

# Book Reviews

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by Vijay Mahajan and Kamini Banga (Upper Saddle River, NJ: Wharton School Publishing/Pearson Education, 2006, 224 pp. \$26.99)

[A Twenty-First-Century Guide to Aldersonian Marketing Thought](#)

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***The 86 Percent Solution: How to Succeed in the Biggest Market Opportunity of the Next 50 Years***

**by Vijay Mahajan and Kamini Banga (Upper Saddle River, NJ: Wharton School Publishing/Pearson Education, 2006, 224 pp. \$26.99)**

Merely 400 years or so ago, William Shakespeare taught us that “all the world’s a stage” in his play *As You Like It* (aptly titled for the customized audience of marketing professionals). In essence, this is the canonical form that the authors, Professor Vijay Mahajan and independent consultant Kamini Banga serve up in their new book *The 86% Solution*. Their intellectual debt, which the authors explicitly acknowledge, has a more recent lineage in C.K. Prahalad’s (2005) *Fortune at the Bottom of the Pyramid*.

Somewhere along the line, the major players forgot the world stage and became content to strut in their own, albeit well-developed, sandboxes containing approximately 14% of the population (this is based on Kenichi Ohmae’s US\$10,000 per capita gross national product as the cutoff [p. 6]). The need to be weaned from the addiction to developed markets makes the title, intentionally or not, evocative of Nicholas Meyer’s revival of Sherlock Holmes in *The Seven-Percent Solution*. *The 86% Solution* serves as a clarion call for harvesting opportunities creatively in the largely neglected emerging markets. Such a call in and of itself, as noted above, is not novel. However, when conflated with specific ideas for thinking about these markets, it serves as a powerful tonic for the beleaguered executives.

The essential elements of the book are sketched out in the first chapter. The authors persuasively argue that the future lies in these developing markets, because this is where the growth is, and for not waiting for these markets to “grow up.” When these emerging markets run the entire gamut from BRICKS (Brazil, Russia, India, China, Korea, and South Africa) to Mongolia, they are difficult to generalize. The authors rightly caution against perceiving these markets as monolithic. They identify nine key characteristics of the emerging markets: demanding, fragmented, rapidly changing, youthful and growing, limited in income and space, high rates of emigration to the developed world, weak infrastructure, underdeveloped technology, and weak distribution channels. Then, they discuss each of these challenges in terms of market opportunities. For example, the characteristic of the culture and environment in these markets being demanding is reformulated as “Don’t build a car when you need a bullock cart,” and the high rate of emigration

is reframed as “Aim for the ricochet economy.”

The remaining nine chapters amplify each of the nine aphorisms that address each specific market characteristic and provide strategies to address them. Each chapter begins with a vignette of a consumer in action. This is followed with some additional discussion of the market characteristic being studied and a set of strategies that might be useful in addressing the challenges and pursuing the opportunity. In the chapter titled “Take the Market to the People,” in recognizing that emerging markets suffer from weak distribution channels, the authors suggest a set of seven strategies. These range from the obvious (“creating distribution systems from scratch”) to the creative (“use distribution bubbles to find customers when they are there”) to what might sound bizarre to the Western reader (“position for the paanwalla”). Even with the mundane “take the bank out of the branch,” the authors provide an interesting example of the Kotak bank providing free pickup and delivery of cash to customers’ homes. Each of these chapters can be thought of as a *Harvard Business Review*-style article. The use of contemporary anecdotes helps ground the book. Examples are drawn from around the developing world and prevent the book from being awash in a sea of statistics that might drown the reader.

The chapter “Grow Big by Thinking Small” alone is worth the price of the book for most executives with little emerging-market experience. The authors illustrate vividly with examples that as products in the developed world are becoming “super-sized,” tailoring to small spaces and limited incomes with small sachets and small payment will lead to big opportunities. The subsection on inverted pricing is counterintuitive and thought provoking for business school students in the developed world, who are traditionally accustomed in most courses to think in terms of economies of scale.

However, the book could have benefited from a more thorough edit. For example, the state of Andhra Pradesh is misspelled on page xix (but then correctly spelt on page 17), Tamil Nadu is spelled incorrectly on page 115 (but correctly on page 83), and Bharti Group is misspelled on page 157. The conceptual diagram of the ricochet economy, depicted in Figure 3-1 has a box and an oval both titled “Developed World” (the oval should possibly represent the “Developing World”), leaving the reader puzzled. There are also the odd sentences that seem to have been written in haste and do not make much sense. Finally, there is a scanty index. Such editing errors could lead to undermining the readers’ confidence with respect to other details and facts. As an alumnus of the Wharton School, which has global ambitions for its relatively new publishing imprint, I hope that more resources will be dedicated to the editorial and production process. However, the ability to obtain additional information and, presumably, future updates by registering the book online is a nice, distinctive touch.

*The 86% Solution* departs fundamentally from the usual tradition of impenetrable scholarly writing in marketing journals. This is a fun, easy-to-read, well-organized book, which can be consumed by busy senior executives as they wrestle with mature, developed markets. It should also be of benefit to faculty and students who are involved in courses on international marketing and are looking for evidence of and anecdotes for the importance of emerging markets. More important, it provides some structure by offering an organizing set of principles with which to think about such markets creatively; this also prevents the book from degenerating into a haphazard discussion of anecdotes. Furthermore, the academic reader can derive additional value from the questions the book leaves unanswered. What additional characteristics make up these emerging markets? What pitfalls await the unwary market researcher? How do interactions between the various characteristics affect the choice of strategies? These and other questions beg for attention, and I suspect that the authors would be most pleased to witness the emergence of such a stream of research conducted systematically by others. This is a book that should help many scholars and practitioners realize that “the world’s mine oyster” that can be eased open with the application of some of creative strategies.

## REFERENCES

- Meyer, Nicholas, ed. (1974), *The Seven-Per-Cent Solution, Being a Reprint from the Reminiscences John H. Watson, M.D.* New York: Dutton.
- Prahalad, C.K. (2005), *Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*. Upper Saddle River, NJ: Wharton School Publishing/Pearson Education.

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***A Twenty-First-Century Guide to Aldersonian Marketing Thought*  
edited by Ben Wooliscroft, Robert D. Tamilya, and Stanley J. Shapiro (New York: Springer Science/Business Media, 2005, 581 pp., \$129)**

I was introduced to Aldersonian thought as a sophomore at the University of Illinois, Urbana–Champaign, in 1967. I can still recall being intrigued by the foreign-sounding concepts, such as transformations, transvections, and organized behavioral systems, as elucidated by Professor David M. Gardner in the introductory marketing course. As I reflect on that experience nearly 40 years later, I realize that what intrigued me then was Alderson’s ability to create abstract concepts to capture the essence of day-to-day marketing phenomena. That I was excited by abstract thinking, whereas my roommate, who was also a marketing major in the same course, was utterly disinterested in it, may have been the litmus test that set me on a path to academia while he went on to a successful career in sales. I share this bit of personal history only as a context for expressing delight in being asked to review this excellent collection of chapters that both honors and reveals Wroe Alderson. The experience literally took me back to my roots in the discipline and brought back some fond academic memories.

Considering the sheer quantity and impact of Alderson’s work, the authors of the current volume undertook a Herculean task. The book is organized into five parts, each of which provides a different perspective on Aldersonian thought. With the exception of the first part of the book, the others all begin with a brief overview chapter written by one of the volume’s coeditors. A sixth part consists of two bibliographies of Alderson-related writings.

Part I, “Wroe Alderson: The Man,” is composed of only a single chapter, written by coeditor Ben Wooliscroft. To me, this was one of the most interesting chapters in the book. Relying heavily on interviews with two of Alderson’s children, the chapter engagingly reveals the man behind the ideas, something I had not been exposed to previously. Not surprisingly, this brief biography reveals a man of great intellectual capacity, boundless energy, and considerable complexity. Alderson was a maverick in his thinking, and his unique perspective made his contributions both startling and timeless.

Part II comprises a collection of 14 of Alderson’s original writings on his theory of market behavior. These chapters have been selected carefully (and, I am sure, with great difficulty—lots of tough choices) to span the breadth of Alderson’s theoretical framework. I believe that these chapters do an excellent job of representing Aldersonian thinking, and it is a real contribution to have them available and logically organized in a single, convenient volume. In these chapters, the reader can learn the basics of functionalism, the key twin concepts of households and firms as organized behavioral systems, sorting and assorting, transactions and transvections, and so forth. The astute reader will come to recognize that the abstract quality of Alderson’s framework is its fundamental strength. His concepts and the propositions that flow from them can be used as effectively to understand the dynamics of contemporary e-commerce as they had been used in his time to understand the bricks-and-mortar retail trade.

Part III contains previously published works by Alderson and others on his views of management

practice and ethical behavior. Highlights of this section include Alderson's "Basic Guide to Market Planning," published in 1958 and every bit as relevant and useful today as it was then, and his somewhat whimsically titled "Researcher Finds a Void in Freud..." in which he urges the readers of *Advertising Age* in 1957 to eschew single-minded adherence to motivation research, which was in its heyday at that time, and instead rely equally on principles of behaviorism. According to Alderson's view, consumer behavior is both rational and symbolic, and effective advertising must appeal to both aspects of human nature.

Part IV, commentaries on Aldersonian marketing, comprises previously published writings by authors such as E.T. Grether and Shelby Hunt. This section is revealing in its illumination of the elegance and breadth of Alderson's theorizing. Hunt and colleagues demonstrate that Alderson's many ideas about the behavior of marketing systems lend themselves to formalization, a necessity for empirical testing. Priea and colleagues perform a fascinating comparative analysis of Alderson's concept of transvection and Michael Porter's well-known value system. It is not clear that Porter's analysis, which is arguably more widely recognized by contemporary marketing academics, adds anything unique beyond that which Alderson contributed years earlier. Instead of a "not-invented-here" syndrome, our discipline may be suffering from a "not-invented-lately" syndrome.

Part V consists of original contributions by several authors and is one of the most interesting parts of the book. Readers learn more about Alderson the man from his long-time associate Michael Halbert, and Hunt and Arnett show how resource advantage theory flowed from Aldersonian thinking. In my opinion, the centerpiece of this section is coeditor Robert Tamilia's "Placing Alderson and His Contributions in Historical Perspective." This is an excellent piece that covers a wide variety of topics about both Alderson himself and his writings.

This collection is a tour de force of Alderson's most enduring concepts and is a must-read for anyone interested in understanding why we should be not only interested in but also deeply grateful to Wroe Alderson. He was a consummate scholar, a true Renaissance man, an iconoclast, and a change agent. It is customary to refer to Alderson as the "leading marketing thinker of his time." Having read this book (and Alderson's 1957 *Marketing Behavior and Executive Action* in my capstone undergraduate marketing class), I think it is more than appropriate to drop the "of his time" portion of this description. I know of no one who has made more enduring theoretical contributions to our discipline. I heartily recommend this volume to anyone who cares to learn more about Wroe Alderson's many contributions.

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## REFERENCES

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