EMERGING MARKETS IN THE 21st CENTURY:
THE FUTURE OF GLOBAL MARKETING

Rama Yelkur University of Wisconsin-Eau Claire

ABSTRACT

Emerging markets account for approximately one third of the world economy and sixty percent of the world's population. These markets have a population total of 600 million consumers and are expected to add 500 million consumers in the next 10 years (Sacks 1998; Born 1998), while the population of North America, Western Europe and Japan continue to stagnate. In this special session, the emerging markets of Mexico and those in the Asia Pacific Rim will be discussed.

EMERGING MARKETS IN ASIA

The Asia Pacific Rim emerged as a center for trade activity between 1989 and 1995. U.S. exports to Asia increased by almost 50 percent to $175 billion in 1995. The economies of most Asian countries were expanding 6 to 10 percent annually compared to the world average of 2 percent. Opportunities for investment were created through several factors: privatization, higher standards of living, reduced trade barriers. The GDP growth rate in the ASEAN countries of Malaysia, Singapore, Thailand and Vietnam averaged about 9.5 percent (Maynard 1998; Lakshmanan 1998).

Then came the crisis of 1997, triggered by political instability in Thailand. The most affected economically were Thailand, Malaysia, Indonesia and South Korea. Obviously, economists had predicted the 8 percent compounded growth rate to continue for decades. For over a year since July 1997, currencies, stocks and growth plummeted in this region. These countries are now in the recovery stage trying to stabilize their currencies.

How does this affect U.S. marketers in the Pacific Rim? Forecasters may have over estimated the growth rate due to artificially low interest rates and over investment in the region during a very short span of time. However, the crisis hasn't changed the core of the region's economies: the strength of banks, the ease of raising capital, the diversity of business opportunities, levels of education, lower labor costs and relatively low tax rates (Malkiel 1998; Lakshmanan 1998).

The crisis has created unprecedented opportunities for businesses for investment in the region. Some of the multinational corporations that are living it out in the region are Tiffany, American International Group and Mattel. For global brands, this is a good time to establish a presence in Asia. The best strategy is to build and increase market share. Asian consumers have not stopped spending, they are only looking for the best value for their money.
The key is to evaluate the markets on a country-by-country basis. South Korea, with a population of 45 million and spending power of US$25.4 billion, is the first of the four (Thailand, Malaysia, Indonesia and South Korea) to-bounce back. Multinationals that continue to have a presence during this time of "crisis" will gain the loyalty of Asian consumers. The companies and brands that show a commitment during this period are the ones that will be remembered. The businesses that have the strongest potential in the four Asian markets will be discussed.