EDITORIAL



New perspectives on business model innovations in emerging markets

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Abstract

This article discusses the ten research papers compiled for the *Journal of Academy of Marketing Science (JAMS*) Special Issue, which has the express purpose of laying new groundwork for the understanding of business model innovations in emerging markets. Altogether, the papers delineate a new organizational framework for doing business in emerging markets and for optimizing gains from emerging market innovations. This Special Issue defines and clearly differentiates emerging market innovations (EMIs) from developed market innovations (DMIs) and provides a generalizable framework. The proposed framework corresponds to the process whereby developed market firms do business in emerging markets, capitalize on the innovative potential therein, reap the benefits and drawbacks of reverse innovations back to developed markets, and, finally, continually refine and optimize their innovation strategies. This study offers crucial managerial guidance through discussion on marketing to the Bottom-of-Pyramid (BoP), the importance of Grassroots Innovation (GRI), the necessity of Corporate Social Responsibility (CSR) strategies, and the role of employees in open innovation. Lastly, this Special Issue posits conceptual and methodological limitations and future research direction to capture the emerging market phenomena entirely.

Keywords Emerging markets \cdot Emerging market innovations \cdot Developed market innovations \cdot Bottom-of-pyramid (BoP) \cdot Grassroots innovation (GRI) \cdot Corporate social responsibility (CSR) \cdot Reverse innovation

Introduction

"As emerging markets evolve from the periphery to the core of marketing practice, we will need to contend with their unique characteristics and question our existing practices and perspectives, which have been historically developed largely in the context of industrialized markets." (Sheth 2011)

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Rajendra Srivastava Deanisb@isb.edu Emerging markets satisfy some of the traditional requirements of developed first-world markets, which radically differ for a number of reasons, e.g., resource shortages, customer heterogeneity, insufficient infrastructure, and sociopolitical turmoil. Such emerging markets have occupied the attention of scholars for decades, yet this research stream has been, in many respects, fragmentary and in need of greater coherence and consolidation, especially as the managerial demand for such research has accelerated. Across diverse emerging economies such as Brazil, China, and India, firms have had to contend with large-scale changes in consumer preferences as the direct result of technological and sociocultural upheavals. In the wake of these developments, the innovation potential of emerging markets has never been more promising, and the need for the marketing discipline to address the managerial realities of marketing in emerging economies has never been greater (Kumar 2014). Consequently, the responsibility of marketing researchers and academics to pave the way for a new and more comprehensive understanding of the emerging market context has become more pressing in recent years. With an



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increasing number of multinational firms seeking to do business in emerging economies, the stakeholders who stand to benefit from such an updated understanding are manifold.

Multinational companies have attempted to penetrate emerging markets for decades, to varying degrees of success. The extant knowledge on emerging markets remains fragmentary, and many firms have found that their existing business strategies do not transfer to emerging markets for a variety of possible reasons. Table 1 provides an overview of the differences between developed and emerging markets across several representative market forces – competition, distribution channels, demographics, culture, and infrastructure – with corresponding examples of firms or brands who contended with these challenges. This is to demonstrate that the business assumptions of developed markets do not transfer to emerging markets, where everything from technology to culture is radically different. Clearly, successfully doing business in emerging markets needs a different approach.

Accordingly, the *Journal of Academy of Marketing Science* (*JAMS*) has designated a special issue for the express purpose of laying new groundwork for the understanding of emerging markets. Ten papers were accepted which, altogether, delineate a new organizational framework for doing business in emerging markets and for optimizing gains from emerging market

innovations. Each paper proceeds from the understanding that emerging markets are not only ripe for new expansion and investment but are also a burgeoning frontier for innovation that is lacking for comprehensive managerial guidelines. The institutional realities and conditions of emerging markets differ greatly from those of developed markets, creating the need for new conceptual approaches to familiar marketing phenomena. In effect, these papers point toward a more systematized understanding of innovations in emerging markets in terms of both theoretical rigor and managerial efficacy.

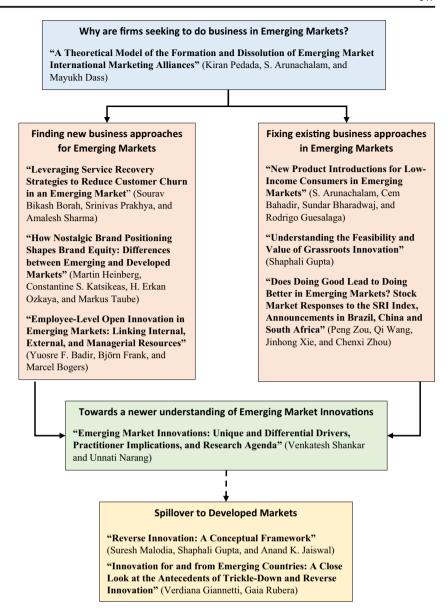
The papers presented within the following integrative framework (see Fig. 1) establishes a conceptual through-line for the special issue and broaches all relevant stakeholders. The proposed framework establishes the key motivation for this special issue, i.e., why firms are increasingly seeking to do business in emerging markets. Further, the framework classifies the papers into two parallel approaches for doing business in emerging markets: (a) finding new business approaches for emerging markets by revisiting extant marketing theory, and (b) fixing existing business approaches in emerging markets by focusing on the managerial challenges that are unique to emerging markets and working to overcome them. These dual research approaches subsequently lead to "trickle-up" innovations to developed markets, i.e. reverse innovation.

 Table 1
 Market forces across developed and emerging markets

Marketing Force	Developed Markets	Emerging Markets
Competition	Brands compete by leveraging superior technology and brand appeal.	In the 1980s, Honda entered the Indian automotive market banking on its superior quality, and yet was unable to successfully compete against Bajaj, which sold low-cost scooters through an extensive distribution system. Honda exited the market in 1998.
Distribution Channels	Logistical and infrastructural efficiency facilitates numerous distribution options: wholesale, retail, online, etc.	Multinational companies like Palmolive and Hindustan Lever overcame logistical difficulties in India by developing long-term relationships with local, smaller-scale suppliers, thereby creating its own distribution network. Nokia established local R&D centers to provide low-cost products meeting demand of Bottom of the Pyramid (BOP).
Customer Segments / Demographics	Large middle- and upper-middle class consumer base creating demand for luxury products.	BOP consumers form a significant share of emerging market consumers. Global manufacturer Danfoss penetrated Chinese market by realizing the needs of lower-income consumers, diversifying its product offerings to appeal to cost-conscious consumers, and expanding its distribution beyond first-tier cities. Dell also lost a considerable amount of its market share when Lenovo introduced a low-cost computer for BOP consumers.
Culture	Generally secular cultures emphasizing democracy and individuality.	Firms must take local custom and culture into account. Firms such as Volarean, Novartis, and P&G have considered local consumer preferences to develop products, or celebrity endorsements to leverage the local importance of Word of Mouth and personalized recommendations.
Infrastructure	Robust infrastructure adhering to standards in transportation, communication, etc.	Infrastructure is generally underdeveloped, resulting in institutional voids which firms have taken it upon themselves to fill. In China, for example, the travel industry lacks such institutional standbys as travel agents and other intermediaries, resulting in Ctrip.com, a travel booking site launched in 1999 which has grown prodigiously ever since.



Fig. 1 Organizational framework: accessing the innovation potential of emerging markets



Such spillover—often unintended—of innovations from emerging markets back to developed markets represents a clear return on the initial investment of doing business in emerging markets. A detailed examination of reverse innovations is long overdue, and the framework posited herein provides the current state of innovation research. Finally, the special issue culminates with a novel framework of emerging market innovations (EMIs), and for the first time clearly and comprehensively defines and differentiates from developed market innovations (DMIs). This new framework is rigorous, holistic, and generalizable in its efforts to define and conceptualize—at the highest level of granularity—innovations in and for emerging markets.

In short, the proposed framework corresponds to the process whereby developed market firms do business in emerging markets, capitalize on the innovative potential therein, reap the benefits and drawbacks of reverse innovations back to developed markets, and, finally, continually refine and optimize their innovation strategies. Although reverse innovations constitute the flow of innovation benefits from emerging markets to developed markets, it is important to note that the developed market firms accrue benefits at each stage of the framework, and that optimizing business strategies at each level of the framework directly influences the gains realized at subsequent stages. What follows is a detailed discussion of each stage of the framework, bolstered by accompanying discussions of each of the accepted papers for this special issue.

Why are firms seeking to do business in emerging markets?

For firms in developed markets, emerging economies represent a growing frontier for expansion that may yield numerous



advantages. A rising middle class with significant purchasing power has steadily grown in large population markets such as China and India, effectively setting new trends in consumer preferences for luxury items and creating a demand for goods and services that have not yet made the transition to emerging markets. Expanding to an emerging market represents a prime opportunity for firms to open their wares to a new and sizeable base of consumers, while also elevating the global reputation of their brands. Many emerging markets are in a state of rapid economic development and liberalization, which is favorable to new business. In today's global marketplace, expanding to an emerging market can help firms gain an immense competitive advantage.

Making a successful transition, however, is not a given. Conditions in emerging markets differ greatly from those in developed markets, and it is imperative that firms consider these differing contingencies when developing their strategies for expansion. As observed by Burgess and Steenkamp (2006), "EM institutional contexts present significant socioeconomic, demographic, cultural, and regulative departures from the assumptions of theories developed in the western world and challenge our conventional understanding of constructs and their relations." Hence, the risks involved in transitioning from the familiar assumptions and stratagems that dominate in developed markets often offsets the lucrative potential of emerging markets. In other words, a certain complacency has prevailed in marketing discourse, which has viewed developed markets as the de facto context for developing best practice for businesses.

Pedada et al. (2019) have captured this fundamental reality in their paper, "A Theoretical Model of the Formation and Dissolution of Emerging Market International Marketing Alliances." Taking stock of the extant literature on international marketing alliances (IMAs) between two or more firms from different countries, the authors note that most research in this domain has almost entirely focused on the alliances between firms in developed countries. Given the fact that emerging markets have become increasingly attractive to multi-national corporations and other developed market firms, and that IMAs have been formed and developed in emerging market firms as early as the 1980s indicates that the definition of IMAs are from the exclusive perspective of developed market firms. Such a situation constitutes a significant oversight within the extant literature.

In light of this, the authors have developed a novel conceptualization of emerging market international marketing alliances (E-IMAs), defined as "marketing alliances that have been initiated between an organization domiciled in a developed market and a firm in a transitional/emerging market such as India, China, Brazil, etc." As firms increasingly seek to conduct business in emerging markets, this new model of E-IMA formation and dissolution will prove to be of great benefit to developed market firms seeking to collaborate with

firms in emerging markets, where the established models, theories, and managerial recommendations fail to reflect actual business realities.

Essentially, it is time for theory to catch up with practice concerning emerging markets. Firms are overdue for new guidance to help them successfully transition to these less stable yet rapidly growing economies. In many cases, this will necessitate a back-to-the-drawing-board approach that reevaluates the efficacy of extant theory and constructs (developed primarily from a developed market's perspective) and updates them to account for emerging market realities.

Finding new business approaches for emerging markets: Revisiting extant theory

In Sheth's 2011 assessment of the state of emerging market discourse, he observed that due to many volatile characteristics of emerging markets—e.g., poor infrastructure, resource shortages, etc.—"many beliefs that are fundamental to marketing, such as market segmentation, market orientation, and brand equity, are at odds with the realities of emerging markets." However, this is not to say that the beliefs, practices, and constructs developed in traditional market research will cease to remain integral in doing business in emerging markets. The issue is that extant conceptualizations and models need substantial revisions in order to capture the unique conditions of emerging markets. By reinvestigating the properties of familiar marketing concepts within emerging markets, researchers can uncover new conceptual characteristics of the emerging markets, and devise new managerial insights specifically tailored to achieving profitability in these markets.

In "Leveraging Service Recovery Strategies to Reduce Customer Churn in an Emerging Market," Borah et al. (2019) have recognized the ubiquity of the problem of mitigating customer churn in response to service failures and that this problem is of special importance to emerging market firms which routinely deal with service failure-related churn. They write that:

Although multiple academic and managerial studies explore the relationship among service failures, recovery mechanisms, and customer churn...insights are largely drawn from the context of developed market firms....It is not clear whether insights generated based on developed markets will be replicable in emerging markets, which are different from developed markets in terms of both structural properties and cultural norms.

As it is imperative that a given service recovery strategy match the nature of the specific service failure, the authors have undertaken a rigorous investigation of exactly how different



types of service failure influence churn in emerging markets, and whether existing recovery strategies and mechanisms can be better leveraged within this context.

Such research reframes traditional marketing research phenomena from a more global perspective and highlights the fact that extant best practice scenarios are not always replicable between developed and emerging markets. The author's multi-method approach to analyzing which types of recovery strategies should be pursued in response to specific kinds of service failures (process vs. outcome) in emerging markets represents not only a major managerial contribution to firms operating within such markets, but also a major advancement in our current understanding of service recovery.

A similar joint benefit is provided by Martin Heinberg, Constantine S. Katsikeas, H. Erkan Ozkaya, and Markus Taube's paper, "How Nostalgic Brand Positioning Shapes Brand Equity: Differences between Emerging and Developed Markets." Here, the authors identify the need to uncover the underlying effect which drives the positive impact of nostalgic brand positioning on brand equity and related concepts, and that a comprehensive framework of this mechanism must account for differences in developed and emerging markets. Heinberg et al.'s (2019) approach has been to uncover the relevant mediating factors—e.g., brand local iconness, emotional attachment, etc.—and then compare the salience of effect of these moderators between different market settings, such that country setting moderates the mediating effects. The authors have aptly described their work as a "holistic perspective on the different channels through which nostalgic brand positioning leads to brand equity (or related constructs)." Such research hews to a paradigm whereby holistic conceptual models of marketing phenomena must now account for such country-level differences.

Finally, the salient issue of innovation comes to the forefront in "Employee-Level Open Innovation in Emerging Markets: Linking Internal, External, and Managerial Resources" by Badir et al. (2019). In light of the importance of value-enhancing innovation to firms in developed markets, the authors posit that open innovation may be less viable in emerging markets: "Theoretically, it is unclear whether assumptions and findings in the open innovation literature are equally valid in emerging market firms, which do not have the same capabilities as firms in developed markets." The authors proceed to link the deficit of innovation capabilities in emerging market firms to "a negligence of human capital factors, including firm managerial capabilities." Therefore, the promotion of open innovation in emerging markets must especially consider the role of individual managers and employees. The authors effectively integrate findings from the knowledge search behavior and leadership literatures with findings from extant open innovation research to develop and implement a model of individual-level knowledge sourcing and innovation performance, designed to managerially benefit emerging market firms that have, thus far, been unable to leverage open innovation strategies at the organizational level. Hence, the managerial conditions of emerging markets necessitate a reconsideration of open innovation theory, yielding novel actionable insights.

While some researchers may be flummoxed by the increasingly pressing need to reevaluate so much of what has long been taken for granted in the marketing discipline, the call to revisit and enrich our understandings of familiar concepts by factoring in the contingencies of emerging markets opens up limitless possibilities for new scholarship.

Fixing existing business approaches in emerging markets: Overcoming managerial challenges

Expanding extant marketing theory to account for emerging market realities is one approach to enriching our understanding of these transitional markets. Parallel to this approach, the *JAMS* special issue also highlights the importance of identifying managerial problems unique to emerging markets, which have received insufficient attention in the literature. These are challenges which are still in the process of being identified and cannot be resolved without significant overhauling of conventional marketing thinking. It is paramount that scholars identify these issues and undertake rigorous methodological research in order to capture these unprecedented realities.

One of the long-standing challenges faced by firms in emerging markets is the need to market to the lower-income consumers at the bottom of the pyramid (BOP) Palepu and Khanna (2010). C. K. Prahalad and other scholars have famously called attention over the last several years to the social responsibility of marketers to target BOP consumers as well as to the rich innovation potential of this segment. While the growth of the middle and upper classes in developing countries, such as India and China, have long represented attractive consumer segments to both multinational and domestic firms, it is low-income consumers which represent the bulk of the population in emerging markets—their relative lack of spending power is offset by their sheer numbers. However, despite the established benefits of marketing to this segment, firms have been slow to target BOP consumers.

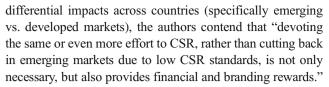
In their paper, "New Product Introductions for Low-Income Consumers in Emerging Markets," Arunachalam et al. (2019) have devised a compelling approach to examining new product introductions aimed at lower-income consumers in emerging markets. The authors have consolidated two streams of literature—(1) established managerial tactics for BOP consumer targeting, and (2) new product diffusion in emerging markets. An exercise is done to uncover the factors that influence the nature and the number of new product introductions for lower-income consumers (i.e., why are there



so few new products being introduced for this segment?) and to provide novel managerial and public policy guidelines.

Further, Shaphali Gupta's (2019) paper titled "Understanding the Feasibility and Value of Grassroots Innovation" also addresses this issue. This paper argues that marketers have largely overlooked the fundamental step of understanding the needs of customers in the BOP segment, and that despite efforts to address lower-income consumers from a demand perspective, "an estimated 4 to 5 billion consumers at the BOP remain largely left out from global demand markets (Prahalad 2011)." For example, several firms design low-cost refrigerators specifically for BOP consumers, and yet only the Mitticool—a clay refrigerator developed at the grassroots level of Indian society-addresses BOP needs associated with rural living, electrical power failures, etc. Such grassroots innovations (GRI) originate from individuals at the grassroots level of society (i.e., grassroots innovators), who are "from the economically disadvantaged segment, are wellversed with their community's needs/problems and their resource constraints, and are intrinsically motivated to solve their community's problems via innovative solutions that combine local, contextual, and traditional knowledge." Undertaking a triangulation approach, the author then introduces, for the first time in marketing, a holistic conceptual framework of GRIs, which defines GRI as a multidimensional construct and identifies its relevant antecedents, moderators and outcomes. From a policy standpoint, the study provides what Gupta (2019) calls "a roadmap for the socio-economic development of the rural and semi-urban community," while also informing managers regarding capitalizing on GRIs.

The incentive for marketing to the BOP segment raises issues of corporate social responsibility and the ethical value of serving this relatively impoverished segment and improving the quality of life for the average lower-income customer. Zou et al. (2019) have asked a salient question in their paper, "Does Doing Good Lead to Doing Better in Emerging Markets? Stock Market Responses to the SRI Index Announcements in Brazil, China and South Africa." In recent years, as the relationship between a firm's corporate social responsibility (CSR) and its financial performance has attracted increasing scrutiny by researchers, the absence of an emerging market perspective from CSR studies has become conspicuous and in need of serious redress. Listing the ways in which CSR potentially differs in emerging markets, the authors point to such factors as "awareness of the CSR concept, economic development, legal and regulatory systems, business standards, and information transparency, among others." They assert a fundamental lack of objectivity and comprehensiveness among extant CSR measures and aim to study both CSR and the social responsible investment (SRI) index in relation to emerging markets, where SRI practices are still new. Upon examining short-term financial market responses to the launching of SRI indices, and considering



Emerging markets are not only new contexts to reformulate and reapply to established theories, but also applicable to dynamic and volatile environments in which managerial best practice remains elusive. Altogether, the above three papers constitute a major advancement in established knowledge on the long-standing managerial challenge of BOP marketing, not only bringing together novel insights on innovation strategies but also directly tackling social and ethical responsibility perceived and practiced by emerging market firms.

Spillover to developed markets

Here, the organizational framework makes a detour to the phenomenon of reverse or "trickle-up" innovations from emerging markets back to developed markets. These are products developed to meet the needs of consumers in emerging countries, which subsequently reaches the developed countries as low-cost goods. What is of particular importance to the study of reverse innovations is the fundamental insight by Prahalad (2011) that it is precisely the perceived deprivations of emerging markets which have allowed these markets to lead wealthier nations in affordability, service ecosystems, and other areas which directly facilitate reverse innovation. The flip side of reverse innovations are trickle-down innovations which are first developed in developed markets and are then modified for emerging market consumers. Each of these types of directional innovation has distinct properties, i.e., the same factors which drive the likelihood that an emerging market innovation 'trickles up' to a developed market are likely to differ from those which drive 'trickle-down' innovations from developed to emerging markets, and yet current understanding of these factors is largely anecdotal in nature. For multinational firms in pursuit of best practices for an international product launch, the need for compelling differential insights has never been greater.

Giannetti and Rubera (2019) tackle this issue directly in their paper, "Innovation for and from Emerging Countries: A Closer Look at the Antecedents of Trickle-Down and Reverse Innovation." The authors begin by identifying three key managerial challenges regarding international product launch: "(1) adapting their new products to accelerate their launch in emerging countries; (2) preempting imitation of their products by local firms in emerging countries; (3) defending their established positions in developed countries from new product launches by emerging countries' firms."

Extant studies on both trickle-down and reverse innovation have advanced certain assumptions regarding the importance



of price and the number of product attributes in determining launch speed from developed to emerging markets and viceversa, and yet this conventional wisdom lacks empirical validation thus far. Therefore, the authors have proposed a number of hypotheses which prove to be counterintuitive to the reigning assumptions (e.g., "H1b: Among new products initially launched in emerging countries, those characterized by a higher price will experience a faster reverse innovation"), and proceed to test these hypotheses using data sourced from over 50 countries.

The major contribution of the paper is to demonstrate that "the same marketing mix element may display opposite effects in developed and emerging countries," and therefore, "firms need to carefully manage traditional marketing levers, i.e., price and number of attributes, tailoring their decisions to whether the country that they are targeting is developed or emerging." Hence, not only does this research provide additional recommendations to developed market firms seeking to access the business potential of emerging markets via trickledown innovation, but it also helps firms to develop products for emerging markets that have a high likelihood of making the transition back to developed markets. As current trends in international new product launch indicate overwhelming new product failure, this research is crucial for firms who may now adjust the properties of new products in order to maximize their potential for international crossover between emerging and developed countries.

A similar framework posited by Suresh Malodia, Shaphali Gupta, and Anand Jaiswal complements this framework proposed by Giannetta et al. In Malodia et al.'s (2019) "Reverse Innovation: A Conceptual Framework," the authors conceptualize reverse innovation less as an outcome and more as a firm-level strategy which, in the authors' estimation, is essential to global sustainable growth. The key managerial challenge addressed here is the fact that still few multinational companies (MNCs) are becoming involved in the reverse innovation process. Identifying three underlying dimensions, the authors conceptualize reverse innovation and define it as "clean slate, super value products that are technologically advanced, created to meet the unique needs of relevant segments, and are initially adopted in emerging countries followed by developed countries." They then proceed to classify factors related to reverse innovation, such as the triggers that cause MNCs to think divergently/innovatively, and the barriers that impede the innovation process. Proceeding from their conceptualization, the authors advance propositions pertaining to reverse innovation feasibility and strategic outcomes.

In effect, Malodia et al. (2019) resituate the reverse innovation construct from being a possible outcome of product introductions in emerging markets to being a strategic process that firms can utilize to exploit the likelihood that a given innovation will trickle up to developed markets, and to then

optimize the resulting competitive gains. Given recent marketplace evidence, it is abundantly clear that scaling down developed market products does not reliably result in successful carryover to emerging markets. However, as the authors have explained in their research, innovations designed for emerging market BOP consumers are often also ideal for meeting the needs of lower-income consumers in developed countries, where the real income of working people has precipitously declined over the last several years. Hence, part of the value of a reverse innovation strategy is to market to underserved customer segments in both emerging and developed countries.

These new conceptual frameworks, taken together, significantly advance the current state of reverse innovation knowledge and, more critically, provide managerial insights that might encourage more MNCs or developed market firms to undertake reverse innovation as an efficacious strategic process to maximize global competitive advantage. Reverse innovation can no longer be considered as simply an outcome or possibility, but as a robust strategic undertaking which no firm with an eye on global development can afford to disregard.

Towards a new understanding of emerging market innovations

Whether revisiting and revising extant theory or devising novel solutions to specialized managerial problems, researchers cannot afford to ignore the unique innovation potential of these markets. Thus far, the special issue has broached grassroots innovation, employee-level open innovation, and reverse innovation. Taken together, such innovations constitute a principal driver of economic growth and one the key incentives on the part of developed market firms for doing business in such markets. The new frameworks of grassroots innovations, open innovations, and reverse innovations proposed by the special issue necessitate a higher-level reckoning with emerging markets generally, regardless of specific type. However, the extant literature on emerging market innovations is notably fragmentary, with different definitions prioritizing different stakeholders. For example, an innovation developed for an emerging market by a developed market firm is significantly different from an innovation developed in an emerging market by an emerging market firm, and yet both definitions continue to apply at various points throughout the extant emerging markets literature. It is time for a new definition that is specific in its focus and wide-ranging enough to encompass the various types of emerging market innovations identified thus far.

Shankar and Narang (2019) have sought to rectify this state of affairs with their study titled "Emerging Market Innovations: Unique and Differential Drivers, Practitioner Implications, and Research Agenda." The authors here define



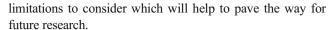
emerging market innovations (EMIs) as "an innovation that is developed in an emerging market for use by consumers or customers in that market and possibly other markets." The authors acknowledge that some of these innovations may eventually launch in developed markets as reverse innovations, but the key aspect is that they are first developed and used in an emerging market environment. For the first time identifying the unique and differential drivers of EMIs, the authors put forward several propositions that aim to specify the factors influencing EMIs relative to developed market innovations (DMIs), and then identify the variables mediating these relationships.

Shankar and Narang (2019) finally arrive at several stimulating managerial takeaways. Multinational companies, when deciding whether to innovate in an emerging or a developed market, now have guidelines concerning the differences with respect to driving factors and outcomes between EMIs and DMIs. Moreover, if a firm seeks to develop innovations in both an emerging and a developed market, guidelines are now available which may enable such firms to refine a specialized approach for each of the two markets in a strategic manner. Finally, the new framework enables firms to make a more informed decision as to exactly which emerging markets will prove most efficacious for innovation, e.g., "managers targeting markets should choose emerging markets where government policies favor improved technology." Ultimately, "once they select an emerging market to develop innovations, managers can use the combined insights from our propositions to allocate resources and invest in understanding and responding to the unique needs of customers in such markets."

As is clear from the research of Gupta (2019), Giannetta and Rubera (2019), Malodia et al. (2019), and Badir et al. (2019), understanding the unique properties of EMIs, including specific types of EMIS (grassroots innovation, employee-level open innovation etc.), is critical for retooling conventional knowledge on innovation in order to optimize business activities in emerging markets. As amply demonstrated by Shankar and Narang (2019), a holistic conceptualization of EMIs that address economic, political, cultural, and other factors has been missing from the extant literature thus far. This new framework paves the way for future scholarship in this area that might empirically validate the authors' propositions and further enrich our understanding of EMIs.

Limitations and research directions

The marketing discipline will be embroiled in addressing the challenges of emerging markets for years to come. While each paper accepted for this Special Issue moves the needle on emerging market research, and while all of these papers together constitute a considerable advancement upon previous knowledge on emerging markets, there are quite a number of



Upon reviewing these papers at length, there are clearly identifiable themes that emerge which enable us to classify the limitations of the Special Issue according to either conceptual or methodological limitations. Each limitation—and its corresponding opportunities for future research—appears below.

Conceptual limitations

The papers accepted for the special issue, with some exceptions, are from a developed market firm's viewpoint of seeking to enter emerging markets. However, emerging market firms take the initiative in many cases. For example, Dass et al., in their research on Emerging Market International Marketing Alliances (E-IMAs), acknowledge the growing prevalence of "reverse E-IMA models, wherein companies from emerging markets are trying to lead market expansion efforts in developed markets (Gubbi et al. 2012)." Gupta's (2019) research on grassroots innovations (GRI) also emphasizes the opportunity to examine GRIs within the context of developed markets—"NIF, in collaboration with different government and non-government bodies, has been working to turn GRIs from highly localized movements into a more widely reaching phenomenon"—and to "compare and contrast GRIs in the developed and emerging markets."

Additionally, future research can focus on deepening many of the newly introduced frameworks aiming to capture emerging market phenomena. For example, Borah et al. (2019) point to industry-specific heterogeneity as a reason for the inconclusive role of TAT (turnaround time, or response speed) in mitigating both outcome and process failure, while also pointing to the possibility of recovery mechanisms that might be "idiosyncratic to emerging markets." While Heinberg et al. (2019) point to the very real possibility that cultural factors specific to emerging markets might influence the effect of nostalgic brand positioning on brand equity, Arunachalam et al. (2019) emphasize the recent widespread growth of online distribution channels in penetrating the BoP. As these new frameworks become subject to further testing and validation by future researchers, additional research to uncover additional factors can be undertaken.

Another thing to keep in mind when considering the emerging/developed market dichotomy is not to lose focus of larger trends and issues in international affairs. The research of Heinberg et al. (2019), for example, acknowledges the importance of additional country-level factors—"For example, what role does animosity between two countries play ... and how does it differ between foreign and local brands with nostalgic brand positioning? How can changes in politico-economic conditions affect the strength of individual mediators?" In fact, it is this need to consider the nuances of international relations that leads directly into the subsequent section on methodological limitations.



Methodological limitations

When assessing the methodological limitations of the papers accepted for the special issue, the need for more rigorous and comprehensive data collection surfaces. Many of the studies collect data from only one emerging country, raising the concern that results might not prove generalizable across all emerging markets, especially considering the possibility of country-specific or culture-specific factors that might be driving the results. It is worth keeping in mind that, depending on the institutional authority and its respective criteria for classification, the number of emerging countries tends to hover around 20. Therefore, it would be extremely shortsighted to assume that any one emerging market can serve as an ideal, generalizable context.

Multiple studies, for example, adopt India as the study setting. Per Borah et al. (2019), "While we do believe that our findings will be generalizable across other emerging markets, retesting in other emerging markets may provide additional insights." Gupta's (2019) research is set in India, and makes the following qualification, "It would be thought-provoking to comprehend how different cultures across emerging markets impact the relationships in the framework." Badir et al. conduct their study in Vietnam. It is therefore clear that future research could focus on validating the generalizability of the author's findings across different emerging markets, and on undertaking rigorous, cross-country data collections.

In addition to data collection, there are many limitations regarding the rigor and depth of the various models. Badir et al. (2019) acknowledge the consideration of only two control variables in their study, while Zou et al. (2019) note, "it would be more insightful if future studies could examine the long-term financial performance of SRIs using other financial measurements such as Tobin Q and also investigate the moderating effects of marketing over a longer time span." Just as many of the aforementioned frameworks can be subject to theoretical enrichments and conceptual expansions, the inclusion of additional variables, measures, and metrics can augment the empirical models.

Finally, many of the conceptual papers in this special issue offer propositions that can be subject to empirical testing. For (E-IMA), this will necessitate some form of multi-method data collection and methodology. Gupta (2019), acknowledging that the conceptual framework of GRIs lacks empirical testing, writes, "Future research can develop a multidimensional scale for GRI and can empirically test and validate the proposed framework and measure the magnitudes of the moderators." Further, Malodia et al. (2019) also acknowledge the importance of subjecting their proposed framework to empirical validation.

Future research questions

In addition to general directions for future research suggested above (i.e., conceptually comprehensive, and empirically rigorous and robust), there are more specific research questions that are also suggested by the accepted special issue papers. Based on the articles contained in this special issue and other relevant emergent topics (not contained in this special issue), we propose the following research areas for future research:

The accepted papers are largely concerned with developed markets or multinational firms seeking to do business in emerging markets. However, there are numerous suggestions that, in certain sectors, emerging market firms are leading expansion efforts in developed markets (Pedada et al. 2019). This, in addition to the increasing importance of reverse innovation, points to the growing part that emerging market firms are now playing in the international business arena. Therefore,

RQ1: What are the characteristics of emerging market firms that become major competitors on a global scale, including in developed markets?

A number of broad trends and characteristics pertaining to customer heterogeneity, resource constraint, etc. defines emerging markets. However, as indicated by the papers accepted for the Special Issue, given the granular cultural and political differences between different emerging countries, generalization is a tremendous concern. While emerging markets are culturally different from developed markets, further granular distinctions between different emerging markets could exist. Therefore,

RQ2: Can, and if so how, the country-level cultural, social, and political factors moderate (and possibly nullify) the proposed emerging market effects? What might those disruptive factors be?

Badir et al.'s (2019) research on employee-level innovation complicates received ideas about the role of customers in influencing innovation, suggesting that customers "only serve as a precursor for the market success and thus the final selection of ideas..." and have no impact on (innovative work output). In this regard, future research can reexamine the role of customer knowledge in driving innovation. Therefore,

RQ3: To what extent do customers in emerging markets actually influence the innovation process? Do customers play a greater or lesser role depending on the industry?

Gupta's (2019) paper on grassroots innovation suggests the possibility of developed market GRIs. After all, the lower-income segments of developed countries might also undertake innovations born of resource constraints.



This raises numerous issues regarding the adoption potential of GRIs by increasingly upper-middle class consumers, especially in developed markets. Therefore,

RQ4: What are the differential factors and characteristics that influence the development and adoption potential between developed market GRIs and emerging market GRIs? What factors might lead to GRI adoption by wealthier customer segments?

Arunachalam et al. (2019) research notes that, while traditional store distribution is critical for reaching BOP consumers in emerging markets, some firms have been experimenting with alternative distribution approaches, especially in light of the expansion of mobile phones among the lower-income segment and other relevant trends. Therefore,

RQ5: What is the efficacy of alternative distribution channels—and especially online platforms—for introducing new products to BOP consumers?

Giannetti and Rubera (2019), in conducting their research into the antecedents of trickle-down and reverse innovation, make sure to clarify that their findings emerge from new product launch data for emerging and developed firms. However, for each respective product, there is no information pertaining to the conceptualization and development of the products. Therefore,

RQ6: Does the location of a product's conceptualization and development (emerging vs. developed country) moderate the success of emerging market product launches?

Competitive intensity, especially in the emerging markets, is an area that still holds much research interest. The pressure of MNCs competing in emerging markets is well-documented (Sheth 2011; Wright et al. 2005). Global companies operating in emerging markets find it hard to emerge as market leaders, and even if they succeed stay as leaders for a long time, as compared to their performance in the developed markets. For instance, research finds that only 45% of global companies operating in emerging markets that reached the top quintile with respect to economic-profit generation between 2001 and 2005 were still there a decade later, compared to 62% in developed companies for the same period (Madgavkar 2019). In this regard, innovation is a vital tool used by global companies to sustain and grow in various global markets. Specifically, research studies identify the "learning effect" to advice managers on the mode and timing of the global launch of innovations (Ganesh et al. 1997; Putsis et al. 1997). As a result, the generalizable insight that consumers in the lag markets learn from the experience of the adopters in the lead market has helped companies successfully navigate various foreign markets (Kumar 2014). In addition, research has identified the trend of emerging market corporations such as Huawei, Haier, and Petronas making their foray into developed markets, and making their presence felt (Ramamurti and Singh 2009). Further, more foreign direct investment from the BRIC countries (i.e., Brazil, Russia, India, and China) are directed towards developed markets than other emerging markets, indicating global vision for such emerging market corporations (Ramamurti 2012). In this regard, concepts such as frugal innovation and operational agility continue to spur competitiveness among emerging market companies. Therefore,

RQ7: With emerging market companies operating in the developed markets performing better at handling competitive pressure than their counterparts, what impact do differences in institutional frameworks between emerging economies and developed economies have on the companies' ability to handle competitive intensity?

Emerging market companies operating in the developed markets face an uphill task in navigating the market. In handling competitive pressure, research has identified that the firm's absorptive capacity (i.e., the ability to identify, recognize, and use new and external information to serve a firm's commercial endeavors) plays a crucial role in alleviating foreign marketplace hurdles (Cohen and Levinthal 1990; Dawar and Frost 1999). Additionally, joint innovation through customer and government partnerships has also helped emerging market firms compete successfully in developed markets (Hensmans 2017). In this regard, emerging market firms are more prepared and open for *exploration* of the developed market than *exploitation*. This not only allows them to compete successfully in the foreign market, but also transfer much of that learning and capability back to its home country. Therefore,

RQ8: How do emerging market firms approach and forge local partnerships in developed markets to succeed in the developed markets?

Conclusion

The international marketing landscape is undergoing a number of rapid developments at a time when international growth has never been more desirable to firms interested in maximizing profitability and securing a robust competitive advantage. Recent years have placed the marketing discipline in a curious predicament, as the growth and innovation potential of emerging markets has become impossible to ignore, while, simultaneously, the marketing literature has remained entrenched in a developed market-centric perspective. The unique challenge



for those who submitted their research to the *JAMS* special issue was to move away from this paradigm and toward a more comprehensive, nuanced understanding of marketing theory and practice, an understanding that accounts for the rapidly changing global marketplace and encompasses the unique contingencies of industrialized, first-world countries as well as those of emerging, transitional countries.

To the credit of the authors of these papers that, in extending established theory to account for the realities of the emerging market context, have also provided a surfeit of long-overdue managerial guidance. Such guidance is sure to encourage more and more firms to undertake dynamic innovation strategies in emerging markets. Given the sociocultural and political upheavals that continually sweep emerging countries, the global marketplace is poised for significant changes in the coming years. The results and insights provided by the papers in this special issue will equip firms with the required knowledge to prepare for marketplace changes and assist them in tapping into the innovation potential of this rapidly expanding marketplace.

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