What segment can we reach?

Segment	Global	Emerging middle market	Local	Bottom
Institutional voids	Fewer	←	→	More

- What other contextual features or market institutions does this intermediary role depend on in developed markets?
- How do we need to adapt this intermediary-based business to the local context?
- How can we expand our business into adjacent intermediary services and move up the intermediation value chain?
- What vested interests are we displacing or might we encounter as we seek to fill this void?

Four

Multinationals in Emerging Markets

The rise of emerging markets has not gone unnoticed by multinationals based in developed markets, such as the United States, Europe, and Japan.[1] In many cases, multinationals landed in the larger emerging markets immediately after liberalization and have been operating in those markets for years. Emerging markets are playing pivotal roles in the strategies of multinationals based in developed markets. Developing markets accounted for 30 percent of U.S.-based Procter & Gamble's net sales in 2008, up from 21 percent in 2004.[2] Historically hesitant to move into developing countries, Japan's largest automakers—Honda, Nissan, and Toyota—have moved aggressively into emerging markets in recent years. In May 2008, Nissan broke ground on a $1.1 billion production facility in Chennai, India. The company is also setting up plants in China, Morocco, and Russia. Nissan sold only 500 vehicles at its five dealerships in India in 2007; by 2012, the company hopes to sell 200,000 through fifty-five dealerships. Toyota has built production facilities in Russia and India, and Honda is expanding its production capacity in Brazil, India, and Argentina.[3]

Emerging markets have already become major growth drivers for telecommunications-related multinationals. After registering 15 percent growth in 2008, emerging markets accounted for 57 percent of Sweden-based Ericsson's telecom network sales.[4] Nokia of Finland, meanwhile,