

# The Road to Success

JustEnough Software and InDeed Offer 5 Strategies to Help Companies Expand Their Presence and Find Additional Profit Sources in Emerging Markets

➤ By Andrew Liebenberg and Reece Croucher

The route to success in a developing country can be complex for many of today's biggest consumer goods companies. Traditional trade – characterized as retail locations that are typically family owned and are not part of a larger chain – is a common practice in most developing markets. Whether they are full-fledged neighborhood markets or simply a storefront built out of someone's home, traditional-trade retail outlets are numerous and many are located off the beaten path. In Thailand, for example, there are 250,000-plus retail grocery outlets, while there are millions of points of purchase in countries like Indonesia and India. In developing nations such as these, data usually only exists for a small percentage of structured, more modern retail outlets and chains. Information about traditional trade, which makes up the bulk of retail outlets in developing nations, remains largely unknown.

## Lacking Accurate Retail Data

For companies that already have a presence in developing markets, the challenge lies in identifying new ways to fuel year-on-year growth across the trade landscape – despite a lack of available data. Companies in this situation usually rely on sources of low-quality data that can only offer an indicative view of sales performance and potential. Typically, the question of whether these businesses are reaching the right, high-value retail outlets goes unanswered.

Most foreign companies rely on local distributors to deliver their products to known retail outlets. Often, this results in a roadblock: most distributors are not naturally focused on helping the company expand into new outlets or areas of potential profitability as this may come at the expense of their own efficiency. Additionally, they may not be able to ensure that



appropriate levels of service are provided to stores that have the highest value potential.

As such, businesses looking to expand their presence in traditional-trade markets must take it upon themselves to understand how they stack up against the competition and where opportunities are worth pursuing.

## The Rise of Modern Trade

Modern trade – defined as retail outlets that are affiliated with or franchised from a larger chain or parent company – has been on the rise for some time in developing countries. The impact that this transition has made on the trade landscape is dramatic: it is estimated that for every 7-Eleven convenience store that opens in Thailand, four or five traditional-trade outlets close.

Although it seems like adding structure to the retail environment in a developing nation would be beneficial, it can actually present a major financial burden to companies that have worked hard to create a brand presence in the market. Modern trade and the consistency it brings to retail in terms of store format, brand recognition, common pricing, scanned transactions and general organization comes at a higher price tag. In many developing markets, the growth of modern trade is directly correlated to an increase in below-the-line investment for existing companies. As a result, these businesses must increase their above-the-line spend to offset rising go-to-market costs, or they must look for alternative sources of lower-cost growth.

## Five Strategies to Expand in an Emerging Market

To offset the rising cost of modern trade and to get a better grip on opportunities that traditional trade can offer, consumer goods companies must tap into new sources of information to drive growth. This could mean increasing their understanding of a remote region where the selling potential, route-to-market and/or consumer isn't known. The good news is that today's technology can give companies the ability to put new retail outlets in emerging markets on the map.

**JustEnough Software**, a leading provider of demand management solutions for retailers, distributors and brand owners worldwide, and **InDeed**, a commercial strategy consultancy that helps businesses in diverse



regions and markets put sustainable and profitable growth goals into action, can help. Together, they offer the following strategies for companies that need to identify new growth opportunities and bridge the gap between traditional and modern trades in emerging countries:

**1. Understand the market.** First and foremost, companies trying to increase their presence in

emerging markets must gain a true understanding of the local business environment. How many traditional-trade outlets are there? How many outlets are there by channel or type? How well is the product category represented within these? What is the performance of the company's brand within the category and against its competitor brands? What are the sources of supply of product to outlets? Geographically, where does the company perform well versus poorly and why? Being able to accurately answer key questions such as these gives companies an advantage over their competition.

**2. Hone in on selling potential.** Getting an accurate picture of performance across the trade landscape in a developing market can be a difficult task. Sources such as syndicated data providers are good for indicative information. However, they generally only offer broadly extrapolated numbers that are based on a small sample size across the market. Although this is a directionally accurate approach, it's difficult for companies to act on since accurate data for the remaining outlets is nonexistent.

In order to truly identify the areas of highest volume potential across the trade, companies need to invest in the latest data-gathering technology that will help them gain a true understanding their performance by geography, outlet type, category, product and channel within the developing market.

**3. Understand the costs to serve.** Calculating profitability at the category and product levels is important before a company decides to expand into new retail territories. What business activities and overhead costs are needed to serve existing clients? How would new business impact spend in the market? These are imperative questions that companies must ask themselves before embarking on a path for growth.

**4. Target sweet spots.** An important consideration for companies looking to expand their business is striking the balance between the costs to serve and how much room there is to grow in a particular market. Identifying that point, or sweet spot, is crucial to achieving growth while maintaining or even increasing profitability. This can be hard to do in an emerging region, but businesses should start by gaining a true understanding of performance levels across the trade and marry these to their total business spend.

**5. Actively support business partners.** Companies that have access to factual and up-to-date data and can quantify the sweet spots are able to capitalize on opportunities to expand their market presence by – quite literally – mapping it out for their distributors. Using the latest mapping and visualization tools will give businesses the ability to provide their extended

mobile workforce with detailed data and delivery routes to all of the newly identified and potentially profitable retail outlets.

## Take Control With Advanced Technology

Do the challenges that traditional and modern trades present in emerging markets seem unsurpassable? Well, they're not. Today's consumer goods companies have the ability to increase control using advanced

software and by following the strategies referred to above. Those that do will no longer be reliant solely on their distributors or limited sources for information, nor will they struggle to make sense of enormous volumes of data.

InDeed's proven Profitable Expanded Distribution (PED) offering, now bolstered with JustEnough's advanced geo-spatial mapping capabilities, is helping some of the world's largest businesses build their presence in emerging markets. PED is a globally proven, fact-based diagnostic approach that gives companies the tools needed to gain accurate knowledge of the market, measure their true business performance by channel and geography against the competition, identify new sources of profitable growth, and then develop strategies and plans to meet their growth and profitability goals.

To learn more about how JustEnough and InDeed are working together to support companies in their quest to create efficient supply chains in even the most complex market environments, please visit [www.justenough.com](http://www.justenough.com) or [www.in-deed.com](http://www.in-deed.com).

### About the Authors



Reece Jonathan Croucher is an internationally experienced senior manager, specializing in areas such as commercial management, commercial planning, channel strategy and trade-spend profitability. Croucher has served businesses located throughout Southeast Asia, North and South America and Europe – in both developed and emerging markets. In his current role at InDeed, he serves as the managing director for the

company's Strategy Into Action Thailand, where he works with a diverse range of multi-national clients to put growth and profit strategies into action.



Andrew Liebenberg has more than 10 years of experience in the fast-paced world of mobile sales force automation. He's worked directly with well-known clients such as Heineken, Kraft Foods and SABMiller, as well as with distributors and consulting firms representing leading consumer goods brands. In his current role at JustEnough Software, Liebenberg serves as the business development manager – Asia Pacific, providing clients and prospects

with insight into the change management and bottom-line benefits mobile solutions can bring to their businesses.



[www.JustEnough.com](http://www.JustEnough.com)

[info@JustEnough.com](mailto:info@JustEnough.com)

+27 (21) 552-4008

### About JustEnough

Founded in 1994, JustEnough is a global leader in Demand Management solutions. JustEnough services more than 500 of the world's leading brands including Allocation and Replenishment of inventory at **Kenneth Cole**, Merchandise and Assortment Planning at **Levi Strauss**, Sales Forecasting at **Kraft Foods**, Inventory Planning for **IDS Group (Li & Fung)** and **Nissan**, and Mobile Sales Force Automation at **SAB Miller**, **Cadbury** and **Heineken**.

**OnCloud**, **OnSite** and **OnMobile**, JustEnough's Demand Management solutions help retailers, distributors and brand owners to forecast their customer demand, plan their assortments, allocations and inventory, shape their demand and then execute on those plans. JustEnough is headquartered in the United States with offices worldwide. Learn more at [www.justenough.com](http://www.justenough.com).