MSU-CIBER Releases latest EMPI Index:
Hong Kong, Singapore, and South Korea are most attractive emerging markets

Michigan State University’s Center for International Business Education and Research (MSU-CIBER) in the Eli Broad College of Business has just released its annual market potential index for emerging markets (EMPI), available at http://globaledge.msu.edu/lbrd/marketpot.asp. Emerging markets are defined as the markets with low-to-middle per capita income, and embarked on economic development and reform programs. These countries are also characterized by their attempts to open up their markets to globalization. Today, such countries constitute approximately 80% of the global population, representing about 20% of the world's economies.

The 2005 update of the EMPI features Hong Kong, Singapore, and South Korea at the top of the most attractive emerging markets (EMs) again. China, on the other hand, is steadily climbing up in the index, now ranks fourth in the release. At the other extreme are South Africa, Columbia and Venezuela all suffering from an extended economic recession.

High growth and potential of developing countries have been providing much of the fuel for the recent phase of globalization. In particular, China and India, accounting for the one third of the planet’s population, are populous enough to stimulate global growth of alter the name of the game in a wide range of industries. Unprecedented simultaneous growth of these two “giants” is estimated to continue for decades in a range of 7%-8%.

The index, which has been published annually by MSU-CIBER since 1995, is based on a broad range of market potential indicators (including market size, market growth rate, market intensity, market consumption, commercial infrastructure, economic freedom, market receptivity, and country risk) to determine the attractiveness of 24 countries with emerging markets. These 24 countries — which are monitored weekly by the The Economist magazine — are generally considered to be among the fastest growing markets in the world*.

According to lead researcher Tunga Kiyak, companies use the EMPI in several ways. "The rankings provide an objective basis for prioritizing these countries in the process of planning international market expansion," he explained. "The on-line EMPI rankings are interactive, so users can rank EMs on the basis on any of the eight dimensions making up the overall index."

Kiyak noted that managers can also choose to modify the assigned weights in order to fit the unique drivers of their own industry. "Companies in the food and telecommunication equipment industries, for example, may attach different weights to say, market size," he said. "Similarly, managers may add additional indicators that are not currently in the MSU-CIBER EMPI as a way of refining the tool for greater precision, or they may add countries to the analysis beyond the 24 EMs that are highlighted by MSU-CIBER."

Organizations interested in customizing the EMPI can contact S. Tamer Cavusgil, the John William Byington Endowed Chair in Global Marketing for the Eli Broad College of Business and Executive Director of MSU-CIBER (International Business Center at (517) 432-4320 or cavusgil@bus.msu.edu.

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* Taiwan, usually considered as an emerging market, is excluded in this analysis due to the lack of sufficient statistical data.