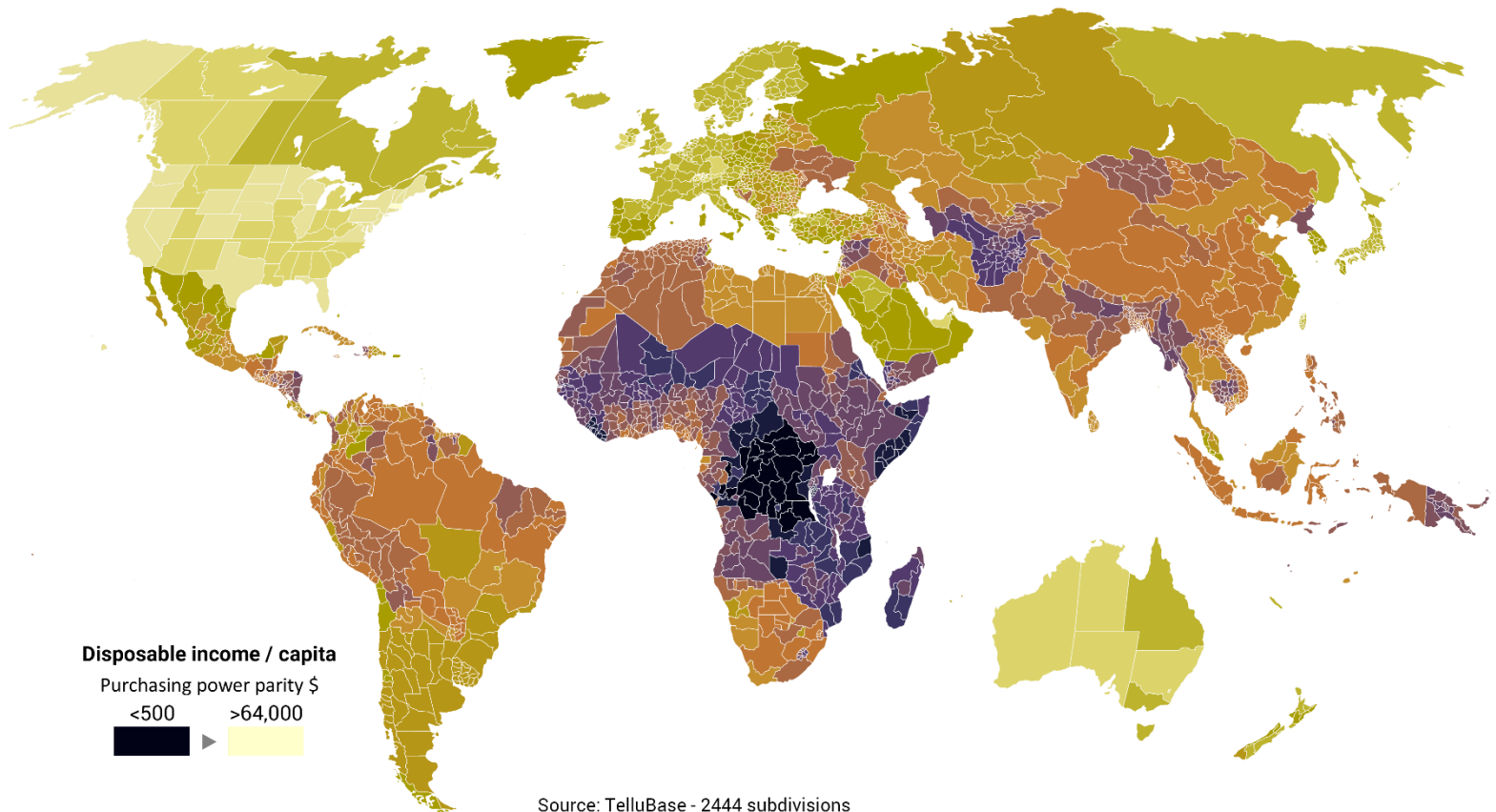## DEVELOPING SUBNATIONAL STRATEGIES

You may not have seen the world like this. We took the 2,444 subdivisions in TelluBase[1] and created this map[2] with colors corresponding to income per capita.[3]

Disposable income / capita

Purchasing power parity $

<500   >64,000

Source: TelluBase - 2444 subdivisions

Why are subnational data valuable? Research shows that around ⅓ of corporate profitability is determined by the quality of subnational adjustments.

For example, brand preferences, pack choices, price elasticity, and competitor dynamics differ at the subnational level. This is true for both affluent and emerging countries.

If a global company pursues a national approach, it leaves money on the table and opens for more nimble competitors.

Why are subnational strategies only starting to happen? We see three reasons:

- Inertia. Data at the subnational has only been available systematically since 2010 (the US being earlier). It takes a long time to embed these new data in an organization and to derive actionable insights.

- Cost. It is expensive to develop a national strategy. If processes or methods are kept the same, then the cost increases 5-15 times.

- Habit. Executives are used to a certain way of working. Learning how to plan and act locally takes new knowledge and priorities.

The only way to get around these impediments is to have new processes, policies and systems (what we call ProPolSys, or simply Propulsion).

Instead of PowerPoint decks and Excel spreadsheets sent by email, there are now cloud-based applications that standardize methods and allow for bulk analysis of subnational data.

We at Tellusant are one example of companies developing such applications.

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There are too many data sources to mention here (but they are documented on the TelluBase site). There are also 450 distinct mathematical steps to create this standardized view of the world. The math makes it close to impossible for others to replicate what we have built. What we have is, according to the resource-based view of strategy, VRIO:

- Valuable
- Rare
- Inimitable
- Organized

Note: A full resolution map is available here: https://tellusant.com/img/tellubase_sub1_di.svg

[1] https://tellubase.telluplan.com

[2] The map uses the *Canback Map Projection*©. This projection maximizes land area and minimizes sea area yet is intuitive in its layout with true proportions reasonably maintained. Colors correspond to National Geographic's Atlas of the World, where our map is displayed on Plate 22.

[3] To avoid clutter, we did not include the 2,577 cities we also cover.