

Tapping into new markets

- The challenges



Are you thinking of doing business in emerging markets?

Are you familiar with the challenges?

The global mobile communications industry has experienced massive levels of growth over the last decade on the back of technology advancement and product innovation, both in mature markets such as Western Europe or North America and in high-growth economies such as Africa, the Middle East or Latin America.

With increased competition and more challenging market conditions, vendors of mobile communications solutions are realising the importance of tapping into new growth markets in order to be able to meet their growth objectives.

Are you ready?

For companies with the financial strength and stability and/or with global channel partners it can be relatively straightforward to tap into new markets. For smaller organisations however, this can be a daunting task.

Entering a new market has often been referred to as being very similar to a start up situation, with limited sales resources, no market presence, no channels to market and little or no knowledge of the market. On top of this, you will be faced with a whole new set of challenges not usually encountered domestically, such as:

- **cultural differences in doing business**
- **language barriers**
- **different laws**
- **unstable political, socio-economic environment**
- **etc.**

So is it really worth it? With a systematic approach and a clear understanding of the dynamics of the target market, success selling into new markets doesn't have to be out of your reach.



Getting it right

(1) Research the market

Understanding how big the size of the market is, the available routes to market, who the main players are and the obstacles in doing business in the target market is key.

(2) Define your market entry plan

What is the most cost effective way to enter? Establish whether you need a direct sales presence or whether a channel partner can be more beneficial. Determine how important is to raise awareness of your company and solutions and to establish credibility in the market.

(3) Execute

Allocate the resources required to implement the plan. Do not discard using external resources to assist you with the implementation in order to minimise your overhead and exposure.

Why consider LatAm, Middle East and Africa markets?

LatAm

- Population of 590 million people, in 24 countries.
- Latin America is the 2nd largest mobile market behind Asia-Pacific (recently overtaking Western Europe) and with penetration expected to reach 100% in 2012
- The two biggest market are Brazil and Mexico (+50% of the entire population in the region)
- Spanish and Portuguese are the two predominant languages
- Increasing end user affluence driving growth

Africa

- Population of over 1 billion people, in 54 countries
- More than 500 million mobile phone subscribers; penetration have just passed 50% and growing steadily
- The four biggest mobile phone markets in Africa are Nigeria, South Africa, Kenya, and Ghana
- Strategic investors in Africa's mobile industry include South Africa's MTN, India's Bharti Airtel, France Telecom (via its Orange brand), Britain's Vodafone and Luxembourg's Millicom.

Middle East

- Population of circa 500 million people in 20 countries
- Market is characterised by some very high mobile penetration rates and continuing healthy subscriber growth rates in most countries.
- Gulf countries (UAE, Saudi Arabia, Qatar, Bahrain, Oman) are attractive because of their very high (over 100%) penetration rates and high disposable income of many of its inhabitants.
- Continued investment in broadband infrastructure, a 'cloud computing revolution'

