Impact of Emerging Markets on Marketing: Rethinking Existing Perspectives and Practices

The core idea of this article is that five key characteristics—market heterogeneity, sociopolitical governance, chronic shortage of resources, unbranded competition, and inadequate infrastructure—of emerging markets are radically different from the traditional industrialized capitalist society, and they will require us to rethink the core assumptions of marketing, such as market orientation, market segmentation, and differential advantage. To accommodate these characteristics, we must rethink the marketing perspective (e.g., from differential advantage to market aggregation and standardization) and the core guiding strategy concepts (e.g., from market orientation to market development). Similarly, we must rethink issues of public policy (e.g., from compliance and crisis driven to purpose driven) and the marketing practice (e.g., from glocalization to fusion marketing).

Keywords: emerging markets, affordability, sustainability, inclusive growth

The purpose of this article is to analyze and propose the impact of emerging markets on existing marketing perspectives and practices. As Zinkhan and Hirschheim (1992) and, more recently, Sheth and Sisodia (1999) point out, marketing is a contextual discipline. Context matters, and historically the discipline has adapted well in generating new constructs and schools of thought unique to the marketing discipline (Hunt 1991).

As emerging markets evolve from the periphery to the core of marketing practice, we will need to contend with their unique characteristics and question our existing practices and perspectives, which have been historically developed largely in the context of industrialized markets. Most emerging markets are highly local and governed by faith-based sociopolitical institutions in which public policy matters. They also suffer from inadequate infrastructure and chronic shortage of resources. Most of the competition comes from unbranded products or services, and consumption is more of a make versus buy decision and less about what brand to buy. Therefore, many beliefs that are fundamental to marketing, such as market segmentation, market orientation, and brand equity, are at odds with the realities of emerging markets. At the same time, the growth of emerging markets offers great opportunities to develop or discover new perspectives and practices in marketing, which may become valuable for the neglected and economically nonviable markets in advanced markets. This will require a mind-set change in the way we perceive emerging markets.

This article is divided into four parts. In the first part, I describe why and how growth of emerging markets is inevitable. In the second part, I focus on the five unique characteristics of emerging markets and their inherent comparative advantages. In the third part, I discuss how we will need to rethink marketing theory, strategy, policy, and practice in light of the unique nature of emerging markets. I also offer several propositions for further research. In the final section, I provide implications for marketing practice, function, and research.

Growth of Emerging Markets

A major recent context is the growth of emerging markets (Gu, Hung, and Tse 2008; Hitt et al. 2000; Hoskisson et al., 2000). It is estimated that by 2035, the gross domestic product of emerging markets will permanently surpass that of all advanced markets (Wilson and Purushothaman 2003). On a purchasing power parity index, China is already equivalent in market power to the United States, and India is the third largest market, according to International Monetary Fund 2008 data. Just as the last century was all about marketing in the advanced economies, this century is likely to be all about marketing in the emerging markets (Engardio 2007; Sheth 2008; Sheth and Sisodia 2006). Therefore, the fundamental question to consider is this: Will the emerging markets be driven by marketing as we know it today, or will the emerging markets drive future marketing practice and the discipline?

Several factors are responsible for the growth of the emerging markets. First, economic reforms in Brazil, Russia, India, and China (BRIC) have unlocked markets protected by ideology and socialism. As a result, some of the best capitalist markets today are ex-communist or ex-socialist countries. This policy change has resulted in creating altogether new markets for branded products and services. Second, all advanced countries are aging, and aging very rapidly. As a consequence, their domestic markets are either