



Press Release

## **“India will learn to manufacture faster than China will learn to market” : Emerging Economy Report**

**CKS releases an Innovation Report on Emerging Economies**

### **Key findings of the Emerging Economy Report**

- Emerging Economies will sustain the Global Economy
- Indian and Chinese investments will drive Africa's growth
- Soft Infrastructure is being installed despite the absence of Hard Infrastructure
- Informal Economies drive User Innovation in Emerging Economies
- Emerging Economies are innovating Environmentally Efficient modes of Energy Consumption

**Bangalore, April 02, 2008** - The Center for Knowledge Societies (CKS), India's first and only innovation consulting company, today released 'The Emerging Economy Report.'

This Report focuses on seven countries: India, China, Indonesia, South Africa, Kenya, Egypt and Brazil. These key regions of the world, the Report claims, are “experiencing Informationalization under conditions of limited or partial Industrialization.”

Dr Aditya Dev Sood, Founder and CEO, CKS, explained that this report was dedicated to understanding the new directions in which these economies and societies are headed. “In our conception, Emerging Economy refers not only to a growing economy, but more importantly to a new kind of economy. One based on information, technology and knowledge.”

“The Report offers a blueprint for innovation in Emerging Economies. It is not merely an investment advisory, but rather equips corporations working in Emerging Economies with information and insight that can drive their corporate strategy, product and service innovation processes and marketing strategy. Companies will be interested in the extraordinary range and quality of data in the Report, but also in its structure, which explains exactly how to go about the process of creating new products and services and taking them to market.”

The Report uses quantitative, qualitative and visual data to create a comprehensive picture of social and economic change that can then be used by business leaders to plan new products, services and business strategies.

The Emerging Economy Report Team from CKS' office in Bangalore visited each country in the study, working alongside research partners there. They visited elite homes as well as urban slums, smaller towns, and even very rural and remote environments. They also talked with different kinds of regional experts to understand social and technological changes being experienced in each country. They collected technology artifacts from each country and conducted abundant photography to create a visual cultural profile of each country.

This kind of societal, visual and technology-related data is not widely available in the business world, especially for Emerging Economies. Yet it is essential for marketing specialists as well as for technology teams seeking to create new kinds of technology for emerging markets. By collecting this kind of data for several key integrated markets from different parts of the world, CKS has created an extremely valuable intellectual resource which has the potential to accelerate innovation for these parts of the world.

China emerges from this study as the world's factory – CKS researchers discovered Chinese artifacts replacing locally manufactured goods as far away as Egypt and Brazil. On the other hand, it is important to note that it is an Indian company that took the initiative to gather this strategic data from all around the world. India's competitive edge resides in its ability to harness strategic consumer data and apply them in its key business sectors impacting global business practices.

### **Selected Strategic Forecasts on Emerging Economies:**

- **Information replaces Industrialism:** Strong and sustained employment growth is seen in the service sector, while the manufacturing sector sees variable change. We see that in Brazil, where at **64%**, the largest share of Brazil's GDP comes from the service sector while the industrial sector contributes only half of that at **30.8%**.
- **Soft Infrastructure precedes Hard Infrastructure:** Soft infrastructure includes terrestrial, cable and satellite television, mobile coverage, broadband cable and wireless broadband and other informational backbone while the term hard infrastructure includes highways, roads, bridges, water supply, sewage systems and electricity. In many Emerging Economy environments, especially in rural areas, soft infrastructure is encountered even in the absence of hard infrastructure. More importantly, the installation and use of soft infrastructure can generate and attract the capital resources necessary to build the more expensive hard infrastructure. For instance, Egypt's population enjoys a substantially high mobile coverage at **87%** while **29%** of its villages still have no access to safe drinking water.

- **Informal Economies become Networked Economies:** Large informal markets for intellectual property continue to coexist with newly organized corporate retail outlets, as each caters to different consumer segments. Where once only large corporations enjoyed sophisticated long distance access, even micro-enterprises can now be connected to one another. This is because today **16%** of the world's population worldwide, lives in informal cities, which will increase to **25%** by **2020** and **85%** of all future employments, will be created in these informal cities.
- **Formal and Informal Economies interact in New Ways:** The vast majority of retail outlets in Emerging Economies are in the informal sector. So far informal enterprises have not been able to aggregate. In future, we predict that informal enterprises working in the information economy will be able to aggregate into organized, formal, publicly listed corporate entities. Moreover, global corporations will come to new accommodations with the informal economy. We see this happen as **87%** of computer software in the Indonesian market is shared peer-to-peer resulting in considerable concern for an organization like Microsoft.
- **Energy Consumption rises with GDP growth:** As economies grow, they demand more energy. Emerging Economies require energy to power new transportation, housing infrastructure, public infrastructure, retail environments and service companies. There is also more capital available in Emerging Economies to invest into energy infrastructure. The ways in which new capital investments into energy are made will substantially determine the environmental impacts of this increased consumption of energy. Globally, we will see total world consumption of marketed energy increasing by **57%** from 2004 to 2030, with Emerging Economies accounting for more than **65%** of this demand.
- **Energy Innovation enables Smaller Footprints:** Emerging Economies will be able to make more informed choices about their energy portfolio based on the experiences of Industrialized nations. For instance, India has **17%** of the world's population but it emits only **4%** of the global greenhouse gases. China has the world's largest population but its CO<sub>2</sub> emissions of **2.6** thousand metric tonnes per 1,000 people is far below the **10.16** thousand metric tonnes per 1,000 people for Germany.

## About CKS

The Center for Knowledge Societies (CKS) is the world's leading research, design and innovation consulting company focusing on Emerging Economies.

CKS has worked with global corporations in various sectors from Telecommunications, Mobile Services, Aviation, Automotive, Hospitality, and Financial Services among many others. CKS has pioneered new solutions for communities and individuals, who may not enjoy continuous access to media, communications, energy and other forms of infrastructure.

CKS has offices in Bangalore, New Delhi and Bombay. It has also created a global research network spanning China, Indonesia, Brazil, South Africa, Kenya, Egypt, Vietnam, Philippines, Cambodia and Bangladesh. CKS offices serve as global hubs for those interested in social research, technology, design, education and development.

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