

Emerging Markets Definition and World Market Segments

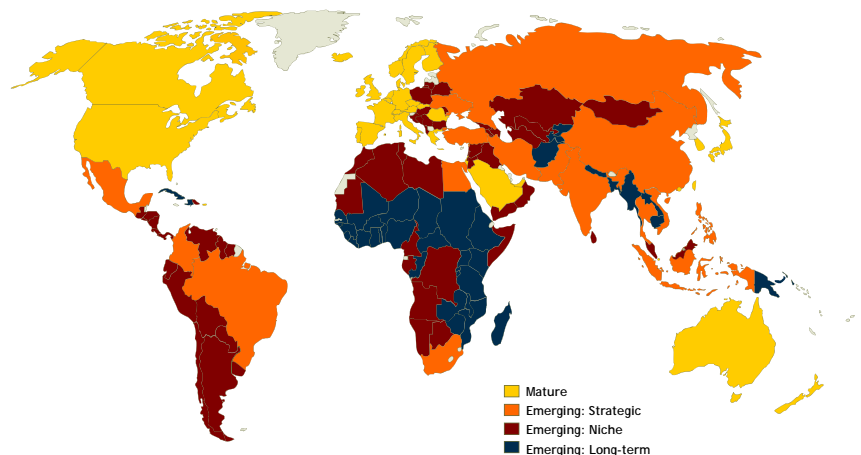
Vital Wave Consulting enables accelerated revenue growth in emerging markets. Following the World Bank's current definition of a Developing Country, the company defines **emerging markets** as countries that have a gross national income (GNI) of \$11,456 or less per capita.

Within emerging markets, Vital Wave Consulting distinguishes between three sub-groups according to market size (population) and economic attractiveness (GNI per capita in purchasing power parity terms).

- **Strategic Opportunity Markets** are the largest and most economically attractive for a multinational corporation that is looking to grow its customer base. These markets have a population over 40 million, and strong real GDP growth. These markets also have a GNI per capita over \$2,000 per year in purchasing power parity (PPP).
- **Niche Opportunity Markets** are countries with a population under 40 million that have average incomes over \$2,000 in PPP terms and strong real GDP growth. These markets provide multinational companies with opportunities to grow their markets on a smaller scale, or they may be “gateways” to larger nearby markets.
- **Long-term Opportunity Markets** are the least attractive markets to a multinational corporation. These markets exhibit a low standard of living with a GNI per capita under \$2,000 per year in PPP terms. In these countries, persistent poverty, corruption and political instability may be hampering economic growth. These countries may be viable markets in the long term with consistent political and economic reform.

Over 140 countries, representing 84% of the world's population, meet these criteria. The proportion of worldwide technology expenditures by emerging-market countries is steadily increasing relative to mature markets. The ten largest emerging markets are expected to spend \$558 billion on IT and telecommunications in 2009. By 2015, the combined GDP of emerging-market nations will surpass that of the top 20 developed economies.

Vital Wave Consulting provides strategic consulting, market research and business intelligence services and publications on emerging-market business opportunities. Clients include multinational corporations in the information technology and telecommunications industries. For more information, please visit www.vitalwaveconsulting.com, or call (650) 964-1316.



World Market Segments

Market Segments	Market Sub-segments	Countries (Listed in order of population size)	Characteristics
Developed Countries (aka mature markets)	Advanced Markets (20)	EA&P: Japan, Australia, New Zealand ME&NA: United Arab Emirates NA: United States, Canada WE: Germany, France, United Kingdom, Italy, Spain, Netherlands, Belgium, Sweden, Austria, Switzerland, Denmark, Finland, Norway, Ireland	<ul style="list-style-type: none"> • Above the World Bank's high-income threshold for 30+ years • GNI of \$11,456 or more per capita • Fully integrated ICT • High standard of living
	New Advanced Markets (12)	EA&P: South Korea, Taiwan, Hong Kong, Singapore EE&CA: Greece, Portugal, Czech Republic, Hungary, Slovakia LA&C: Puerto Rico ME&NA: Saudi Arabia, Israel	<ul style="list-style-type: none"> • Recently transitioned into the developed country category • GNI of \$11,456 or more per capita • Newly integrated ICT • Medium income and standard of living
Developing Countries (aka emerging markets)	Strategic Opportunity Markets (16)	EA&P: China, Indonesia, Viet Nam, Philippines, Thailand EE&CA: Russian Federation, Turkey, Ukraine LA&C: Brazil, Mexico, Colombia ME&NA: Egypt, Iran South Asia: India, Pakistan SSA: South Africa	<ul style="list-style-type: none"> • The largest and most economically attractive developing-country markets. • Population over 40 million • Strong real GDP growth • GNI per capita over \$2000 in PPP • Rapidly integrating ICT • Improving standard of living
	Niche Opportunity Markets (48)	EA&P: Malaysia EE&CA: Poland, Uzbekistan, Romania, Kazakhstan, Belarus, Azerbaijan, Serbia and Montenegro, Bulgaria, Turkmenistan, Croatia, Georgia, Moldova, Bosnia and Herzegovina, Lithuania, Albania, Armenia LA&C: Argentina, Peru, Venezuela, Chile, Guatemala, Ecuador, Cuba, Dominican Republic, Bolivia, Honduras, El Salvador, Paraguay, Nicaragua, Costa Rica, Panama Uruguay ME&NA: Algeria, Morocco, Iraq, Yemen, Syrian Arab Republic, Tunisia, Libya, Jordan, Lebanon, Occupied Palestinian Territories South Asia: Sri Lanka SSA: Cameroon, Angola, Congo, Mauritania	<ul style="list-style-type: none"> • Smaller, growing economies • Population under 40 million • GNI per capita over \$2000 in PPP • Strong real GDP growth • Improving standard of living • Rapidly integrating ICT • Some risk from political or economic instability
	Long-term Opportunity Markets (38)	EA&P: Myanmar, Cambodia, Papua New Guinea, Lao People's Dem. Rep. EE&CA: Tajikistan, Kyrgyzstan LA&C: Haiti South Asia: Bangladesh, Afghanistan, Nepal SSA: Nigeria, Ethiopia, Congo Dem. Rep., Tanzania, Sudan, Kenya, Uganda, Ghana, Mozambique, Madagascar, Côte d'Ivoire, Burkina Faso, Niger, Malawi, Zimbabwe, Senegal, Mali, Zambia, Chad, Rwanda, Guinea, Benin, Burundi, Togo, Sierra Leone, Eritrea, Central African Republic, Liberia	<ul style="list-style-type: none"> • GNI per capita under \$2000 in PPP • Very low ICT integration • Low income and standard of living • High risk

Market Segments of Countries with Populations under 3 Million

Listed in order of population

Advanced Markets (4) – Kuwait, Luxembourg, Brunei Darussalam, Iceland

New Advanced Markets (9) – Slovenia, Qatar, Cyprus, Bahrain, Equatorial Guinea, Malta, Bahamas, Netherlands Antilles, Antigua and Barbuda

Niche Opportunity Markets (32): Jamaica, Mongolia, Oman, Latvia, Namibia, Macedonia TFYR, Botswana, Estonia, Trinidad and Tobago, Gabon, Mauritius, Swaziland, East Timor, Fiji, Djibouti, Guyana, Bhutan, Cape Verde, Suriname, Maldives, Belize, Barbados, Vanuatu, Samoa (Western), Saint Lucia, Saint Vincent and the Grenadines, Grenada, Kiribati, Tonga, Seychelles, Dominica, Saint Kitts and Nevis

Long-term Opportunity Markets (6) – Lesotho, Gambia, Guinea-Bissau, Comoros, Solomon Islands, São Tomé and Príncipe

Note: GNI per capita (gross national income in current US\$), formerly gross national product, is the sum of all productive income from residents. GNI per capita in PPP terms is used to provide a comparative measure of economic well-being across developing-country economies.

Vital Wave Consulting relies on numerous international organizations and databases to identify market categories, including:

The World Bank's World Development Indicators Database, 2007

The World Bank's Development Data Group

The World Information Technology and Services Association WITSA

About Vital Wave Consulting

Vital Wave Consulting enables accelerated revenue growth in emerging markets through strategy consulting, market research and scenario forecasting. The company engages with multinational corporations in the information technology and telecommunications industries. For more information, please contact:

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