

Growth markets: why the BRICs are so important

The BRICs markets (Brazil, Russia, India and China) are becoming ever-larger forces in the world economy. For some time their growth rates have been faster than those experienced in western economies, and they have borne the recent economic crisis with greater resilience.

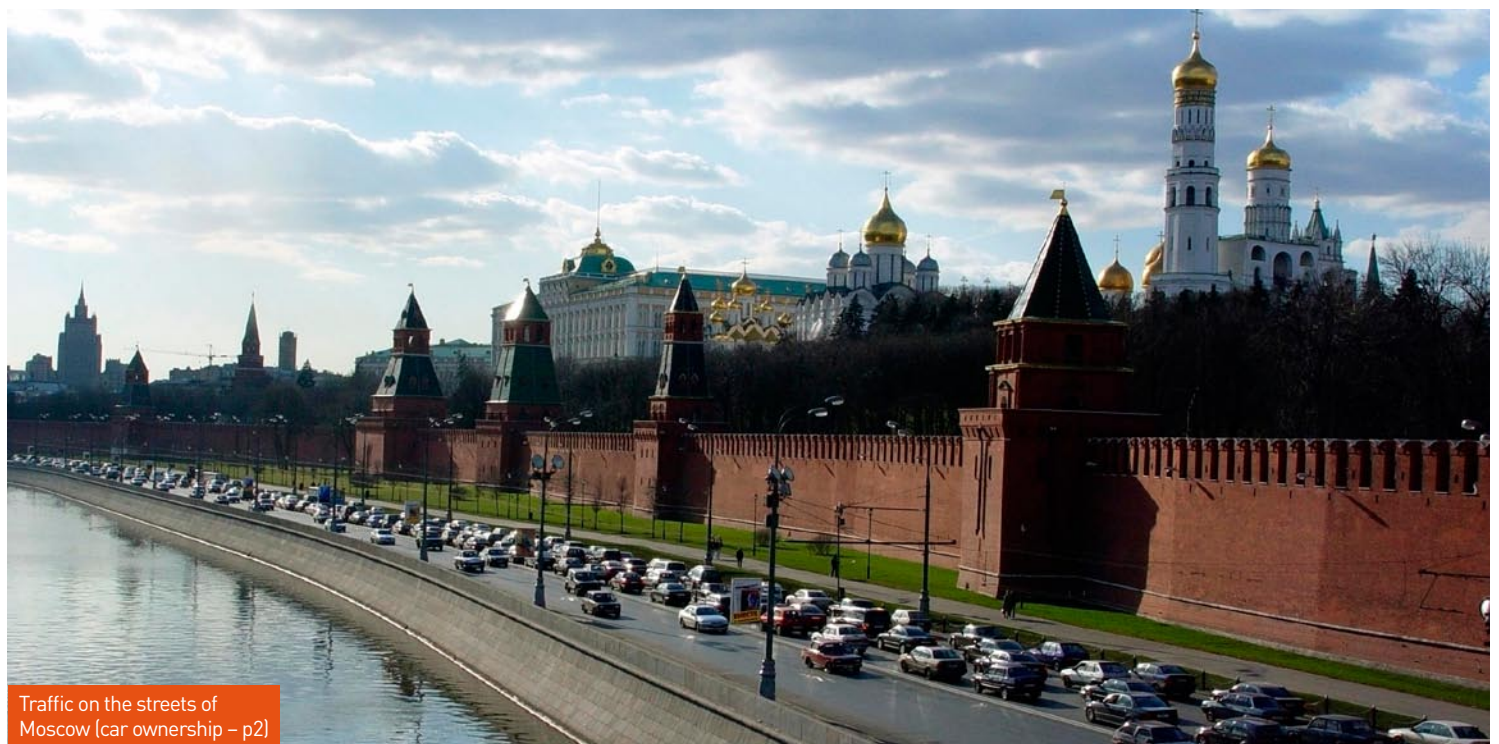
In many ways it's wrong to refer to the BRICs as "developing" markets – by some measures they can be considered just as developed as the "developed" markets.

Manufacturers and service providers have to be interested in the BRICs. Their sheer size, allied with these growth rates, means they offer huge potential.

Geoff Wicken
Head of TGI International

Each issue of **Dispatches** from Global TGI seeks to highlight some of the most noteworthy findings among our vast data resources. Covering more than 60 countries across six continents, Global TGI is a network of single-source market research surveys which provide comprehensive consumer insight and data across multiple product sectors.

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Traffic on the streets of
Moscow (car ownership – p2)

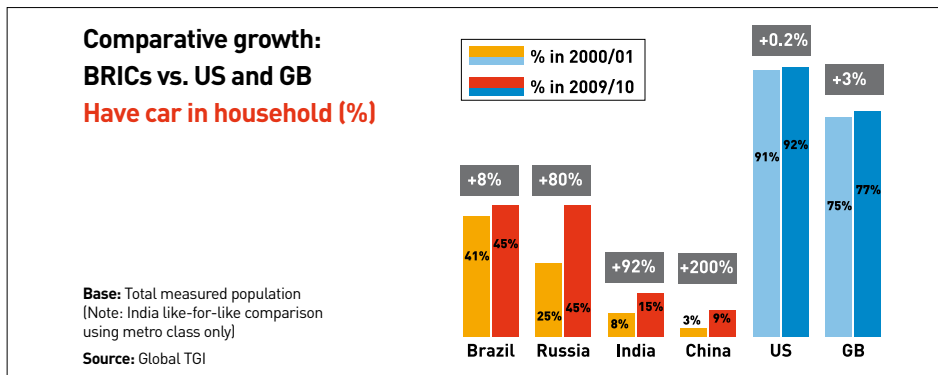
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> > > Growth rates in the BRICs for a range of items have been rapid. TGI data shows this very clearly. In this issue we look at three examples in diverse sectors. These charts show the trend over the last decade in the ownership in the BRICs markets of cars, microwave ovens and bank cards. They are based on the total measured urban adult TGI population in all cases. We can also compare this with the trend in the US and GB.

Boom in car ownership

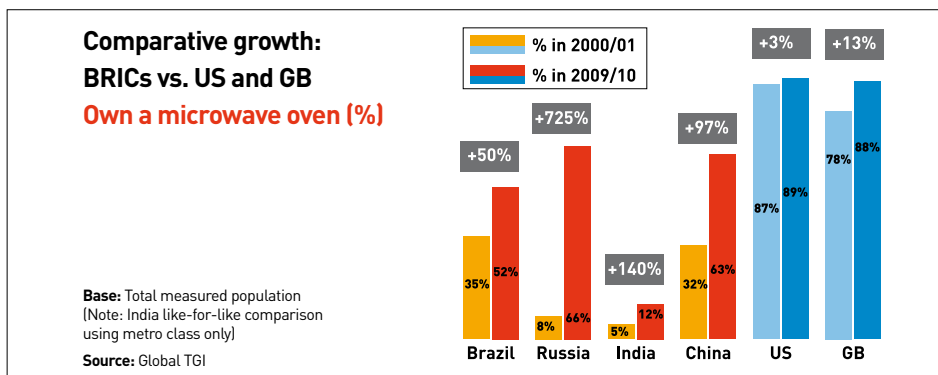
There has been dramatic increase in the ownership of cars over the last decade in Russia (80%), India (90%) and China (200% growth). These rates of growth are a clear sign of how economic development spreads wealth and makes items affordable to increasing numbers of consumers. The exception to this picture is Brazil, where car ownership was considerably higher than in the other BRICs at the opening of the new century, and growth has been more serene.

By comparison to the BRICs we see from TGI that in the US and in Britain there has been virtually no percentage growth – new purchases are largely replacement purchases.



The microwave oven market heats up

Purchasing a microwave oven for your home is by no means as expensive an undertaking as purchasing a car, but it requires the availability of sufficient disposable income. In this category we see from TGI significant growth in all the BRICs over the last decade – from a 50% increase in Brazil to over 700% in Russia. The growth story in Russia is typical of many categories in fast-growing markets: ten years ago a microwave oven was still an expensive item for most households given their purchasing capacity, and ownership was largely the preserve of the well-off. Subsequently however, it has become affordable as well as being regarded as necessary by most people, and penetration has grown dramatically.

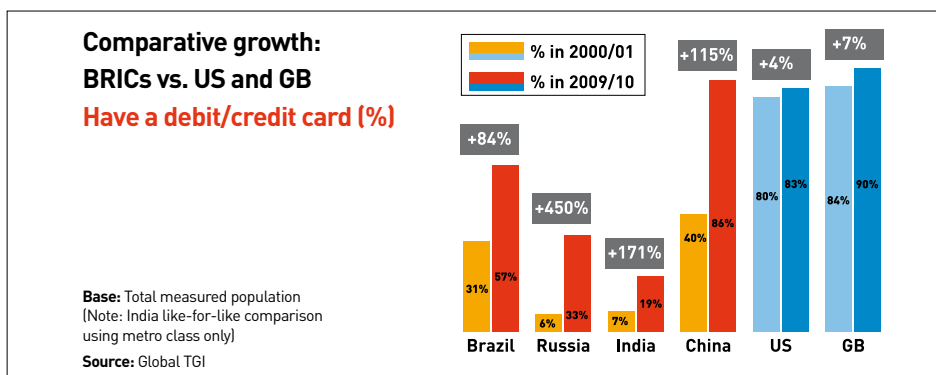


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> > > Financial sophistication

The growth in ownership of credit and debit cards arises from people's need to manage money, and greater levels of financial sophistication. Clearly it also represents a huge opportunity for financial institutions. It has been striking across all the BRICS – and there is still potential for more, perhaps in India most of all. Again we see from TGI very little growth over the same period in the US and Britain, which were already saturated.

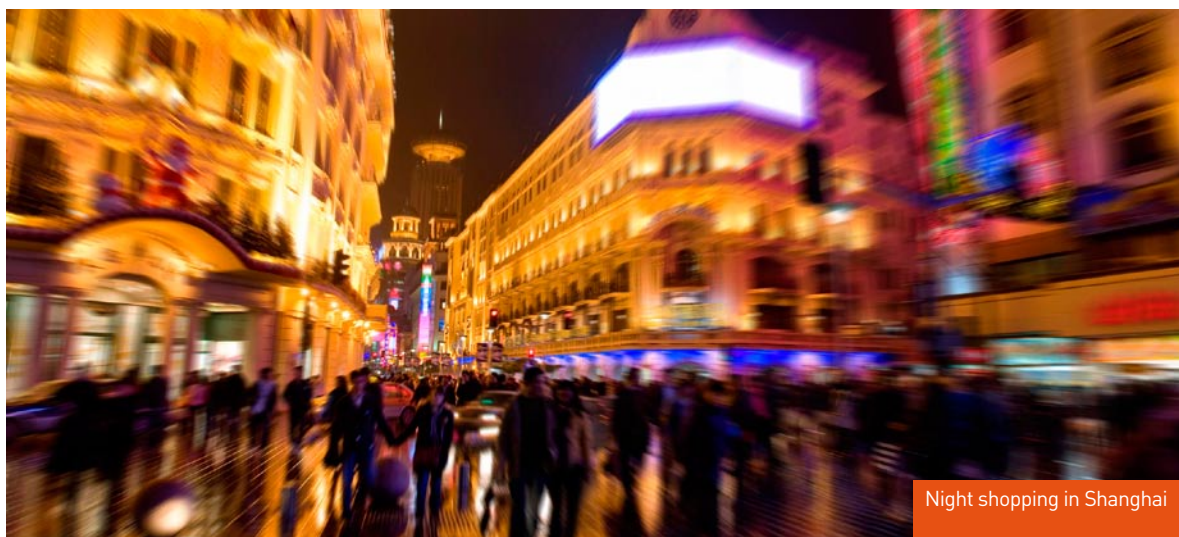


Consumer growth in the BRICs will continue

Across many other categories the same picture can be seen, of rapid growth yet still much further potential. We can anticipate growth in the BRICs and other developing markets continuing to outpace growth in western markets across the full range of consumption categories. With economic growth happening at different speeds this trend seems likely to last for a long time.

Furthermore, it's not only that they are growing faster. In population terms, the BRICs together represent 42% of the people of the world. Their large populations mean that they will increasingly dominate world markets in absolute numbers too.

When this rapid macro-economic development is considered along with the sheer size of their consumer markets and the speed of their growth evident from these TGI figures, it is very clear why many manufacturers are focusing attention very closely on the BRICs.



Night shopping in Shanghai

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