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Winning in Emerging Markets

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Abstract

Emerging markets in Asia, Latin America and Eastern Europe are delivering some of the strongest revenue and profit growth for global makers of fast-moving consumer goods, despite concerns that lower prices might translate into lower profits. Emerging-market leaders like Coca-Cola, Unilever, Colgate-Palmolive, Groupe Danone and PepsiCo earn 5% to 15% of their total revenues from the three largest emerging markets in Asia—China, India and Indonesia. The story is similar in Russia and Eastern Europe, where these companies often dominate their target categories and routinely exceed internal corporate benchmarks for profitability. And the trend is likely to continue. The gross domestic product of emerging markets equaled the GDP of advanced nations for the first time in 2006, with much of the growth coming from the "BRICET" nations—Brazil, Russia, India, China, Eastern Europe and Turkey.

Until the past few years, emerging markets were a relatively low priority for the leading consumer products companies with few exceptions, even though these markets are home to about 85% of the world's population. The obstacles are still real—in emerging markets, multinationals compete on unfamiliar terrain dominated by local players, sell at price points below those in their home countries and wrestle with deep-seated social and cultural customs. But with growth slowing in the mature markets of North America, Japan and Western Europe, some consumer goods companies have figured out how to tap into the purchasing power of a new and growing middle class in these emerging markets.
We will discuss six key success factors to navigating the uncertain economic environments in developing economies: Enter the mass market to achieve scale in distribution, brand building and operations; localize at every level; develop a "good enough" cost mentality; think globally but hire locally; make sure local acquisitions have a strong business fit; and organize for emerging markets.

The Speaker

Louis Lim is a partner in Bain & Company’s Southeast Asia office. He joined the firm in 1997 and has worked in Bain’s Tokyo, Sydney and San Francisco offices. Prior to Bain, Mr. Lim was with the Ministry of Defence in Singapore.

At Bain, Mr. Lim leads the Consumer Products and Retail practice for Southeast Asia, and heads the firm’s Organisation practice for the region. Mr. Lim has worked extensively with both multinationals and regional/local companies in the region on a range of issues including corporate and business unit strategy, customer marketing strategy, performance improvement and M&A. As Bain’s recruiting partner for Southeast Asia, Mr. Lim is also responsible for driving the firm’s hiring efforts in the region.

Outside of work, Mr Lim is active with the non-profit sector in Singapore – he has led pro-bono consulting projects for the Society for the Prevention of Cruelty to Animals, Action for Aids and the Singapore Environment Council. Mr. Lim sits on the Academic Board for Shatec Institute, and serves on the MIT Club of Singapore Executive Committee and the Real Estate and Sponsorship Committee for the Singapore Chinese Orchestra. He is also a guest lecturer at INSEAD and the SMU Business School.

Mr. Lim earned an MBA from INSEAD in 2004. He is also a graduate of the Massachusetts Institute of Technology, where he received both his bachelor and master degrees in economics in 1995 and was elected to Sigma Xi. A food and travel enthusiast, Mr. Lim has pursued his entrepreneurial passions by founding a restaurant business and is an advisor to the travel packing systems start-up, Earthpacs Pte Ltd.