

Business

India will learn to manufacture faster than China will learn to market: CKS

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India`s competitive edge resides in its ability to harness strategic consumer data and apply them in its key business sectors

The Center for Knowledge Societies (CKS), India's first and only innovation consulting company, today released 'The Emerging Economy Report' in Bangalore. 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 the 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," Sood said

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.

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 CO₂ 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.