

THE 86% SOLUTION

How To Succeed in the Biggest Market Opportunity of the 21st Century

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MAIN IDEA

The developed world contains the wealthiest 14% of the world's population. Most global businesses have traditionally focused on selling to those customers, but it's getting harder to make money that way because these markets are over-served and hyper-competitive. The biggest marketing opportunity of the twenty-first century will be to sell to the other 86% of the population who live in developing nations. By selling products into emerging markets, tremendous rates of growth and profitability can be achieved.

The business "rules of engagement", however, are quite different when you serve emerging markets. It's not just a matter of offering a third-world version of your existing products and services. Instead, there are nine specific characteristics of emerging markets you need to be aware of and nine specific strategies for taking advantage of those market characteristics. At the very least, to succeed in these markets, you'll need to challenge the prevailing business wisdom. Each of these characteristics of emerging markets represent an opportunity to gain a competitive advantage for whichever companies come up with the most appropriate solutions.

In all, the 86% market is such a substantial commercial opportunity the key question is not whether you should be in this market but whether you can afford not to be.

Market Characteristic	86% Strategy	Page
1. These markets are very demanding.	<i>1. Don't build a car when a bullock cart is more appropriate.</i> Be prepared to adapt your products and services to the needs of customers in the emerging markets rather than expecting them to accept second-rate goods.	Page 2
2. Migration to the developed world.	<i>2. Get a share of the "ricochet economy" .</i> Find ways to serve the people living and working in the developed world who regularly send back money and goods to their families and relations living in the emerging world.	Pages 2 - 3
3. These markets are highly fragmented.	<i>3. Find meaningful ways to connect your brand to the market.</i> Tailor your brand to the actual needs of customers in the developing world rather than seeing them as extensions of what works elsewhere.	Pages 3 - 4
4. The populations are youthful and growing.	<i>4. Think young.</i> In the developed world, the population is getting older. In emerging countries, the youth market is just beginning. This is where most of the world's population growth will occur. Get used to it and act accordingly.	Page 4
5. People have limited incomes and space.	<i>5. Grow big by thinking small.</i> Instead of "supersizing" your products, reduce your package sizing and offer small payment options. Let people pool their demand and cater to just-in-time ordering systems.	Page 5
6. Business infrastructure is weak.	<i>6. Bring your own infrastructure.</i> Look at this as an opportunity to make money by filling in the gaps. Bring your own generators, invertors, water purification systems and other resources. Develop what is needed and make that available to others looking to move ahead.	Pages 5 - 6
7. Technology is very underdeveloped.	<i>7. Look for "leapfrog opportunities".</i> View the lack of legacy systems as an incredible opportunity to create new systems from scratch which use new technology. There won't even be any switching costs for customers to come on board.	Pages 6 - 7
8. Distribution channels are weak.	<i>8. Take the market to the people, not the other way around.</i> Patch together a working distribution system, even if it appears quirky and idiosyncratic. Find ways to get your products and services to the people.	Page 7
9. Markets are evolving rapidly.	<i>9. Be prepared to develop with the market.</i> Evolve your business and adapt as the needs of the emerging markets change. Look for successful ideas and business models you can import from other markets.	Page 8

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