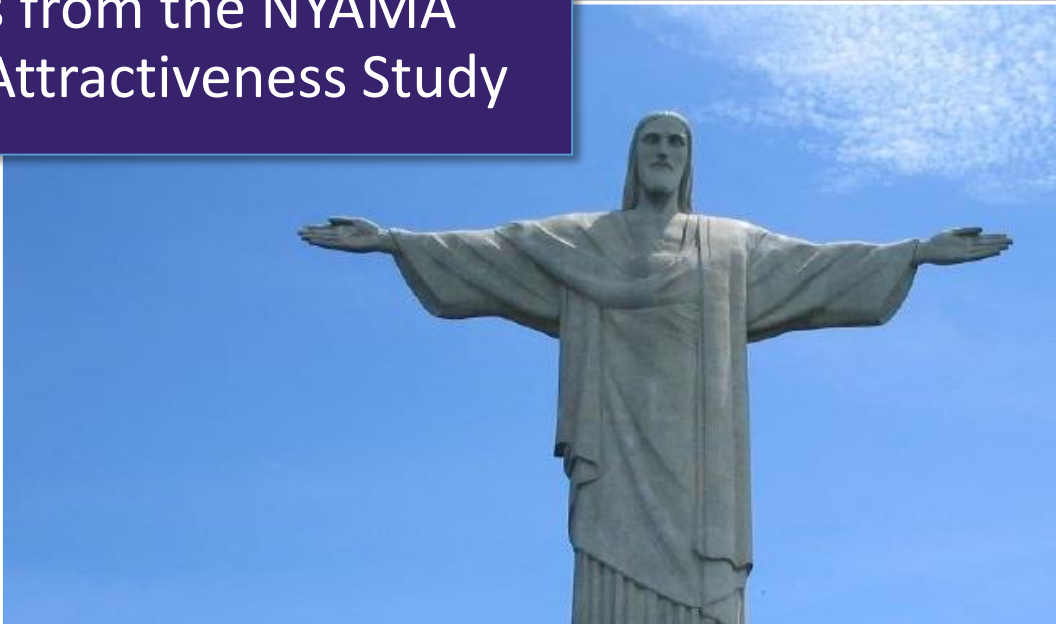




Drop the BRICs, Launch the ICBM:
and other lessons from the NYAMA
Emerging Markets Attractiveness Study



2015 NYAMA Emerging Markets Attractiveness Index

About the Report

“Global marketing” is a buzzword today – yet nobody has much information about which markets are on marketers’ minds. There is a multitude of surveys published on CMOs and their concerns and challenges, particularly budgets, clients, and the deployment of new technologies. There is also a plethora of polls on emerging and frontier markets—but their focus is on investment opportunities they offer rather than selling into them. Yet the greatest challenge in contemporary marketing—the entry into the marketplace of several billion people in emerging markets—gets short shrift.

This unique report from the New York branch of the American Marketing Association (NYAMA) is the first attempt to fill this gap. It explores which emerging markets appeal most to American marketers, as well as which markets they are in and are going into.

It is intended for marketers, both brand owners and agencies, as well as journalists, policy-makers, development organizations, and others concerned with the growth of emerging markets. It will let marketers benchmark their strategies against those of other firms and to consider potentially missed opportunities. For those concerned with development, it offers a glimpse of marketers’ thinking on the opportunities presented by different countries and their evolving place in the world market.

This survey was developed and analyzed by Charney Research and fielded by Research Now from December 16, 2014 to January 26, 2015 with a panel of 315 marketing executives drawn from both brand owners and agencies. This first release will be followed this summer by a more comprehensive report on American marketers and emerging markets.

For NYAMA, this study offers an opportunity to help our members and the marketing community keep up with developments that are transforming our field. It also helps to establish NYAMA’s position as a leading voice in marketing to global markets.

For Charney Research, a survey research firm specializing in emerging markets, we believe a better understanding of such markets is key to bringing them into the global marketplace, to benefit both the firms that enter and their own people. We will continue to track these developments and look forward to your feedback, comments, and suggestions on this report and its successors.

Craig Charney
April 2015

Executive Summary

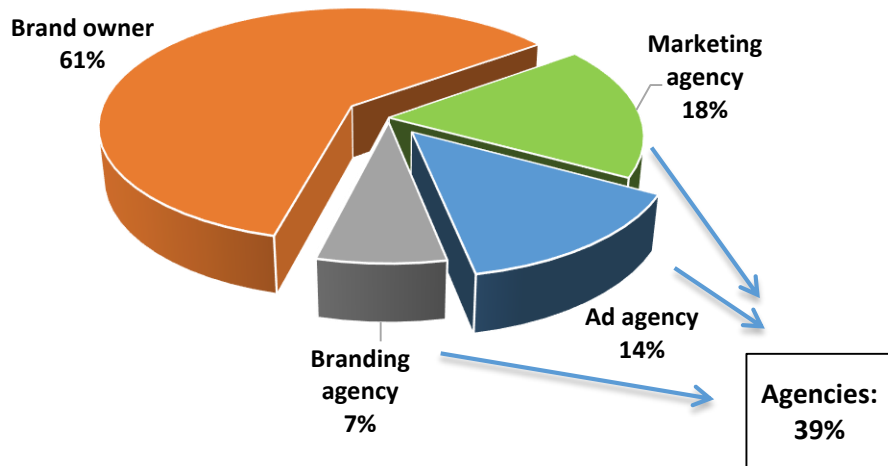
1. While the BRICS may have riveted investor attention, they're over for marketers, who are now targeting the ICBM: India, China, Brazil, and Mexico.
2. Frontier markets still make American marketers nervous. They're more likely to go into established emerging markets.
3. Many US marketers are hitting "pause" on globalizing marketing – over half won't go into any new emerging markets this year.
4. Smaller firms are globalizing markets most aggressively. They are the only size category where most are entering new emerging markets.
5. The Asia-Pacific and Latin American regions hold the most allure for small and medium firms. The largest are moving fastest into Latin America and the Middle East.
6. For big firms, South America (Colombia, Brazil, and Chile) and South Africa are the top new markets, as they fill in gaps in global markets.
7. Medium-sized firms, more cautious and less present, focus on the old top dogs (India, China), then the ABC countries: Argentina, Brazil, and Chile.
8. Smaller firms are charging into the ICBM countries.
9. Most producer goods and consumer durables makers will enter new emerging markets in 2015 – most consumer non-durables and services firms won't.
10. Marketers may be missing opportunities in Africa north of South Africa.

Methodology

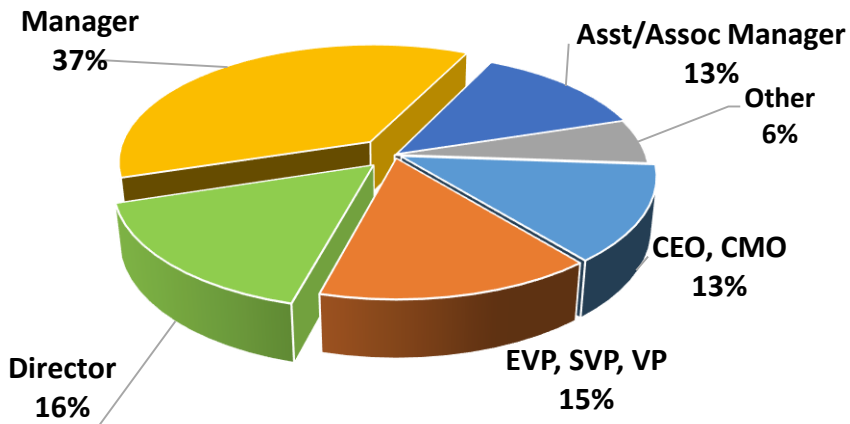
- This is an online survey of 315 marketers at US-based firms, both brand owners and agencies, fielded between December 16th 2014 and January 11th 2015. Of the respondents, a sample of 308 individuals was drawn from the panels maintained by Research Now, which fielded the survey. The remaining 7 came from the NYAMA mailing list after the Association sent invitations to those on it.
- The survey questionnaire was prepared by Dr. Craig Charney and Shehzad Qazi of Charney Research and Prof. Donald Sexton of Columbia Business School. Dr. Charney and Mr. Qazi conducted the analysis and prepared the report. Michelle Montbertrand designed the report cover.
- Jeffrey Klonoski and Shehzad Qazi managed the project, and Chao Liu, Erin Diggs, Kelli Roy and Pablo Bejar at Charney Research helped produce the report.

Respondent Characteristics

Where they work
N = 315



Respondent position



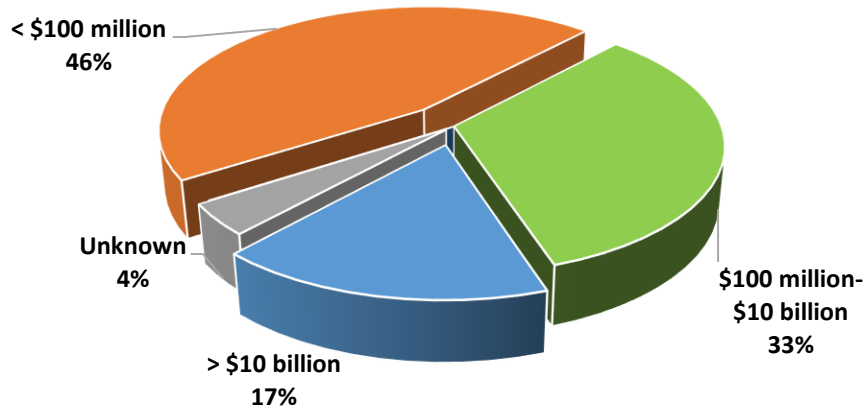
Of the 315 respondents of this study, all are decision-makers for marketing, advertising, branding, or market research.

Some 61% are brand owners from a wide variety of industries (details next page). Some 39% were drawn from agencies, with 18% in marketing firms, 14% advertising, and 7% branding.

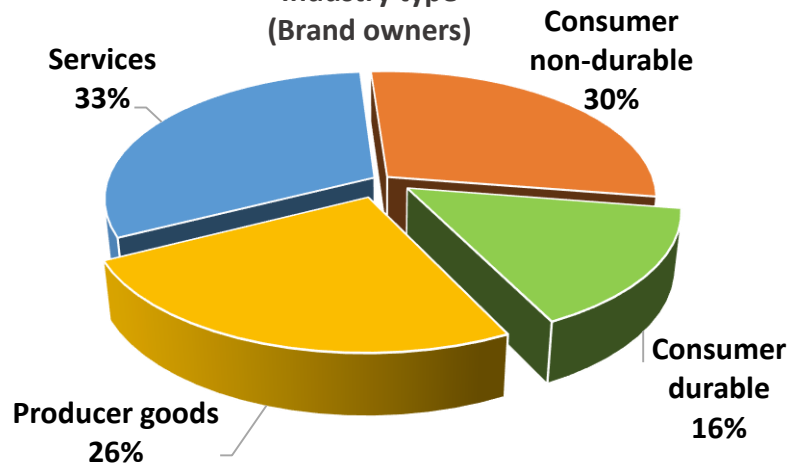
Nearly half (44%) are senior-level: 13% CEOs or CMOs, 15% Vice-Presidents, and 16% directors. Most of the rest are mid-level: managers (37%), including brand managers, and assistant or associate managers (13%). Other posts were held by 6%.

Firm Characteristics

Company size
(Annual sales)



Industry type
(Brand owners)



All firms in the survey sell their products, services, or projects in at least one foreign market.

By size, 46% are comparatively small, with annual sales of under \$100 million. One-third (33%) fall into our middle category, with sales between \$100 million and \$10 billion. One in six (17%) has sales over \$10 billion. The sales totals for 4% are not reported.

Among the brand owners, 33% were in services firms, 30% consumer non-durables, 16% consumer durables, and 26% producer goods companies.

Drop the BRICS, Launch the ICBM

Percent considering each market very attractive

Rank	Country	Very Attractive	Rank	Country	Very Attractive
1	China	72%	14	Thailand	22%
2	Brazil	66%	15	Philippines	19%
3	India	51%	16	Vietnam	18%
4	Mexico	41%	17	Colombia	17%
5	Argentina	36%	18	Romania	16%
6	Poland	29%	19	Malaysia	14%
7	UAE	29%	20	Indonesia	13%
8	Turkey	27%	21	Egypt	13%
9	Russia	27%	22	Ukraine	12%
10	Singapore	27%	23	Venezuela	11%
11	Chile	27%	24	Nigeria	8%
12	South Africa	24%	25	Kenya	6%
13	Saudi Arabia	24%	26	Iran	4%

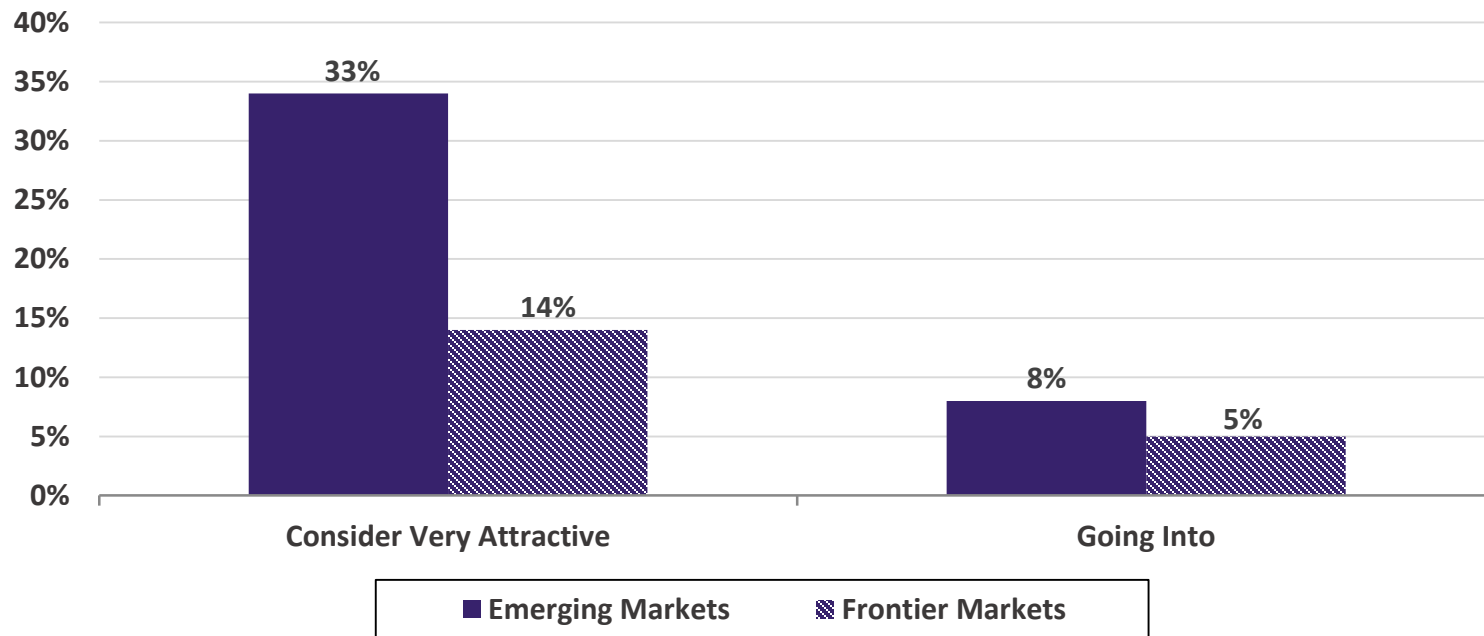
The **BRICS** are a thing of the past as far as American marketers are concerned: Russia (no.9) and South Africa (no.12) are way down in the attractiveness ratings. The most attractive emerging markets to marketers are India, China, Brazil, and Mexico. **They're ready to launch the ICBM!**

The others in the top 10 are medium-sized, fairly successful countries—Argentina, Turkey, and Poland—and small but wealthy ones (UAE and Singapore)

Frontier markets (in bold) attract marketers less. Of the 11 we asked about, 10—all but Argentina—fall in the lower half of the index.

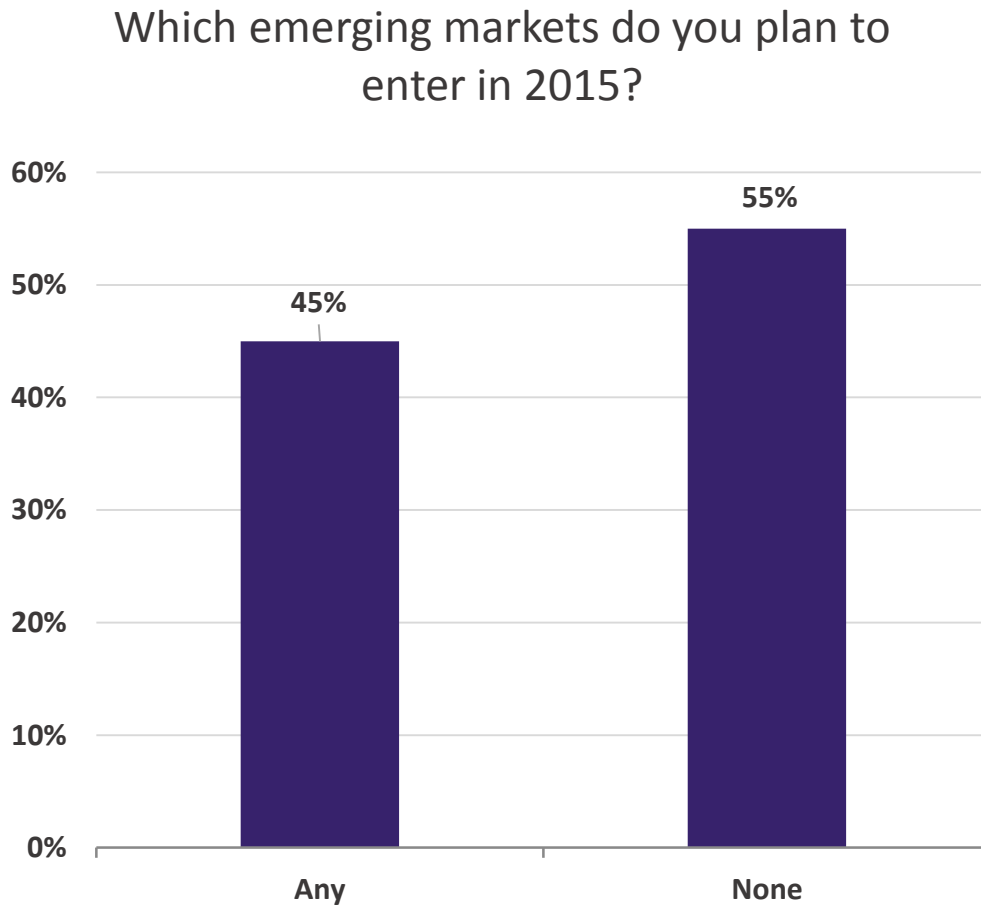
The Frontiers Are Too Wild

Averages across all countries in study



Marketers find frontier markets much less attractive than more established emerging markets and are less interested in setting up shop there.

Are Marketers Hitting “Pause” on Globalization?



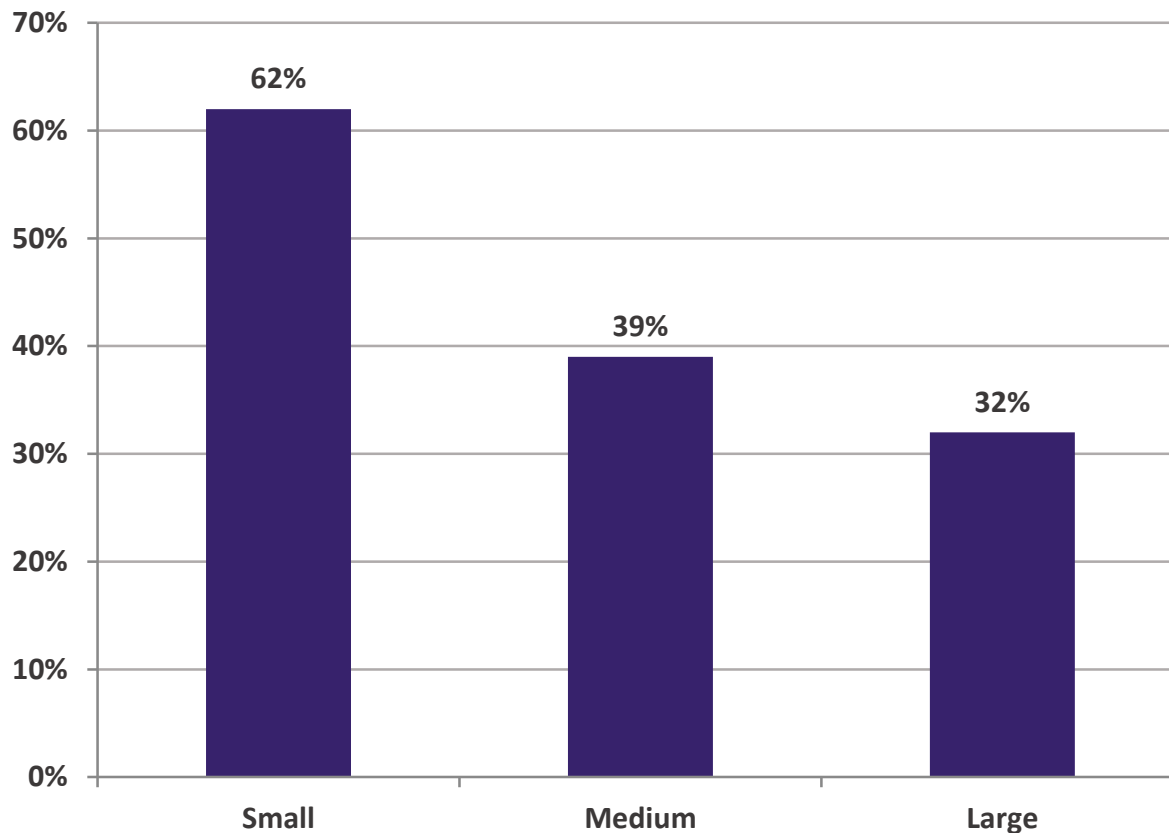
Perhaps the biggest surprise of our survey: **the majority of the US marketers we surveyed—55%—say their firms will not enter a single new emerging market in 2015.**

This may reflect that they are content with the markets they have, or think the good ones are taken, or believe emerging market growth is slowing down.

But while the global reach of American firms is very real, American marketers are not charging into emerging markets where they have not been before.

Size Matters, But Not How You Expect

Proportion planning to enter one or more new emerging markets in 2015

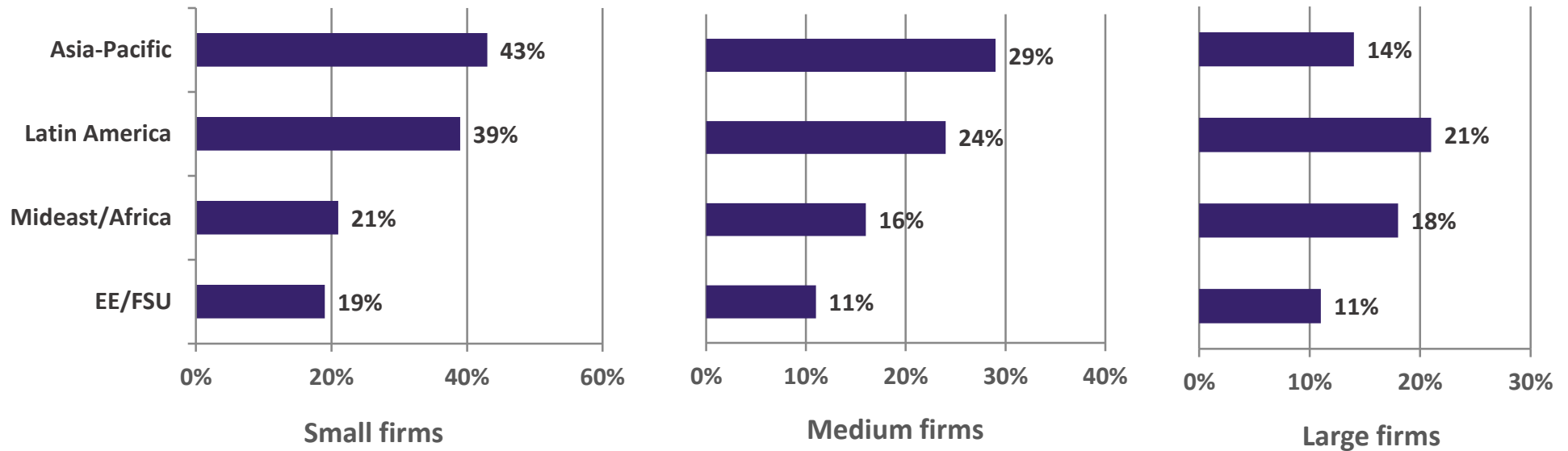


Smaller firms are globalizing their marketing most vigorously. Over three-fifths of small firms plan to enter new emerging markets this year. In contrast, only one-third of large firms and two-fifths of medium-sized ones expect to do so.

This may partly reflect the head start in globalization that larger (and often older) firms have enjoyed. But while larger or medium firms might be expected to be carrying the torch for global marketing forward, smaller firms are doing the most to advance it.

Small Firms Go South and West, Big Ones South and East

Regions where markets firms plan to enter are located



For smaller and medium-sized firms, the Asia-Pacific and Latin American regions are drawing the most market entrants. In contrast, for large firms, Latin America is the most attractive, followed by the Middle East and Africa.

For Big Firms, Bogota is the New Beijing

Rank	Going Into		Present	
1	Colombia	11%	China	91%
2	Brazil	9%	Brazil	88%
3	South Africa	9%	Mexico	83%
4	Chile	9%	India	81%
5	China	7%	South Africa	76%
6	India	7%	Russia	71%
7	Russia	7%	Thailand	71%
8	UAE	7%	Argentina	69%
9	Philippines	7%	Saudi Arabia	69%
10	Mexico	5%	Poland	67%
11	Argentina	5%	Chile	67%
12	Saudi Arabia	5%	Colombia	64%
13	Poland	5%	Philippines	64%
14	Ukraine	5%	Indonesia	64%
15	Indonesia	5%	UAE	62%

50-70% of firms present
 >70% of firms present

Colombia tops the new target markets list of big firms for 2015 as they fill in gaps in their global presence. Chile ranks No.4.

Colombia benefits from strong growth, a medium-sized market, and the tantalizing prospect of peace after decades of internal conflict. Chile is seen as South America's success story, the likeliest to enter the developed world.

In fact, 8 out of the 15 leading new markets for large US firms are the ones where the American presence is somewhat weaker— 60% to 70% of such companies are there (countries in yellow).

But the top of the chart is largely filled by entrants to the most popular emerging markets, where over 70% of the large firms surveyed can already be found. Big firms are feeling pressure to match their competitors across the emerging world.

Big firms are feeling pressure to match their competitors across the emerging world.

Caution is the Rule for Medium-Sized firms

Rank	Going Into		Present	
1	India	15%	China	65%
2	China	13%	Mexico	59%
3	Argentina	10%	Brazil	56%
4	Brazil	9%	India	44%
5	Poland	8%	Russia	38%
6	Colombia	7%	Argentina	33%
7	Mexico	7%	Singapore	32%
8	Chile	5%	Chile	32%
9	Egypt	4%	Thailand	28%
10	Indonesia	4%	Philippines	28%
11	South Africa	3%	Poland	27%
12	UAE	3%	Malaysia	25%
13	Russia	3%	South Africa	24%
14	Turkey	3%	Saudi Arabia	24%
15	Malaysia	3%	UAE	22%

■ 20% or fewer
 ■ 21%-50% of firms in country
 ■ 50%-70% of firms in country

Medium-sized firms are far less globalized in their marketing than large ones, and the few that are striking out into new markets are mainly following well-worn paths.

The majority of medium firms in our study are present in only 3 countries, China, Mexico, and Brazil, while between one-third and one-half are in India, Russia, and Argentina.

The four most popular new destinations are drawn from that group, though the medium firms also got the memo on Colombia, No.5.

The only other country without a moderate presence of medium firms to make the top 15 is Egypt, a surprise given its instability and economic problems.

Russia, plagued by war and sanctions, and Turkey and Malaysia, suffering from political turmoil, bring up the rear among the top 15 countries are going into. Otherwise the countries on the list represent stability and safety: medium-sized firms seem allergic to political risk.

Smaller Firms Are Taking the Globalization Plunge

Rank	Going Into		Present	
1	Brazil	22%	China	53%
2	Mexico	22%	Brazil	53%
3	China	15%	India	49%
4	India	15%	Mexico	42%
5	Singapore	13%	Russia	30%
6	Russia	12%	UAE	28%
7	Chile	12%	Singapore	26%
8	Thailand	12%	Argentina	26%
9	Philippines	12%	Philippines	23%
10	Poland	10%	Saudi Arabia	23%
11	Argentina	10%	South Africa	21%
12	UAE	10%	Turkey	21%
13	Turkey	10%	Chile	19%
14	Vietnam	10%	Vietnam	19%
15	South Africa	9%	Thailand	18%

The **most enthusiastic globalizers are the smaller firms** in our survey, who seem to have taken President Obama's challenge to boost US exports to heart. Among the 26 emerging markets in our study, 10% of small firms are going in on average, compared to 8% for medium firms and just 5% for large firms.

This partly reflects their smaller global footprint: the majority of small firms are in only two countries, China and Brazil. Across the board their presence level is considerably lower than that of larger firms.

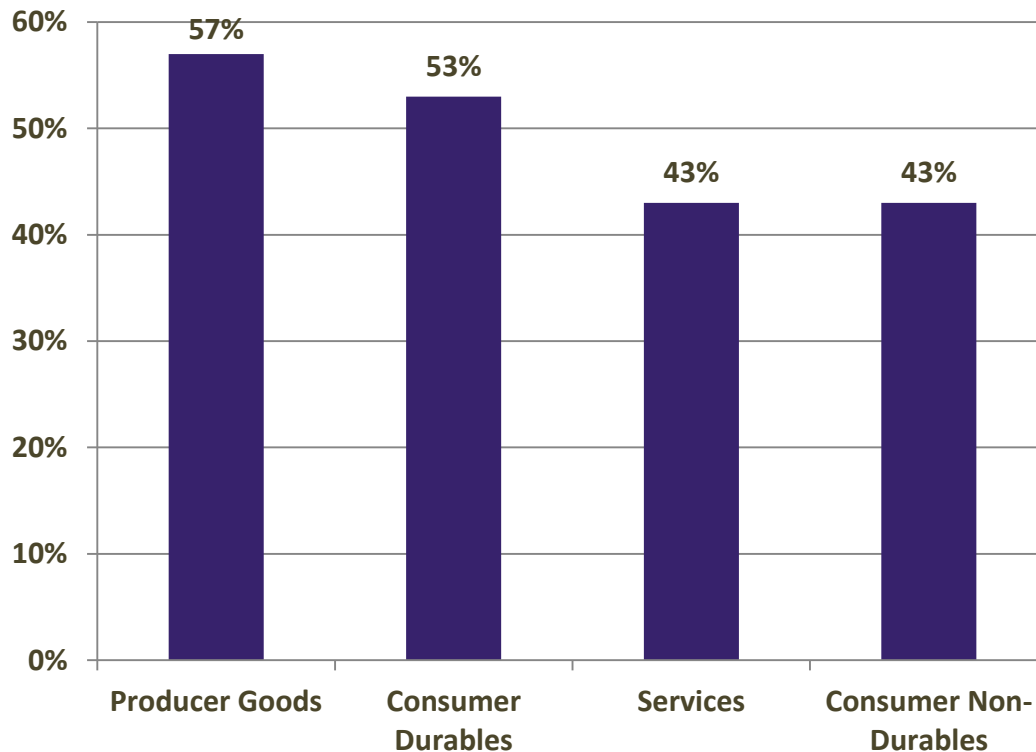
The **top four new markets for small firms are the ICBM countries**. After that come, however, come a much wider spread of countries, mostly in the Asia-Pacific and Latin America regions, with far higher entry rates from a much lower base. Thailand and Vietnam, which were not in the Top 15 market lists for larger firms, also figure among the most alluring countries for small firms.

Smaller firms are making an effort to catch up with their larger counterparts in global markets.



Producer Goods and Consumer Durables Lead the Charge

Proportion planning to enter one or more new emerging markets in 2015

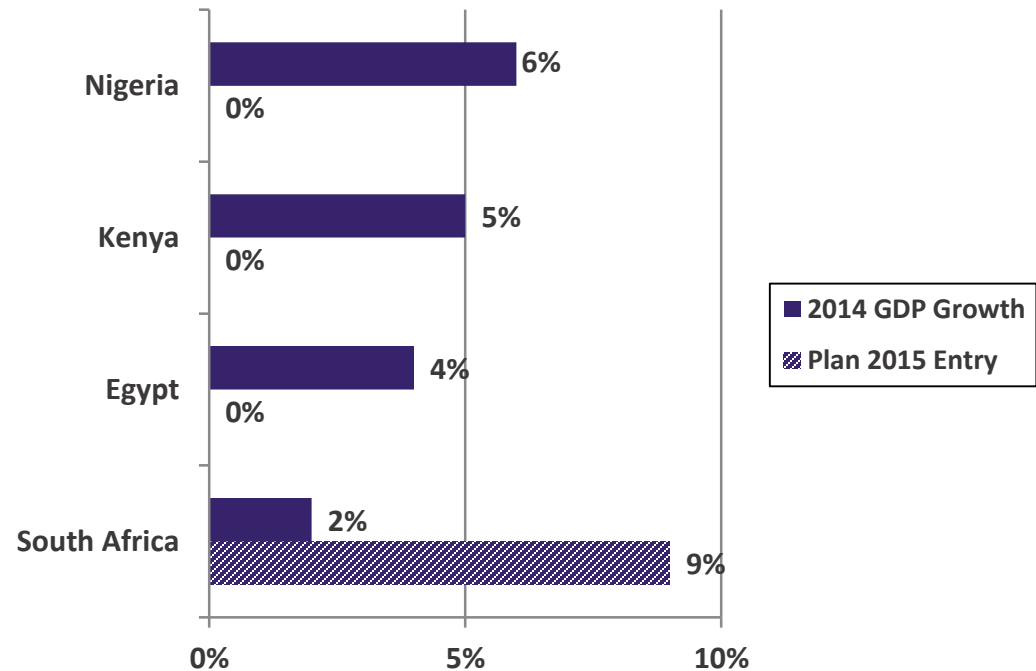
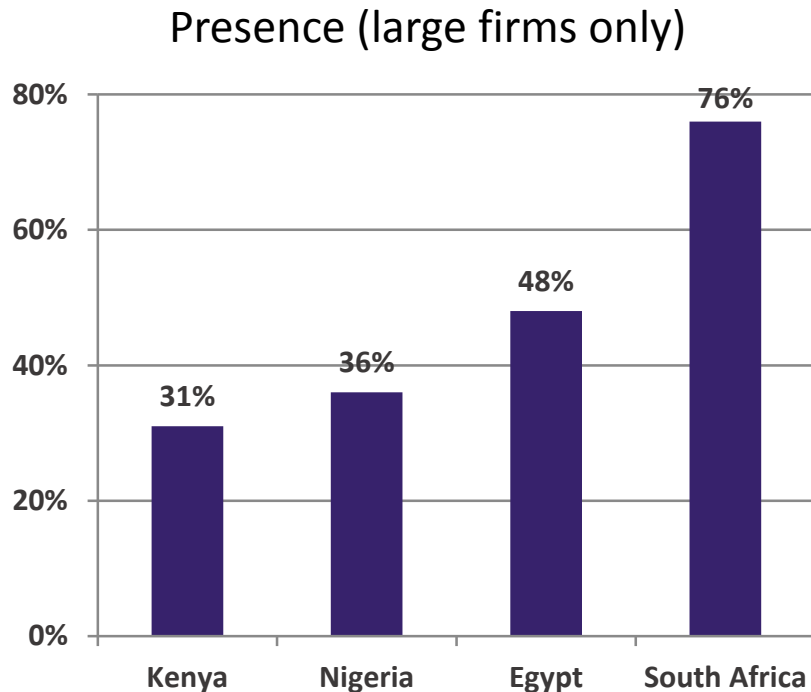


As companies in developing countries gear up for investment and burgeoning middle classes, American marketers are taking notice.

The **strongest push overseas is from producer goods makers**, of whom 57% will enter at least one new market this year. They are followed by consumer durables producers, 53% planning to test new water.

In contrast, **services and consumer non-durables are moving more slowly**. Only 43% of each are going into new markets this year.

Africa: Missed Opportunities, North of South



Africa contains some of the world's highest growth economies and biggest potential markets, but not a single large US firm in our study is going into Nigeria, Kenya, or Egypt this year. Only the established market of South Africa has much pulling power. Have American marketers run up the white flag on the rest of the continent – or is it the red flag, as China moves in?

Report Sponsors

About NYAMA:

The New York American Marketing Association (NYAMA) is an organization that inspires, supports and celebrates brilliance in marketing. The NYAMA is the principal community for marketing professionals across all industries and disciplines in the New York area. Offering programs, monthly events, and volunteer activities, we provide marketers with an opportunity to increase their knowledge and reach among marketers. The NYAMA Global Marketing Special Interest Group brings together people in our area with a shared focus on the world market.

For information on membership and our events, go to www.nyama.org or contact Peter Owen, peowen1@gmail.com.

About Charney Research:

Charney Research specializes in survey research in global markets and developing countries. We've been around 18 years and worked in 47 countries all over the map. We do qualitative and quantitative research, in person, by phone, online, and via social media. Because we are the emerging market specialists, our clients can count on us for research anywhere on the globe, more accurate results, and fewer headaches. Many of the world's most exacting clients rely on us, including Alcoa, Samsung, Skype, Draft FCB, Diageo, Monsanto, Honda, FT.com, and ABC News.

We publish on global marketing and findings. For more information or to join our mailing list, go to www.charneyresearch.com or contact Jeffrey Klonoski (jeffrey@charneyresearch.com).

About Research Now:

Research Now Group, Inc., headquartered in Plano, Texas, is the global leader in digital data collection to power analytics and insights. It enables data-driven decision making for clients who listen to and interact with the world's consumers and business professionals through Research Now's online panels, as well as mobile, digital and social media technologies. The company operates in 38 countries, from 24 offices across the globe, and is recognized as the market research industry's leader in quality, scale and customer satisfaction.

To learn more, visit www.research.now.com or write info@researchnow.com.