



News release

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Contact Simon Reed, PwC
+44 207 804 2836
e-mail: simon.reed@uk.pwc.com

More details: www.pwc.com/gmc
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Flexible business plans to keep pace with evolving consumer demands are key in growth markets, says PwC

Ambitious companies seeking success in growth markets must establish flexible business plans that can navigate the institutional voids which characterise these complex markets, and still keep pace with the evolving consumer base, says a new report from PwC.

Bridging Growth Markets' voids, produced by PwC's Growth Markets Centre, looks at several examples of companies that have sought to adapt new business models when expanding in growth markets – some successful and some not so successful.

Says David Wijeratne, PwC Growth Markets Centre Leader: "The common theme is that it's not possible for established companies to secure long-term success without stepping out of their comfort zone and away from their pride in what made them successful in developed markets.

"Companies need to acknowledge and understand the various institutional voids that exist in a growth market and then develop their operations in a flexible manner which will enable them to adapt these, as the growth markets' business environment evolves and matures."

Some companies have been successful in growth markets by adapting only certain parts of their well-established developed markets' operating model; but more sustained profitability comes from companies which have embraced the need to develop a differentiated operating model for the target growth market.

Companies that are truly successful in growth markets appreciate that they do not have a right to win just because they have a set of products and services that have been very profitable back home.

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These successful companies have not only identified which capabilities they need to localise, but developed bespoke, innovative processes to overcome the lack of infrastructure, data and systems that are critical to success back home.

They have also recognised the need to adapt and innovate their propositions to meet locally evolving demand and to hire, train and - most importantly - retain local talent to manage these differentiated operations.

“All of these capabilities are entwined, and so the more holistic the change the more successful the operating model. However, for these operational adaptations to be truly successful, they need also to be supported from a financial and governance perspective to ensure that they benefit from, and adhere to both the local and home regulations and working practices,” says David Wijeratne.

“All too often, the benefits or new processes are negated due to a lack of understanding of how to structure a business fiscally in a new growth market.”

Notes:

PwC's Growth Markets Centre brings together the best of PwC and Strategy& growth markets expertise from across the globe to help companies navigate these complex new markets profitably. Our growth markets methodology supports companies in addressing their market entry and expansion needs. For more information, visit www.pwc.com/gmc

You can download a copy of *Bridging Growth Markets' voids* [here](#).

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