

Business Scenario in Emerging Markets

Marketing leaders have to monitor competitive forces in emerging business environment to exploit opportunities

The number of Fortune Global 500 companies from the emerging world will escalate to more than 45% by 2025, up from just 5% in 2000, according to McKinsey Global Institute (MGI). Nearly 230 Fortune Global companies will have their location in the emerging world cities by 2025, up from 24 in 2000. The fastest growing urban cities will have millions of rich consumers with the highest growth, who buy products from global corporations where the developed world faces slower growth due to ageing.

Nearly 7000 new companies will cross their annual revenue of \$1 billion in a decade and 70% of them will most likely to represent emerging economies. The rate at which new comers overcome industry leaders will probably go up.

Competitive forces are the factors that influence the competitive position of a company in an industry or market. Competitive forces according to Michael Porter are five that include (1) bargaining power of the buyers, (2) bargaining power of suppliers, (3) threat of new entrants, (4) substitutes, and (5) rivalry among existing companies. The marketing environment is affected by the level of competition.

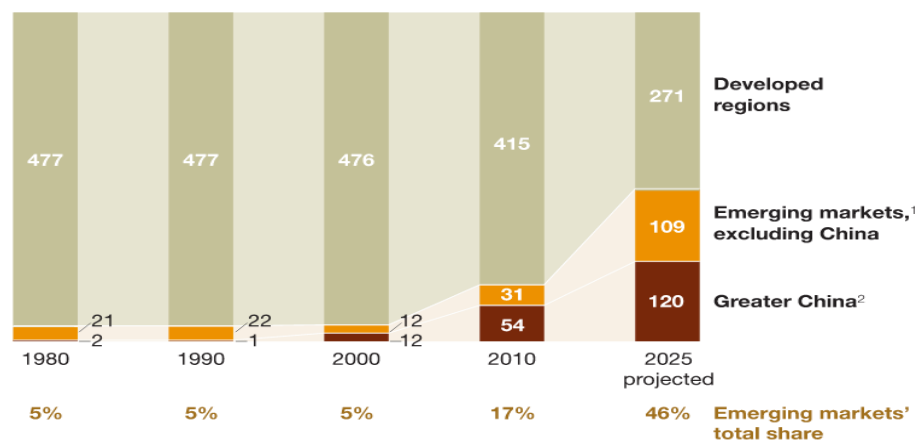
The Features of Emerging Companies in Emerging Markets:

Marketing leaders have to monitor emerging business environment to exploit opportunities

- Emerging companies disrupt entire industry landscape by offering superior products at cheaper price, by reaching customers faster, by innovative business processes
- Emerging companies are more agile and prepared to invest for long-term benefits
- Emerging companies focus on expanding into global markets

http://www.mckinsey.com/insights/urbanization/urban_world_the_shifting_global_business_landscape

The Fortune Global 500 by location, number of companies



¹Africa, Eastern Europe and Central Asia, Latin America, Middle East, South Asia, and Southeast Asia.

²China, Hong Kong, Macau, and Taiwan.

Source: McKinsey Global Institute CompanyScope database of companies with revenues ≥\$1 billion a year

Emerging Opportunities:

- The broader customer base hence companies have to rethink their sales network
- Emergence of new cities where new industry hotspots become busiest business centers. For example, Hsinchu in Taiwan is a hub for many billion-dollar companies of electronic industry
- Companies are opening multiple corporate centers in multiple locations. For example, GE has multiple locations for decision making, R&D, services etc.
- The leading cities will hold disproportionate share of company growth in the near future. For example, Sao Palo may triple the large companies' base by 2025.
- 280 of emerging cities will host a large company for the first time and become new hubs for global industry network
- Singapore has become a better choice of location for multinationals
- Cities with the high quality life such as Prague, Sydney, and Toronto attract more foreign operations of MNCs.

Topics	Course
Competitive forces : Marketing environment : Unit 3.3	Marketing Management

Source: Richard Dobbs and others (2013), *Urban World: The Shifting Global Business Landscape*, McKinsey Global Institute, Oct 2013.