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Global Marketing: Emerging Market Economies' Challenges, Opportunities and Effective Marketing Strategy for Success

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Abstract

The paper's purpose has been to conduct a rigorous literature review and analyze emerging market economies' competitive marketing environment. First, the article presents the theoretical foundation that underpins global firms' decisions to expand in emerging markets. Second, the paper thoroughly reviews the academic literature on emerging market research. Third, the unique characteristics of emerging markets are analyzed. Fourth, the article explores the influence of culture on consumer behavior, decision processes, and global branding in emerging markets. The paper outlines effective market segmentation and marketing mix strategies in emerging markets. The article ends with significant research findings, marketing implications, and recommendations for global corporations and their marketing managers.

Keywords: Emerging, Markets, Economies, Marketing, Strategies, Multinational, Global, Corporations.

1. Introduction

The meaning of emerging markets (also known as emerging economies) has evolved over the past twenty years. It was initially used in 1981 by the International Finance Corporation to promote the first investment funds in developing countries. However, emerging economies existed before the 1980s. Before the introduction of the concept, these economies were described as third world, less developed nations, or developing economies; this is how they and their multinationals were analyzed in Western literature. Today, which economies meet the criteria of emerging markets is a highly debated issue (Adarkwah & Malonaes, 2022).

Emerging markets are the home of 65% of the world's population and 40 % of the world's gross domestic product. As the contribution of emerging markets to world economic activity continues to increase, research on emerging economies is increasingly essential to marketing academics and practitioners. The social, economic, political, and cultural environments vary significantly among emerging economies. Moreover, there are significant differences within these nations' economic and political subunits. Such heterogeneity in market conditions enables researchers to test the impact of variables that Western academics have ignored. The reason is that mature markets did not contain similar variations of these variables. In addition to the market conditions, institutions differ significantly among emerging markets. Lack of credit infrastructure developed financial systems, rampant corruption, and inadequate legal enforcement all impact consumer decision-making, choices, and the relevant marketing strategies suitable for these markets. Most emerging markets are stigmatized by needing more trust to conduct commercial exchanges. Due to the trust deficit, companies like Alibaba must develop their unique infrastructure to facilitate market exchanges in China. In India, this trust deficit and low credit possession have led to cash on delivery as the most preferred payment method in e-commerce. Lack of (or over-regulation, dishonesty, and unreliable enforcement of laws and regulations can lead to distortions in market outcomes (Narasimham, Srinivasan, & Sudhir, 2015).

Likewise, changes in customer preferences and demands in emerging markets seem more volatile and uncertain; thus, competitor-oriented marketing capabilities may assist companies in adapting more effectively to the changing competitive environment (Zhou, Wu, & Barnes, 2012). Moreover, consumption often depends on combining many perceptions into one integrated percept. Most offerings integrate visual and haptic information and do so in a temporal way—that is, consumers first observe a product and then later interact with the product through touch. Such cross-modal perceptions may often create conflict in consumers' minds (Sundar & Noseworthy, 2016).

Moreover, globalization is increasing people's exposure to foreign cultures without them living in a foreign country for an extended period. A rise in global travel, human migration patterns that expose people to foreign cultures, and the ubiquitous flow of information about foreign customs and traditions via social media platforms are causing people to internalize information about a foreign culture while residing in their home countries. In a globalized market, it has become common to find branded products that mix cultural symbols in the same products (Rodas, John, & Torelli, 2021).

Also, social media has added one more layer on top of brand communication strategies, as social media provides brands with an option to have a clear voice that connects directly to consumers and can even facilitate daily interactions. Social media, in general, has created whole ecosystems of interpersonal engagement, and personality potentially plays a prominent role in those market exchanges (Yun, Pamuksuz, & Duff, 2019).

2. The Objectives of the Paper

This paper aims to analyze the following as related to emerging markets: (1) the relevant empirical literature, (2) their unique attributes, (3) cultural influences on consumer behavior, (4) market segmentation strategies, (5) marketing mix elements, and (6) managerial implications and recommendations.

3. Research Methodology

A literature review involves searching, evaluating, analyzing, and synthesizing the most crucial and relevant issues assessed in a field to discover trends and direction and create a new theoretical framework. Researchers deployed three preliminary literature review approaches in the discipline of global marketing and other social sciences: bibliometric reviews, meta-analysis, and systematic/integrative reviews. Bibliometric reviews involve rigorously analyzing previous research using statistical techniques to discover trends and citations of a specific concept by year, author, journal, and research question. Meta-analysis is a quantitative review approach that identifies aggregate directions and effect sizes by synthesizing results across research, evaluating those results to find meaningful and methodological study attributes that result in differences in research findings, and creating and assessing research hypotheses utilizing data-analytic methods. Systematic reviews present a critical discussion on a particular research issue by analyzing and synthesizing previous literature, summarizing past contributions, finding knowledge gaps, and recommending areas for future investigations. The research method used in this paper follows the systematic literature review process since it enables the author to utilize a transparent procedure, allowing the researcher to collect the broadest view of research in the field of global marketing in emerging markets (Adarkwah & Malonaes, 2022).

4. Theoretical Underpinning of the Paper

The author uses the MOA theory to support his analysis. The theory of motivation-opportunity-ability (MOA theory) postulates that global marketers' communication effectiveness regarding product and brand management is affected by consumers' motivation (culture), opportunity (social), and ability (economic) to analyze and understand product and brand benefits and values. From the managerial viewpoint, this is relevant to global marketing managers making global product and branding decisions, such as whether a company should tailor its products and brand to local consumer preferences (Kim, Moon, & Iacobucci, 2019).

As the empirical literature review shows, the rise of the so-called emerging markets provides an increasing opportunity. Thus, success in emerging markets is strategically imperative to the long-term competitiveness of many companies. However, doing business in emerging markets can be a mixed blessing for international firms. Success stories like that of Nokia, a Finnish communications and information technology firm, illustrate the possibilities. In China, Nokia developed unique relationships with local retailers in the late 2000s, allowing it to capitalize on the rise of mobile phone usage and sell to the growing markets in the tertiary regions.

Conversely, firms such as Danone, a French food-products firm, offer an example of failure due to emerging market-specific conditions. Failing to understand the underlying logic of Brazil's dairy products distribution system, Danone emphasizes a direct distribution strategy, even though the most significant consumer segment purchases from smaller retailers. As a result, the firm failed to achieve its profitability target (Schlager & Maas, 2013).

5. Review of Relevant Literature

5.1. The Empirical Literature

The following literature review summarizes relevant empirical research in consumer behavior, marketing strategies, and other allied issues related to emerging marketing and from the perspectives of emerging markets.

Zhang, Song, and Qu (2011) studied how to adjust to newly developing competitive environments and adjust strategies to compete in emerging markets. Because market participants' competitive moves constitute the fundamental elements of the process, they propose two research questions on MNCs and local rivals' competitive actions in emerging markets: What is the impact of the two parties' competitive actions on the diffusion of their Internet technology products? And (2) How can global marketing managers adjust their strategies of competitive activities to compete effectively with their local counterparts? Specifically, their study investigates the degree to which Internet technology product diffusion depends on MNCs' and their local rivals' competitive behavior or moves in emerging markets. They found that specific market-oriented behavior and activities of local competitors and MNCs affect the diffusion of their technology products.

Kumar et al. (2013) conducted a qualitative study to understand the challenges and relevance of creating profitable customer loyalty in the marketplace. They proposed a conceptual framework (containing customer-specific, marketing-mix, and firm-specific variables) that develops good customer loyalty in emerging markets. They find that a customer-centric model for profitable commitment in emerging economies can bring new opportunities for an MNC and reap financial and non-financial results. Their research discovered that with specific reference to the emerging markets, satisfied customers continue returning to the same companies for their product needs because of (1) convenience, (2) lower search costs, (3) inertia to move to competition, (4) use of a tried-taste-and trust product, and (5) personal association with the salesperson or the store, with the resulting ability to command incremental services such as product exchanges, product returns, service maintenance requests, and free shipping, among other reasons (Kumar et al., 2013).

Adarkwah and Malones (2022) carried out a comprehensive review of the international business literature on firm-specific advantages of emerging markets multinational enterprises. They found that various firm-specific benefits have characterized emerging markets global enterprises, such as capital, technologies, marketing capabilities, brand equity, R&D intensity, and management competence. This finding contradicts previous research suggesting that emerging market multinational enterprises need to possess real firm-specific advantages due to challenges in their home country. Their review shows that emerging market global enterprises internationalize to capitalize on the comparative advantages of their home country--, such as abundant natural resources, cheap labor force, and capital. Parkway and Malonaes also found that firms developed firm-specific benefits through corporate social responsibility initiatives when competing in high-risk countries where governments are unreliable or trustworthy. Lastly, their review found that emerging market multinational firms have developed firm-specific advantages that differ from those traditionally analyzed in international marketing literature.

Herati and O'Cass (2016) investigated the different roles of business and political ties in facilitating or impeding the impacts of market orientation on the development and refinement of marketing capabilities in Iran, an emerging economy. Their work contributes to the literature in two significant ways. First, they show that business and political ties moderate the relationships between market orientation, exploratory marketing capability, and exploitative marketing capability in different ways. Their findings extend past research, which shows managerial relations to be a building block of the firm's marketing capabilities. Their findings also reveal that while business ties enhance the effect of market orientation on exploitative marketing capability, business ties do not complement the effort to build exploratory marketing capability. A possible reason is that business ties raise a firm's dependence on its strategic partners to conduct marketing activities and may stifle the motivation to find innovative strategies to deal with changing market conditions. Finally, the study shows that while political connections help improve the effect of market orientation on exploratory marketing capability, the over-dependence on political allies may sabotage the effort to understand the market and motivation to develop new marketing strategies.

Ju et al. (2018) studied marketing capability's performance consequences, the hidden detrimental effects of environmental forces, and strategic solutions for international ventures in fast-changing emerging markets. Drawing on the resource-based view of marketing capability, they found that it can facilitate positive new product performance of multinational enterprises; however, market instability and technological volatility are hindrances to the effectiveness of market capability. They further discover that firms can implement strategic actions to mitigate the role of environmental forces in reducing the efficacy of marketing capability. Their study contributes to emerging market literature by offering strategic solutions to deal with the potential adverse effects of environmental actors.

Yulisetiarini and Susanto (2018) analyzed the effect of relationship marketing on customers' satisfaction and loyalty in Indonesia. Their analysis demonstrates that relationship marketing impacts customer satisfaction, indicating a one-way relationship between satisfaction and relationship marketing. That is, the higher the satisfaction of the customers, the more increasing the long-term relationship will be between the customers and the company. They also found that relationship marketing is a sustainable process that mandates a company to implement the appropriate communication strategy with its customers.

Ashraf et al. (2017) explored and compared the m-commerce usage behaviors of customers in Australia, the USA, India, and Pakistan. Their findings offer insights into the commonalities and uniqueness among consumers in these diverse markets—consumers who are both culturally unique and at various levels of m-commerce readiness- regarding important drivers of m-commerce usage behavior. Their finding adds to global marketing literature by providing insights into key drivers of m-commerce usage behavior among different consumers in both developed and emerging markets.

In their 2013 study, Schlager and Maas (2013) used institutionally induced heterogeneity, which refers to distinct consumer patterns evoked by contextual differences, to elaborate on the requirements of an international segmentation that includes emerging markets, such as micro-level analysis and the inclusion of institutional effects. The results indicate that the conditions proposed based on institutionally induced heterogeneity are necessary for an effective segmentation strategy. Their study illustrates a key finding: International marketing scholars and multinational firms need to acquire a highly differentiated perspective of emerging markets. Simply categorizing emerging markets while discounting the uniqueness specific to a country or region does not provide a holistic picture.

Kravets and Sandikci (2014) investigated how the new middle class influences consumption and demand. The study focused on the new middle-class consumers in Turkey, an emerging market. It analyzes what the newness in the new middle class embodies. Turkey is a fast-growing emerging market. In many aspects, it represents a typical emerging market. Their study also showed that a preference to align with the middle motivates consumers to select the usual choice within a product category. Even luxury brands such as Louis Vuitton can be regarded as standard. Thus, in emerging markets, the typical or average might not imply inferior quality; brands marketed as average might evoke and benefit from association with an imagined global middle standard.

Cavusgil et al. (2018) studied the rise and development of the middle-class phenomenon in emerging markets. They used the theory of normative model of target markets in the cross-border context in which the middle class is a market segment across the international domain. The emphasis was on the problem of granularity. Granularity refers to the degree of aggregation of consumers into a specific target market. It implies starting with individual consumers and combining them into a target market that is well-defined and identical. Their empirical findings suggest that the rise of the middle class has evolved at different paces in emerging markets. They also found that in many emerging markets, expenditures surpass disposable income. And that some variations also exist in middle-class aspirational consumption behavior from one emerging market to another. For example, the Vietnamese prefer consumer electronics such as computers, cell phones, and digital cameras; the Chinese admire luxury products, and the Indians would spend any disposable income on education. The brand preferences of emerging market consumers are also different across regions. Thus, while international marketers will find some commonalities in consumption behavior, they must also accommodate market uniqueness.

Shen and Xiao (2014) studied the entry and expansion strategies of McDonald's and KFC in China, particularly how both firms have impacted each other. Their empirical analysis of chains' expansion strategies shows that McDonald's and KFC are more likely to increase the number of branches in a city where their competitors have a more extensive presence, controlling for city characteristics and the own-chain effect. In other words, the competitor's presence has a positive and considerable influence that outweighs the rivalry effect in this setting. They find evidence that a competitor's presence positively impacts a chain's expansion strategy in general. And that the positive effect is motivated by unique processes for KFC versus McDonald's based on their empirical results. In summary, conditional on the positive impact of the competitor's number of restaurants, they find that different driving forces for KFC and McDonald's will likely inspire the positive rival effect. The results agree with the theory that the presence of KFC signals market potential and growth for McDonald's, whereas the presence of McDonald's assists in cultivating consumer tastes that benefit KFC.

Lastly, Daouda, Ingenbleek, & van Trijp (2019) investigated the business trajectories of emerging market entrepreneurs who have entered middle-income markets in their home countries. The study looks at how entrepreneurs progress from lower-to-higher-income consumer markets. Their study has shown that entrepreneurs initiate and promote competition in their respective industries by upgrading their business capacities. They found that businesses continue their innovation and growth strategies once the entrepreneurs have achieved success. Instead, they keep seeking new business opportunities. They also found that entrepreneurs establish new relationships and abandon existing ones as they enter the middle-class markets. The study has shown that business upgrading is a progressive upper-market entry process based on new value propositions created through resource (re)integration. The findings highlight entrepreneurs' socioeconomic upward mobility and the process of business upgrading.

As the above review of the relevant empirical literature shows, emerging markets have increasingly played a vital role as growing consumer markets, strategic partners in supply chain management, global trade, and investments. A growing body of research has addressed wide-ranging issues regarding the activities of enterprises in these markets. Emerging market exporters have also been especially active in the developed parts of the world, where demand is more robust. Still, contextual influences are vastly different than in their home markets (Samiee & Chirapanda, 2019).

5.2. The Scholarly Literature

5.2.1 Characteristics of Emerging Markets

Research identifies five elements in emerging economies that uniquely differ from developed economies. Each has a meaningful effect on at least one of the marketing domains, such as theory and strategy. Each of the following five categories depicts these elements.

Market Heterogeneity—Emerging economies typically have significant variances relative to the mean across most products and services categories. The reason is that markets are domestic, fragmented, low-scale, and served by owner-managed micro-businesses. They reflect attributes of market heterogeneity comparable to a pre-industrial economy. The heterogeneity of emerging economies is complicated by significant skewness (as much as 40%-50%), the bottom-of-the-pyramid consumers who live below the official poverty line of fewer than two dollars a day.

Sociopolitical Governance—Emerging markets typically have an outsize influence on sociopolitical institutional stakeholders. These include religion, government, business groups, nongovernmental organizations, and the local community. These stakeholders more influence domestic markets and less by rivalry or supply and demand. It is typical to have state-owned-and-managed companies with monopolistic tendencies serving the markets.

Unbranded Competition—Up to 60% of consumption in emerging markets has been for unbranded products and services for two main reasons. First, most branded products and services are accessible in rural markets for many reasons, including lack of access, lousy infrastructure, and excessive business costs. A second reason is that a household is a consumption and production unit. There is a significant value-add through labor in creating consumable products from raw materials for all necessities.

Chronic Shortage of Resources—Emerging economies typically have a severe shortage of resources in production, exchange, and consumption. For instance, lack of electricity, limited availability of raw materials, and shortage of skilled labor make manufacturing unreliable and unpredictable. As a result, it led to diseconomies of scale. Likewise, transaction costs are exceedingly high. This is because of a lack of scale and inadequate financial, physical, and other support structures and mechanisms. Finally, consumption is usually constrained regarding time and location because of the power shortage, clean tap water, and physical space.

Inadequate Infrastructure—As there is a lack of resources and many below-poverty-line consumers, another attribute of emerging markets is insufficient infrastructure. The infrastructure consists of physical roads, logistics, and storage. It also encompasses market transaction enablers, such as point-of-sale technology, rudimentary banking services, and credit cards. Moreover, infrastructure means a lack of information and communication technologies, such as the telephone and the Internet. While the big cities may have developed infrastructure, this is not replicated in the rest of the economy (Sheth, 2011).

5.2.2 National Culture and Consumer Behavior in Emerging Markets

National culture influences consumers' behavior and is used by marketing managers in inter-firm interactions and arrangements as a frame of reference for their work-and-business-related behavior. Specific forces or characteristics also impact the interaction between consumers and other partners. Initial engagement with firms shapes expectations about the consumers' behavior and routines and, in turn, influences how coordination, processes, and activities dynamically evolve within the relationship (Tower, Hewett, & Fenik, 2019). Moreover, trust is very crucial in a relationship. This is because trust signifies the value of collectivist national cultures and fundamentally shapes relational exchanges within local environments. Moreover, collectivist national cultures have a more interdependent perspective of the world. They also put a stronger emphasis on nurturing relationships characterized by trust than individualist national cultures do (Kemper, Engelen, & Brettel, 2011)

In global markets, environmental factors are likely to influence the image-performance relationship. Research shows two characteristics: (1) national culture and (2) regional socioeconomic environments shape the performance of functional, social, and sensory brand images. First, national culture—A country's culture has long been identified as an environmental attribute influencing consumer behavior. The many aspects of culture impact the needs and want consumers to satisfy through acquiring and consuming goods and services. Second, regional socioeconomic—Even though country-level variables, such as national culture, affecting brand image strategy are crucial, microgeographic units and regions within countries also merit serious attention and analysis. Although cultures may transcend entire nations, the social and economic environment often differs significantly within countries. Within some countries, regions differ markedly from others regarding income, mobility, media access, employment, and other socioeconomic attributes (Roth, 1995).

5.2.3 Cultural Influences on Consumer Information Processing in Emerging Markets

The rapid increase of digital technologies over the past decades has changed how consumers seek information, compare products and services, make purchases, and interact with companies and other consumers. Consumers today engage with companies and other stakeholders through multiple online interfaces in various channels and media. Even though the fundamental technologies underpinning digital innovations are similar worldwide, the nature of consumers' engagement with different interfaces in a digital space differs significantly throughout the global markets. For instance, in some international markets, consumers interface with standalone touch points that each have a unique emphasis on eCommerce, social media, or entertainment. In contrast, in other markets, consumers engage with one extensive ecosystem or a hub incorporating all these functionalities. Moreover, consumers' use of technology-driven touch points (e.g., virtual agents such as Alexa and Siri) differs across international markets. Such differences significantly affect how companies approach and analyze each local market, create their touchpoints, and acquire and keep customers (Nam & Kannan, 2020).

Research in cross-cultural psychology has discovered that consumers engage in holistic or analytic information analysis and processing styles depending on their cultural orientation. Consumers focus on the relationship among information or objects (holistic process) or individual pieces of information or objects (analytic processing). Consumers from Eastern cultures (i.e., East, Southeast, and South Asian) tend to analyze and process information holistically, combining salient and contextual information. This is because they consider all objects in the environment equally significant and inherently connected (de Bellis, et al., 2019).

Likewise, the literature on product category knowledge has discriminated between novices and experts. The knowledge architecture of beginners about a specific product category is less elaborate and complex than that of experts. Novices analyze and process added information differently. Knowledge and prior usage or ownership experiences are separate. Consumers may acquire expert knowledge levels in some product categories, but financial obstacles may stop them from possessing them. Conversely, some consumers may have purchased products out of necessity. Even though they own the products, their product category knowledge may still need to be improved (Krautz & Hoffmann, 2017).

5.2.4 Culture and Global Branding in Emerging Markets

Research into international marketing relationships has shown that the consumer's culture affects the connection between the consumer-brand relationship and consumer behavior. The analysis of global marketing literature reveals that the consumer's home country, purchase history, and relationship tenure influence consumer behavior (Krautz and Hoffmann, 2017). Similarly, much of international marketing research has focused on marketing mix customization versus standardization of global brands. Nevertheless, before one makes marketing mix decisions, brand image strategies for global markets must be created. Brand image strategies must be designed to position the product for the targeted market segments accordingly. Even though marketing decision-makers have many image and positioning options from which to select, global marketers must analyze how cultural and socioeconomic variables influence the performance of brand image strategies (Roth, 1995).

In general, brands that are widely available and accessible across global markets and enjoy high degrees of recognition across the world are known as international brands. Global brands are believed to portray more positive effects, suggest superior quality, enjoy tremendous admiration, evoke appealing global myths, and have a competitive edge over their local alternatives. Most global brand findings are based on cross-national samples and suggest that the worldwide brand impact is specifically robust in developing countries (Dimonfte, Johansson, & Bagozzi, 2010). In a cross-national study to investigate consumers' association with global brands, the research identifies four main elements of the worldwide brand construct quality signal: global myth, social responsibility, and American values (Dimonfte, Johansson, & Bagozzi, 2010).

Similarly, three factors explain why repurchase intention rises with the relation tenure: the intensification of the relationship, the increase of customer inertia, and a confirmation bias of prior experiences. The latter implies that the consumer attaches more weight to past positive brand experiences than to newly gathered information (e.g., about rival brands), which leads to a reconfirmation of the initial choice. Marketing Managers can use this effect for consumer life cycle management. Also, global marketing decision-makers should provide short-tenure customer compensations to extend product ownership (e.g., add-on services, extended warranties, repair coupons). Consumers of longer tenure require repurchase triggers (e.g., special price offers and additional services) (Krautz & Hoffmann, 2017). Research shows that consumers in developing countries associate global brands with an aspiration toward the lifestyles of developed nations, and consumers all over the world affiliate global brands with superior quality, a specific global myth, and social responsibility (Dimonfte, Johansson, & Bagozzi, 2010).

Brand image success depends on several elements. First, regional socioeconomics was a strong moderator of brand image market share. Most global marketing research focuses on cross-national differences and shows that marketing managers should narrow their regional focus to cities in addition to analyzing entire countries. Heterogeneity within countries makes it challenging for marketing managers to create brand image strategies with a strong country appeal. However, the micro-marketing regional focus enables marketing decision-makers to develop plans for more homogeneous target market segments. Second, marketing managers can utilize market intelligence of a market's national culture to design compelling brand image strategies. Two elements of culture have an essential effect on the performance of brand image strategies—power distance and individualism. In low power distance cultures (e.g., Germany, Netherlands, Argentina), where people do not emphasize social roles and group association, functional brand images that de-emphasize the social, symbolic, and experiential reward of products are most important and valuable. When the country's level of power distance is high (e.g., China), social and sensory needs should be emphasized. In societies with high individualism cultures (e.g., European countries), brand images focusing on functional variety, novelty, and experiential needs are more effective than social image strategies. Conversely, cultures with low individualism (e.g., Asian countries) are more amenable to social brand image strategies that focus on group association benefits than sensory brand images (Roth, 1995).

5.2.5 Market Segmentation in Emerging Markets

At the center of any segmentation strategy is clustering a heterogeneous customer base into smaller units to create segment homogeneity. In a global context, this is related to the degree of aggregation, which, to date, consists of three options: no aggregation, country-level aggregation, and regional-level aggregation. Global research in developed markets has utilized countries as the level of aggregation. However, institutionally induced heterogeneity emphasizes the need for a lower level of aggregation in emerging markets. Research shows that consumers in emerging economies are very heterogeneous, whereas in developed economies, heterogeneity relates to geography. However, there may be many sources in emerging economies. For instance, even though registering all countries into the same higher-level segment may violate segment homogeneity, so does omit distinct groups of consumers because they are restricted by institutional barriers (Schlager & Maas, 2013).

Many researchers have recognized the importance and value of class-based social segmentation. Thus, considering the Western-centric lifestyle of the high-income class in emerging economies, global segment membership might be similarly determined based on consumer class. Commonly associated with class membership in emerging economies is the living area. The lower-income class typically resides in rural areas, whereas the high-income upper class resides in prominent metropolitan locations. A segmentation approach that ignores the diversity inherent in emerging markets would fail to discover consumer segments with identical patterns. Research suggests that micro-level analysis is appropriate in emerging markets to capture the high level of in-country heterogeneity based on, for instance, geographical elements or the customer's class membership (Schlager & Maas, 2013).

Moreover, the choice of the unit of analysis and the selection of appropriate respondents are the main concerns in a segmentation study. In emerging economies, these are very crucial issues. This is because institutional effects require a comprehensive and rigorous selection of respondents. Whereas segmentation studies in developed economies tend to depend on individual respondents, the collectivist characteristic in most emerging markets and their influential cultural predisposition require considering other decision influencers. This is because applying personal choice theory to collectivist cultures is inappropriate. For instance, group interactions and influence carry more weight in an emerging market such as India than in most developed economies. Many interactions occur before consumer purchasing decisions are made in emerging markets.

Similarly, decision-making habits and behavior prevail when group patterns and influence are beneficial. Likewise, family members and peer group leaders significantly influence decision-making (Schlager & Maas, 2013). This is In line with global marketing literature, which argues that similarities between consumer attributes and product adoption stage should accommodate the standardization of marketing efforts. In contrast, dissimilarities require adapting marketing strategies, programs, and activities (Ashraf, et al., 2017). Any segmentation strategy can be valued based on its ability to be identifiable, sustainable, accessible, stable, actionable, and responsive (Schlager & Maas, 2013).

5.2.6 Marketing Mix Variables for Emerging Markets: Product, Promotion, Price, and Place

Consumers in emerging markets tend to compare the utilities of each product they use and then make their final purchase choice. Studies show that consuming the products' costs and benefits influences consumers' buying intentions. From a behavioral perspective, the purchases of convenience products (i.e., products purchased frequently and with less effort, such as groceries, coffee, and magazines) tend to be remarkably high. Given that customers of these products are already behaviorally loyal, in emerging markets, these products are good candidates for creating attitudinal loyalty. This is achieved by focusing on the product's core utilities and benefits. For specialty products (e.g., fine crystal, jewelry) with strong brand recognition and preference, global firms should stress improving behavioral loyalty by creating more purchase occasions for such product categories (Kumar, et al., 2013).

Similarly, due to the differences in emerging markets, global marketers may need to deploy two-prone promotional and advertising strategies to accomplish the desired objectives and goals. Multinational firms such as Unilever and Proctor & Gamble have capitalized on some of these strategies to promote their offerings in emerging markets such as Brazil, China, and India. For example, in India, Unilever and P&G have extensively utilized personal selling, whereas, in China, Unilever introduced products only in partnership with local vendors. Because emerging markets have a large population in the low-to-middle-income range, sales promotions advertising discounted products can be an effective targeting method (Kumar et al., 2013).

When it comes to developing pricing strategies, global firms should be cautious in emerging economies, as the typical consumers tend to be price sensitive. Price indirectly affects consumer loyalty because of its positive relationship with product quality. The selection of pricing strategy—market-skimming or market penetration pricing—will depend on the firm marketing objectives and the market environment. For instance, Dell employed a market-penetration pricing approach when introducing a range of low-cost desktops and notebooks from its famous Vostro line for emerging markets in Africa, Latin America, and Europe. Conversely, a market-skimming pricing strategy is developed to reach a target market segment that is price insensitive and, therefore, able and willing to pay the highest price for the products. In terms of applicability, such an approach is suitable in markets with two income levels: the wealthy and the poor. Because emerging markets tend to be characterized by larger markets, intense rivalry, and substantial middle-income segments, this pricing strategy is being replaced by the market-penetration pricing approach (Kumar et al., 2013).

Lastly, a significant challenge global firms encounter when marketing their products in emerging economies is the need for well-developed and functioning distribution infrastructures for logistical purposes such as transportation and storage facilities. The success of back-end logistics is one of the primary challenges in creating and improving consumer loyalty. Innovation in distribution systems in emerging markets can help a global firm build this loyalty. Two significant commercial instances of such invention are Hindustan Unilever's project Shakti, which incorporates poor rural women as distributors, and Procter & Gamble, which stocks its products in many family-owned small shops in India. These firms' success highlights the effectiveness of distribution systems in enhancing sales and consumer loyalty. A hybrid distribution network will be valuable and practical for a global firm in emerging markets for three reasons: (1) it facilitates on-time delivery, (2) it expedites a faster flow of relevant information, and (3) it provides a reserve channel (if there is a problem in one channel). A hybrid distribution channel implies a multichannel system in which a firm creates two or more distribution arteries to reach two or more consumer segments. This multichannel network provides benefits such as scalability to increase market coverage, the opportunity to custom-make its offerings to the unique needs of different market segments, and the ability of the network's multiple distribution systems to complement one another to stop distribution delays (Kumar, et al. 2013).

6. Marketing Implications for Multinational Corporations and Marketing Managers

Global companies have recognized the opportunities of emerging markets; however, uncertainties in these markets sometimes hinder exploitation. For many decades, Global firms have strived to expand their businesses beyond the boundaries of developed markets to elude the fierce rivalry in their home markets and capitalize on the fast growth rates in emerging markets (Schlager & Maas, 2013).

However, capability development and utilization in emerging economies pose enormous challenges for global firms. This is because emerging economies have been implementing fundamental reforms, and the transition still needs to be completed. Therefore, global firms must adapt their approaches to adjust to these changes and fast-transitioning markets. Research suggests international firms can improve product innovation by creating sustainable marketing capabilities. The exemplary implementation of marketing capabilities depends on deep marketing intelligence and insights, which are crucial to comprehend the market environment and conditions. Therefore, relying on their marketing capabilities is an excellent strategic pasture to develop unique differences from rivals in emerging markets (Ju, Jin, Zhou, 2018).

Research results have also underscored that analyzing the implication of variations in competitive actions is a crucial skill for global marketing managers. This is because the ultimate success of any product innovation does not depend only on technological advances; instead, it often relies on developing and executing the appropriate marketing strategies. Similarly, studies focusing on the competitive behavior of domestic rivals and global firms show that success in the fight for innovation diffusion is a function of each organization's competitive decisions and actions. Thus, global marketing managers can integrate competitive action analyses into their strategic analysis and decision-making framework in two ways: (1) assessing the effect of competitive actions and reactions on product popularity and (2) enhancing strategies of competitive activities in emerging markets by predicting and preempting domestic rivals' competitive decisions and actions.

Moreover, research reveals that global firms must recalibrate and adapt their approaches to succeed in emerging economies, as results depend on the attributes of dynamic rivalry in these emerging markets. Global marketing managers also need to systematically analyze their competitive moves and approaches in the framework of vigorous competition. Notably, research shows global marketing managers should focus on a few crucial actions and take new actions that are different from those of the local competitors. These implications also mean two practical skills that will make global marketing managers effective: (1) recognizing and appreciating the advantage of action repertoire simplicity in emerging markets and (2) embracing innovative thinking and championing the ability to capitalize on proprietary resources of global firms (Zhang, Song, & Qu, 2011).

Likewise, the new middle-class consumers in emerging markets aspiration to join the global middle class has implications for international firms' positioning strategies. Local firms might prefer to set their brands from a country context, situating them in an imagined transnational space. When marketing in emerging markets, global firms might choose an average position in a category. Contrary to the current paradigm, which emphasizes highlighting differences from rivals, the middle position would stress typicality. Such emphasis typically creates an environment of trust in a brand and signals dependability (Kravets & Sandikci, 2014).

A cultural perspective on international marketing and branding requires marketing decision-makers to approach global cultures (both national and consumer) as symbolic repertoires for creating identities and influencing customers' tastes and preferences. It also demands that international marketing decision-makers appreciate that global marketing is more than a technique; it involves a more profound knowledge and understanding of such issues as the relationship between consumers and society (Cayla & Arnould, 2008).

Moreover, marketing managers should establish strong relationships with business stakeholders (e.g., suppliers, customers, competitors) and government stakeholders outside the company. Second, the level of the relationship, as manifested in the trust element, drives and sustains marketing capabilities, regardless of national culture. Marketing decision-makers also need to develop strategies for nurturing and building trust by showing empathy for the concerns of other stakeholders in the network. Third, marketing managers' relationships with business and political stakeholders characterized by solidarity are beneficial in creating marketing capabilities in diverse cultural environments (Kemper, Engelen, & Brettel, 2011).

Lastly, global marketing managers must localize marketing initiatives and programs by incorporating concepts and ideas that fit with local cultural dynamics and value priorities to create global brands that can connect with local consumers. Marketing managers can accomplish this cultural matching of brand meanings and cultural value priorities by exploring and capitalizing on the levels of individualism and collectivism in each local market (Torelli et al., 2012).

7. Recommendations for Global firms and Marketing Managers

Successful global firms have consistently adopted six emerging-market strategies: (1) They compete in the mass market. They go beyond the high-end segments to create scale in production, distribution, and brand development; (2) successful global firms localize their product, price, promotion, and distribution strategies. For instance, they localize products based on consumer insights. Regarding placement, they master the dynamics of local distribution systems and locations. They set prices at sweet spots and invest aggressively to promote the products and brands. (3) Successful Global firms manage costs prudently, avoid over-specification, capitalize on local management and suppliers, and eliminate unnecessary overheads (4) develop local talents. They empower local staff, offer them global career opportunities and relevant professional development, and ensure expatriates have long-term career possibilities (5). Global firms acquire strategically. For instance, they expand distribution infrastructure, purchase local products and brands, capitalize on local talents, and maintain a low-cost structure (6). Lastly, global firms form strategic alliances with dedicated emerging-market partners and sustain long-term investment while targeting short-term profitability (Shankar et al., 2008).

For global firms already competing in an emerging market, establishing a profitable consumer loyalty initiative will assist its marketers in (1) analyzing both direct and indirect linkages that impact the development of profitable consumer loyalty and measure firm performance and (2) recalibrating their existing customer loyalty programs base of the proposed factors. The profitable consumer loyalty initiative will function as a strategic plan for marketing managers of global firms aiming to create profitable consumer loyalty in emerging markets.

For global firms contemplating doing business in emerging markets, a profitable customer loyalty program will help their marketers in many ways. First, it will help them appreciate the rewards of developing good consumer loyalty in emerging markets, engage in strategic actions that are necessary for developing profitable consumer loyalty, effectively plan and distribute the resources for strategy implementation that can work toward profit maximization, and reposition marketing strategies to emphasize good consumer loyalty. Given their growth potential, emerging markets hold promise for all global corporations. Multinational firms can develop profitable customer loyalty by creating customer engagement through unique customer service, building familiarity at each stage for a customer, and capitalizing on new technology. In this respect, a consumer-centric strategy to worthwhile commitment in emerging markets can offer unique opportunities for worldwide firms and immense financial and strategic benefits (Kumar, et al., 2013).

8. Concluding Remarks

Until the past two decades, emerging markets were considered a low priority for large consumer products firms, even though these economies are home to about 85% of the global population. The challenges are still real—in emerging markets, MNCs compete in foreign environments dominated by local companies, sell at prices lower than those in their home markets, and deal with established social and cultural conditions. But with economic growth declining in the developed markets of North America, Japan, and Western Europe, some consumer goods companies have strategized as to how to capitalize on the purchasing power of a large and growing middle class—which has rising incomes and access to personal credits—in these emerging markets (Shankar et al., 2008).

Because of emerging markets' strategic position in the global supply chain, foreign companies seek new supplies in emerging economies to meet the growing world demand for consumer goods. To this end, international companies deploy contracts or other statements of the rule of conduct to facilitate their commercial exchanges with bottom-of-the-pyramid producers in emerging markets. Once a foreign company starts sourcing from bottom-of-pyramid producers, the producers will likely remain loyal to some of their buyers in informal markets. This is because they have built relationships with buyers over many years, and they may need the buyers as a backup option if the foreign company stops purchasing the products (Adekambi, Ingenbleek, & van Trijp, 2018).

Compared with developed economies, emerging markets are known for their high-velocity environment in which market growth is fast, boundaries and industry structures need to be clarified, and the roles of market participants evolve perpetually. Accordingly, competition in an emerging market is more fragile than in mature economies. Contrary to common perception, the most formidable rivals in emerging markets are often local companies. This is because they tend to be more effective than their international counterparts in creating products and marketing models relevant to their consumers. In addition, low barriers to entry and easy imitation of the goods of foreign firms result in more vigorous competition and more market dynamics than the competition in traditional environments. As a result, MNCs must recalibrate their business models and marketing strategies because past experiences in their home markets may need to be more helpful in emerging markets (Zhang, Song, & Qu, 2011).

Many of these emerging economies encounter issues such as inefficient government bureaucracy, inadequate safeguarding of intellectual property rights, and continuous interruptions in supply chains. Despite all these drawbacks, emerging markets continue to offer much promise to MNCs because of the (1) presence of a new enormous middle-class population with a higher per capita gross domestic income, (2) higher levels of disposable income, (3) larger selection of customer segments with different tastes and preferences, and (4) massive demand for essential and luxury products/services (Kumar et al., 2013).

While the development of profitable customer loyalty is vital for MNCs in any emerging market, only a limited number of research have investigated it, and the challenges inherent by market-specific conditions such as (1) variation in wallet size across the income segments, (2) fragmented purchase behavior, (3) heterogeneity between and within consumer segments (as identified by the concentration of consumers at the bottom of the pyramid, and (4) regional disparities of income and consumption within emerging economies that continue to challenge the marketing efforts of the MNCs in the creation of profitable customer loyalty (Kumar et al., 2013).

The rapidly changing nature of emerging economies creates temporal variation in market conditions and the evolution of new institutions. The temporal variation in the marketing environment enables a greater theoretical and empirical understanding of emerging markets. As such, the rapid pace of change in these economies makes them the epic centers for global firms seeking to expand outside their home markets. As consumers in emerging markets move up the income ladder due to growing incomes, emerging markets become reliable sources of opportunities. Therefore, institutional, infrastructural, and regulation void and differences will require firms to adjust their marketing strategies and tactics when reaching out to emerging market consumers (Narasimhan, Srinivasan, & Sudhir, 2015).

This also requires firms to take two main actions. First, firms in a better position to comprehend changing market conditions through organizational processes and managerial ties will be more resilient and prosperous. Because of resource and skill challenges, firms may only be able to afford to spot and react to some market changes. In this environment, managerial relationships facilitate access to knowledge embedded in those networks to forecast market movements and respond accordingly. Furthermore, in emerging economies, like many in the Middle East, Southeast Asia, and South America, business support infrastructures are fragile, and judicial and regulatory systems are weak.

Consequently, policymakers may not enforce business regulations. Also, managers must separate business and political relationships and recognize their unique roles. Because of the differences in trade and political ties, these social connections affect marketing decisions and activities in emerging markets (Heirati & O'Cass, 2016).

Competing interests

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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