Managing Opportunities and Challenges in Emerging Markets

STÉPHANE MÜLLER - LATIN AMERICA
Agenda

- Stephane Muller
- LATAM overview
- Brazil example
- Opportunities
- Challenges
- Latin People Portrait
- My advises
Stéphane

1999
Logistic / Purchasing Manager
Brose

2006
Supply Chain Management
FAS

2011
SICPA

Purchasing
Sales
Operations

LauraStar
Focus on LATAM – Where to invest?

Three criteria:

- Young
- Fast moving
- Big (=Money)

LATIN AMERICA

- 2013 Revenues: $1.4B
- 2016 Revenues: $2.2B
- Annual growth rate: 14.6%

The Global Competitiveness Report ranking 2013-2014

Top 10 in Latin America and the Caribbean:
- Chile
- Barbados
- Mexico
- Peru
- Ecuador
- Panama
- Costa Rica
- Brazil
- Colombia
- Uruguay
LATAM Overview – Define your target and where you go

The Latin American MedTech market represents 485 million people and a GDP of $5.2 trillion.
LATAM Overview - Brazil example

- Real GDP Growth Rate 2012: 0.90%
- GDP 2012: US$2.394 trillion
- GDP per capita 2012: US$12,100
- Largest consumer market: 7th
- Transparency International’s Corruption Perceptions Index: 69th
- Ease of Doing Business 2013: 113th
- Population: 201 million
- Unemployment: 5.50%
- Internet users: 76 million (3rd in the world)
- World Competitiveness Report 2013: 56th
<table>
<thead>
<tr>
<th>Category</th>
<th>Brazil</th>
<th>São Paulo</th>
<th>São Paulo’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Territory</td>
<td>8,515,767 Km²</td>
<td>248,222 Km²</td>
<td>2.9%</td>
</tr>
<tr>
<td>Population</td>
<td>201 million</td>
<td>44 million</td>
<td>21.7%</td>
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<tr>
<td>GDP nominal</td>
<td>US$ 2,242 billion</td>
<td>US$ 702 billion</td>
<td>31%</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>US$ 11,154</td>
<td>US$ 16,078</td>
<td>44% larger</td>
</tr>
</tbody>
</table>

Source: IBGE and SEADE (2013)
Exchange Rate: US$ 1 = R$ 2,16
### LATAM Overview – be smart where to go

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Mexico City</td>
<td>Mexico</td>
<td>20,631,353</td>
<td>$411.4 billion</td>
<td>$19,940</td>
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<tr>
<td>São Paulo</td>
<td>Brazil</td>
<td>19,953,698</td>
<td>$473 billion</td>
<td>$23,704</td>
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<tr>
<td>Buenos Aires</td>
<td>Argentina</td>
<td>13,333,912</td>
<td>$348.4 billion</td>
<td>$26,129</td>
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<td>Rio de Janeiro</td>
<td>Brazil</td>
<td>11,968,886</td>
<td>$194.9 billion</td>
<td>$16,282</td>
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<tr>
<td>Lima</td>
<td>Peru</td>
<td>10,231,678</td>
<td>$177.4 billion</td>
<td>$17,340</td>
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<tr>
<td>Bogotá</td>
<td>Colombia</td>
<td>8,868,395</td>
<td>$140.9 billion</td>
<td>$15,891</td>
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<td>Santiago</td>
<td>Chile</td>
<td>7,023,767</td>
<td>$150.3 billion</td>
<td>$21,393</td>
<td>79th</td>
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<tr>
<td>Belo Horizonte</td>
<td>Brazil</td>
<td>5,504,729</td>
<td>$94.9 billion</td>
<td>$17,239</td>
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<tr>
<td>Caracas</td>
<td>Venezuela</td>
<td>5,297,026</td>
<td>$69 billion</td>
<td>$24,000[56]</td>
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<tr>
<td>Guadalajara</td>
<td>Mexico</td>
<td>4,593,444</td>
<td>$77.4 billion</td>
<td>$16,855</td>
<td>142nd</td>
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</tbody>
</table>

- 5% of LATAM Territory
- 20% of LATAM population
- 40% of LATAM GDP
LATAM Opportunities

- **E-commerce**
  Huge trend in LATAM

- **Internal Market**
  Young and new rich populations

- **External development**
  (APAC, MERCOSUR, NAFTA)

- **Government support**
  SP or Ecuador, etc.

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**Brazil e-commerce**

Population: 201,000,000

- Internet Users
  110,000,000 (54%)

- e-Shoppers
  62,000,000 (30%)
LATAM Challenges

- **Governments**
  Corruption and complexity
- **Market changes (politic)**
  Corruption and complexity
- **Bureaucracy**
  Time, efforts and money
- **Currency effects**
  Volatile so calculate the risk
Latin People Portrait – know your enemy

- Friendly
- Close to their families
- Close to God
- Latins eat a lot
- Race divisions
- Double sense
- Lying = social activity
- Time issues

Nos vemos en tu casa
mi hijo está enfermo
una virgen en cada fabrica
cita de trabajo de 10-17
publicidad
introducción ???
200/300 invitados
ahorita

MEETING & GREETING
- Latinos are warm and engaging people, but a degree of formality is expected – don’t call a client by their first name until asked to do so
- Don’t be surprised by displays of affection, such as a hug, and don’t expect everyone to arrive on time

EATING & DRINKING
- Food in Latin America is a social event, so expect a degree of informality
- But it’s polite to accept food if offered

NEGOTIATING
- Hand symbol for OK is an offensive gesture in Brazil
- Don’t expect to negotiate in English – think about hiring an interpreter
- In Mexico, status is important. Ensure a member of senior management is part of discussions
Personal advises

- Prepare, plan, do and stick the plan… perseveration is key
- Use local … in Brazil special tax agencies can save you 10%
- Invest where it matters … avoid certain countries areas
- Choose reliable partners…. Pay more but avoid risk
- Avoid as much as possible government interactions

- Be prepared
Thank you

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