Introduction

The term “emerging markets” encompasses a plethora of countries with more than half the world’s population, an enormous variety of cultures, climates and levels of development, from the BRICs to Sub-Saharan Africa. After decades and even centuries of lackluster economic performance, they are now the fastest growing markets in the world. Every relevant player in the business world is striving to capture this growth. Defining a strategy for where, when and how to invest is a major challenge in the complex and fast moving world of emerging markets. This course is about improving the odds of placing winning bets in emerging markets by thinking strategically about the waves of opportunities that arise as countries develop.

The underlying theory for this course is that, in spite of the many apparent differences, emerging markets develop following common patterns. As people strive to improve their quality of life, they follow very similar priorities in their needs and wants across the world. As a result, development tends to follow certain predictable paths. Understanding these patterns gives foresight of which opportunities are ready to be fostered, or are likely to emerge, in which markets. The proposed framework to develop growth strategies in emerging markets combines global strategic platforms by stage of development and local adaptations to the specific cultural preferences of each market.
Course objectives

The objective of this class is to develop capabilities to think strategically about capturing growth in emerging markets. The aim is to combine the development of a conceptual framework with real life examples and assignments of how to define a strategy for a specific opportunity. The conceptual framework lays the ground to:

- Understand the comparative development of the most relevant emerging markets.
- Identify common development patterns as emerging markets undergo similar development stages.
- Understand the evolution of the base of consumers from the rural poor to the urban middle class as they satisfy their needs and wants.
- Discuss commonalities and differences across countries and cultures.
- Analyze the evolution of industry structure and retail channels.
- Understand how growth opportunities evolve in a variety of businesses through increasing stages of development.
- Identify other factors affecting growth opportunities such as the impact of innovation, availability of consumer financing and government policies.
- Learn from cases and examples of relevant players in emerging markets.

In parallel with the development of the conceptual framework, students will be working and applying it in a project to analyze an emerging market opportunity and define a strategy to capture it. This will allow them to:

- Apply the conceptual framework to analyze a specific emerging market opportunity.
- Develop and defend a strategy to capture this opportunity.
- Learn from the presentations and discussions of other groups.
- Be exposed to a variety of emerging market opportunities across industries and geographies.
- Understand how different players value the opportunities, and how they weigh the risks and challenges involved in capturing them.
An additional benefit of this class is to gain some basic consulting skills, including framing and defining the scope of the strategic opportunity to be analyzed; developing hypothesis and defining the analysis to address them; gathering the right data and information; synthesizing information to drive key conclusions; and presenting well structured recommendations and conclusions.

Class Structure

The class follows a structured sequence around three related types of growth waves in emerging markets: country development waves, consumption waves and consolidation waves (see following table). Class time will be split among (i) lectures to develop a frame of reference on each of these types of waves and the business opportunities they generate; (ii) case discussions; (iii) guest speakers; and (iv) project work. There will be lectures in each of the first ten sessions. The last two sessions will be dedicated to having the groups present their different projects, answering questions, synthesizing what was learned and receiving feedback from the rest of the class.

Readings and Cases

All required readings and cases are available in a course packet. On occasion, we might add a required reading, which will then be distributed in class or made available on Angel/ Canvass.

Grading

Grades will be based on the following areas:

1. Class Attendance & Participation (specially the cases) 30%
2. Homework assignments (there will be two) 30%
3. Recommendations, Supporting Data, & Storyline (final project) 40%

TOTAL 100%
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<tr>
<th>Session and Topic</th>
<th>Readings (R) and Cases (C)</th>
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- The Economist special reports: (R)  
- China’s urban dream (EIU 2014)  
- India: in search of a dream (Oct. 2012)  
- Brazil: grounded (Sept. 2013)  
- EIU country profiles for BRICs (consult) |
| **2. Economic takeoff and basic needs** | - Lecture (AM): Will Madagascar and/or Tanzania ever develop? What if they did?  
- Bridge international academies case (RK) (Explain innovation homework)  
- The Economist special report: aspiring Africa (March 2013) (R)  
- McKinsey Institute: Resource revolution: meeting the world’s energy, materials, food, and water needs (Nov. 2011) (R)  
- Bridge international academies: a school in a box (C) |
- Selected student presentations of Innovation homework | - Fortune at the bottom of the pyramid (R)  
- How GE is disrupting itself (R) |
| **4. The industrialization of agriculture** | - Lecture (AM): Why does Brazil feed the world while India barely survives?  
- Bunge case (AM) | - The Economist: ears of plenty, the story of man’s staple food (R)  
- Bunge: food, fuel and world markets (C) |
| **5. Cities as drivers of growth** | - Lecture (RK): Why does China want to grow more cities?  
- Dharavi case (RK) | - India’s urban awakening (R)  
- Dharavi: developing Asia’s largest slum (C)  
- Video: Chinas real estate bubble¹ |

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| 6. Consumption waves: global platforms by development stage                     | - Strategy & Business: the flatbread factor (R)  
- Natura: global beauty made in Brazil (C)                                                                                                                     |
|                                                                                |                                                                                                                                  |
| 7. Consumption waves: from rural poor to urban middle class                     | - The best years of the auto industry are yet to come (R)  
- Tata Ace (C)                                                                                                                                                |
|                                                                                |                                                                                                                                  |
| 8. Consolidation waves: from mom and pops to global retailers                   | - Selling the wrong idea (R)  
- Organized retailing in India: Issues and outlook (R)  
- Walmart: from China to India (C)                                                                                                                             |
|                                                                                |                                                                                                                                  |
| 9. Consolidation waves: from national champions to emerging multinationals     | - The consolidation curve (R)  
- HBR: how emerging markets giants can take on the world (Dec. 2013)  
- Carlsberg in emerging markets (C)                                                                                                                             |
|                                                                                |                                                                                                                                  |
| 10. CIVETS course review                                                        | - Foreign affairs: six markets to watch (Jan/Feb 2014)  
- The Economist special report: Cuba hurries towards capitalism (March 2012)  
- EIU country profiles (consult)                                                                                                                                     |
|                                                                                |                                                                                                                                  |
| 11 and 12. Student project presentations                                       | Wrap-up  
- What did we learn from the projects?  
- Which ones would you choose to invest?  
- What next?                                                                                                                                                    |
Group Project

All students will work on a group project. The typical group size is 4-5 students. The instructors will guide the teams on both the technical and business dimensions of the work. Each group will deliver a written report to the instructors and give a presentation to their fellow students in one of the last two classes of the semester.

A project should examine in depth a specific opportunity that is a result of growth in an emerging market. All projects must be in an industry that has broad appeal in emerging markets, such as consumer products, retailing, retail banking, mass media or telecommunications. Markets with few customers, and business-to-business projects, are not appropriate for this course.

Each project should consider an emerging-market opportunity from one of the following perspectives: (i) an entrenched firm/organization that is already a player in the relevant industry and country (e.g., Pfizer in China); (ii) a specific, foreign, multinational that is seeking entry into the relevant industry and country (e.g., Wal-Mart in India;) or (iii) an entrepreneur looking for opportunity in the relevant industry and country (the entrepreneur could be one or more of the students in the group).

You should use the concepts and methods discussed in the course to assess an opportunity. You should also consider the relevant (i) social and cultural factors; (ii) laws and regulations; (iii) infrastructure limitations; and (iv) ways in which potential incentives (e.g., tax breaks, exemptions from certain regulations, industrial zones) can be useful for realizing the opportunity.

Your group can decide on the scope and objectives of the project, subject to the approval of the instructors. The first step is to submit a 1-page project proposal of the instructors, specifying the industry and country (or countries) of interest, the project perspective (see above), and the project objectives. This proposal is due in the third class of the semester. Based on feedback from the instructors, a group should, if necessary, revise the proposal and re-submit a final version for approval by the fourth class of the semester. Once the proposal is approved you should schedule a meeting
with one of the instructors to receive their feedback and guidance as to how to conduct the project. *All students in a group must be present for the meetings with the instructors.*

**Data Sources**

There are several different sources of data that are useful for this course. Notable among these are the following, all of which are available for free through Columbia University (go to the Columbia University homepage, and then to the libraries; you can then search for each of the following data sources).

- Euromonitor Global Market Database ([Click here](#))
- Economist Intelligence Unit (EIU) Country Data ([Click here](#))
- IMF e-Library ([Click here](#))
- World Bank e-library ([Click here](#))

Data from the following sources can be directly accessed over the web without the need to go through Columbia University.

- UN Data ([Click here](#))
- World Bank Databank ([Click here](#))
- Penn World Tables ([Click here](#))
- Gapminder ([Click here](#))

**Optional readings**

There are many reports, articles and books that you can read for more in-depth study of emerging market. We recommend the following:

**Reports**

- Goldman Sachs’ famous *BRIC reports*
- CIA’s *The World Factbook*
- Various Euromonitor reports on industry sectors by countries (see link above)
- Economist Intelligence Unit’s *Country Profiles* and *Country Reports*
- Various special reports in *The Economist* magazine
Books

- Openheimer, Andrés (2010), *Basta de Historias*, Bogotá, Vintage Español
About the instructors

**Rajeev Kohli** is the Ira Rennert Professor of Business and Chairman of the Marketing Division at Columbia Business School. He has research and teaching interests in marketing and policy issues in emerging markets, product development, pricing, and models of consumer choice. He has taught MBA and Executive MBA courses at Columbia Business School on *Catching the Growth Wave in Emerging Markets*, *Innovation and Opportunities in India*, *New Product Development*, *Information Technology in Marketing*, and *Marketing Planning*. He also teaches a PhD course on mathematical models in marketing. Professor Kohli is presently working on research concerning the Indian Government’s policy for allowing foreign direct investment into the retailing sector. He serves on the advisory board of New York City’s Media Lab.

**Alonso Martinez** is a Senior Lecturer at Columbia Business School who combines extensive experience doing strategy consulting with current research on emerging markets. He teaches the *Catching Growth Waves in Emerging Markets* course to both MBA’s and EMBA’s and leads immersion classes to emerging markets. Over the past years he also directed a project at the Wharton School’s Lauder Institute on “Consumption Patterns in Emerging Markets: Catching Growth Waves and Anticipating Transitions”, including field research with a team of students across major countries. He also provides strategic advice to leading companies on this topic. Professor Martinez is a former Senior Vice President at Booz & Company. After joining Booz in 1982 in Brazil, Mr. Martinez opened and/or managed the firm’s offices in every major Latin American country. He moved to the United States in the year 2000 with global responsibility for major client relationships. Mr. Martinez has worked with many of the world’s largest multinationals and leading local groups in the consumer products, media, steel and construction materials industries. His focus has been growth related strategies in emerging markets, including international expansion, mergers and acquisitions and go to market strategies.