Richard and Susan Lenny Distinguished Chair Professor of Marketing at Georgia State University, along with doctoral candidates Sarang Sunder and Amalesh Sharma at Georgia State's Center for Excellence in Brand and Customer Management, studied brand, product form, and store format alignment in India to help marketers overcome the challenges of selling into a heterogeneous market with a chronic shortage of resources, unbranded competition, and inadequate infrastructure.

In India, the authors write, fully 95 percent of goods reach consumers through small, unaffiliated mom-and-pop stores, street vendors, stalls, and the like, not through huge and well-organized chain retailers like Walmart. The unstructured nature of the market provides managers with scant data to make optimal distribution decisions. The authors analyzed longitudinal data from a large Indian consumer packaged goods company and fed it into their framework for aligning brands, product forms, and store formats, and determined that by utilizing their re-allocation

strategy the Indian company would have increased profits by nearly 8 percent.

The authors conclude: "Our research highlights the importance of understanding the unique marketing elements that are at play in an emerging market, and also helps open avenues for future research."

Provided by New York University

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