



# MAKE A GRAND ENTRANCE

BY ROB O'REGAN

Major U.S. brands are continuing their aggressive courtship of developing markets. Here are five strategies for successfully building brand awareness



**E**merging markets are the new black. From the “Big Four” of Brazil, Russia, India, and China to the rest of world, marketers are placing increasingly bigger bets on developing markets — and finally seeing positive returns.

Procter & Gamble expects emerging markets to account for 30 percent of its sales by the end of the decade, up 5 percent from current levels. Yum! Brands’ KFC business is growing at a 20 percent clip in China, with more than 1,600 restaurants now open in 350 cities across the country. And Nokia predicts that 80 percent of the next 1 billion mobile phone subscribers will come from emerging markets.

With domestic growth slowing, it’s no surprise that emerging markets are such a lure for companies looking to jump-start revenues. But the rapid pace of change in these developing regions — both economically and technologically —



## Savvy marketers understand the importance of adding local flavor to remain culturally relevant.

is forcing companies to move quickly or be left behind. The time for toe-dipping, experts contend, is past. "Because all of our competition has their eyes on the same markets, you have to be more nimble," says Nancy Wiese, vice president of worldwide brand marketing and advertising at Stamford, Conn.-based Xerox, which has a \$1.8 billion developing markets business that spans operations in Latin America, the Middle East, India, Eurasia, central and eastern Europe, and Africa (its Asian operations are run through a joint venture with Fuji Xerox). "Every one of our competitors is looking at the same pie. We want to make sure we get a big piece of that pie."

The need for speed, however, increases the risk of failure, particularly for marketers

with little brand-building experience in these markets. What's the secret to success? There's no cookie-cutter formula, but we've identified five basic tenets that will put you on the right track.

### 1 Understand the infrastructure.

Not all emerging markets are created equal, and to succeed in any one of them, experts suggest that marketers tune their strategies to each market's wildly different — and rapidly evolving — media and communication underpinnings. "The extent to which you can use the traditional tools to build a brand — TV advertising, distribution, point of purchase, or trade marketing — tends to be all over," says Michael Dunn, president and CEO of San Francisco-based brand and business strategy consultancy Prophet. "How you launch a brand in India may be 180 degrees away from how you launch it in Poland."

To get a better sense of consumer media consumption in different regions, HP conducts a quarterly study to analyze the different media types it utilizes in every market. In China, for example, HP discovered that TV is the third most influential medium for consumer consideration and preference (trailing family and third-party recommendations), meaning that TV advertising remains a key piece of any brand-building strategy there.

"TV programming is not as robust, so people actually enjoy watching the commercials," says Scott Berg, director of worldwide media for Palo Alto, Calif.-based HP. The Internet, on the other hand, ranked low as a vehicle for consideration and preference, because the government controls the content on that medium.

It's just one of the many counterintuitive concepts that marketers must get their arms around, says Jeff Swystun, global director of Interbrand, a New York-based brand consultancy. While some emerging market advertising trends may mirror advertising in the U.S., circa 1950, others may look more like 2010. "Some of these markets have skipped the PC era and are moving directly into handhelds and wireless," Swystun notes. "That gives multinationals a chance

to experiment with customized content downloaded to handhelds."

Dunn sees this leapfrog effect happening in India. "The practice of pushing more value-added services via wireless is taking off more aggressively there," he says. "You'll be more effective reaching the emerging middle class in India through wireless than through the traditional PC."

Technology advances have helped with brand awareness in more indirect ways as well. American Express' My Life. My Card. campaign got an unexpected lift in India when it launched a spot featuring native son M. Night Shyamalan. The spot debuted on U.S. television but traveled virally to India via various Web sites that posted the video, along with local newspaper and TV coverage. "We didn't pay for advertising in India, but the spot got a lot of airplay there," says Joanna Lambert, director of public affairs for New York-based American Express. "Our campaigns travel faster globally now. We're a lot more connected."

### 2 Stay on message (just not as much as you used to).

A decade ago, U.S. companies tended to keep their foreign businesses in lockstep with the global brand. Although consistency with a brand's core theme remains important, savvy marketers understand the importance of adding local flavor to the message to remain culturally relevant.

HP, for one, has adopted a framework for its overall creative style that is relative on a global scale, but flexible enough for local markets to tune for their own conditions, says Berg. Xerox takes a similar approach, having moved away from its past U.S.- and European-centric strategy toward an integrated approach that's more in sync with local markets. "We try to have a global campaign that is the umbrella that supports the brand in every market," Wiese says. "Obviously, the perception of the brand is different depending on the maturity of each market. We tailor our messages to address that."

Interbrand preaches a 70/30 rule regarding the global/local brand balance. "Lock



## KNOW WHEN THE PRICE IS RIGHT

**PRICING STRATEGY IS** a couple of steps removed from building brand awareness, but it can't be left off the marketer's emerging-market checklist. If the price isn't right, experts contend, the brand won't fly — regardless of the strength of the campaign built around it.

"The big challenge is always around the price/value equation," says Michael Dunn, president and CEO of Prophet. "Does a foreign brand have enough recognition and global prestige to [command] a premium? If you can get the price/value right, the packaging and positioning is not usually a big deal."

Many U.S. companies badly miscalculated that value in their initial forays into new markets — and they have the scars to prove it. "For a long time, [U.S. companies] thought that everyone would be crying out for fabulous Western products," says Richard Pinder, Worldwide COO of Publicis Worldwide. "Those that went in that way lost a lot of money and became very cynical."

Big brands such as Procter & Gamble have learned those lessons and have adapted their approach. An example: P&G originally released its Tide detergent in China with packaging and pricing that were very similar to the U.S. version. It was not until the company moved to a tiered pricing structure — creating a lower-cost, slightly smaller, less feature-rich version of its original offering — that Tide found success with Chinese consumers. "It's really about tailoring the product to what the market needs," Pinder says.

Adds Scott Berg, director of worldwide media management and new technologies at HP: "Depending on which market we're in, the price points are different, the distribution is different. You have to take that into consideration for individual markets, along with the messaging and media perspectives."

— R.O.

"We're trying not to be too myopic," says Barbara Basney, director of global advertising for Xerox. "Local partnerships help us be sensitive to their needs."

### 3 Local partners are critical — choose them wisely.

The Xerox example illustrates the importance of local knowledge, which in many emerging markets is best gained through partnerships. Xerox has access to a rich network of local media partners through its global advertising agency, Young & Rubicam. "You have to have the foundation [locally] to know what message you need, who to communicate it to, and how to reach them," Wiese says. "The local media partners have that knowledge and experience."

"It's one of the benefits of having a global agency partner network. Things get vetted with all local offices to make sure they're culturally relevant, and if not, then they're tweaked."

American Express relies heavily on local partners for its credit card and other businesses. For such a well-known brand, awareness is less of an issue than finding reliable partners who will ensure that customers have a positive experience with the brand. "In emerging markets, it's not so much the advertising as it is the consistency in service for customers and merchants," says Jim Hedleston, the vice president of global brand media and content distribution for American Express. "If one of our bank partners wants to advertise, we work with them to ensure consistency."

Swystun urges caution when forming local partnerships, emphasizing the need for trusted relationships and contracts with unambiguous language. The reason? "You can give the local brands all your expertise," he says, "and they run off and become a competitor with you."

### 4 Focus on cultural relevance, not demographics.

Targeting and personalization may be all the rage in the U.S., but many companies still take a singular view of emerging regions such as Russia, Brazil, India and, yes, even China, with its 1.3

down 70 percent of your brand to keep it consistent with the brand values," Swystun says. "But leave the rest loose to allow for language differences, how people buy, local customers, and cultures. If you're going in with Western sensibility, you can find yourself irrelevant."

Dunn believes that some marketers remain slaves to the global consistency message. Doomed are the marketers who seek homogeneity strictly to keep costs in line, he and other experts note. "If you can leverage campaigns that allow you to deploy in a country in a more cost-effective way, you should look for those opportunities," Dunn says. "But don't do it to the extent that you'll fail."

Richard Pinder, Worldwide COO of Publicis Worldwide, further suggests that the type of message will dictate how much it must be localized. "If you're

talking about a human issue, [consumers] will get it no matter where they are," he says, noting the Johnnie Walker Keep Walking campaign as one such example. "But if you're talking about something that's more culturally specific, you'll need two or three or four versions."

Sometimes the smallest tweaks to a global campaign can make a big difference in a local market. Consider Xerox's "Juicy" ads, launched as part of its Color campaign in 2005 to promote its color printers and other output devices. The Juicy print campaign used a picture of strawberries to promote the bold color output of its systems. But in Russia, a local team pointed out that cherries had a more positive connotation with Russian consumers. Xerox changed the visuals. Since launching the campaign, Xerox has achieved double-digit growth in Russia.



## A mass-market approach works in regions where brand awareness is low.

billion people spread across 3.7 million square miles. “We’ve seen a lot of multinationals try to bite off too much of the market in terms of the geography,” Swystun points out. “Many are still going at [China] as ‘1.3 billion people’ and getting burned.”

A mass-market approach can be warranted in regions where brand awareness — or knowledge of an entire product category — is low. “If no one in a market has ever used hair conditioner, first you need to educate them about why they should be concerned about it,” Dunn says. “There’s a critical role for mass vehicles to push some of this education.”

According to Pinder, marketers are slowly introducing targeting techniques into developing regions. In many of these

markets, their segmentation is based more on cultural nuances than hard demographics. That’s partly because reliable consumer data in some developing regions is hard to come by. “The cost of getting the data can outweigh the benefits of getting the message out,” Pinder says.

But understanding and targeting cultural differences also makes good business sense for companies trying to get closer to their customers. “We’re moving away from traditional demographics to culturally based research,” HP’s Berg says. “We are trying to take media not at the local level but at the cultural level and integrate it more into the fabric of a society or a country.”

India is a prime example of a culturally diverse market, Berg says. “There is no such thing as a homogeneous audience in India. Some areas are extremely technologically advanced, others are at the opposite end,” he explains.

“We will need to fine-tune messaging around not just Bangalore but different sections of Bangalore.

We’ll have to get extremely sophisticated so we don’t have waste in the marketing mix.”

Dunn agrees that marketers must develop a much deeper understanding of how consumers in developing markets interact with products. “The way a wife uses a mobile phone [in India] is different from the way the husband uses it,” he says. “If you don’t spend the time to understand those unique settings, you’re bound to get a bunch of things wrong.”

## 5 Do your homework, expect screwups, and prepare to change tactics quickly.

To any company looking for an emerging-market credo, Swystun offers this quote from Abraham Lincoln: “Give me six hours to chop down a tree and I will spend the first four sharpening the ax.”

“That’s exactly what multinationals need to do: throw out their existing assumptions and study up on these new markets,” Swystun says. “They will find

a whole host of surprises, and there will be a long period of trial and error.”

Part of the lengthy ramp-up is simple logistics: training the staff, finding the right partners, and putting the proper systems in place. “We know how the U.S. marketplace runs; we have the experience to understand it and analyze it,” Berg says. “But when you move into new markets, you have to get the whole ecosystem up to speed. And trying to understand the marketplace is much more challenging than in the U.S.”

More than anything else, experts say, marketers must be nimble. The rapid growth rates of many emerging markets are what make them so appealing. But rapid economic growth also means that your target audience is changing just as quickly. Marketers must adapt with them or risk irrelevance. “Successful brands in these markets change their attitude and approach 10 times as fast as they do in more mature markets, because the growth rate in those countries is 10 times as fast,” Pinder says. “If [a consumer] can double his quality of life in five years, that changes his consumption patterns hugely.”

It makes for an elusive target audience. “When asked by their U.S. bosses what’s going on with the consumer, people in these markets should say, ‘I have no idea. But I can tell you what went on with them last week,’” Pinder quips.

It’s a targeting tightrope: aim too low and your brand may not rise with the economic tide. Pinder points out that Volkswagen was once the leader in car sales in China because of its low-end models, but as consumers’ earnings grew, their tastes migrated to brands they perceived as higher end. “Now VW is back in the pack,” Pinder says, “because everyone remembers their cheap taxis.” Aim too high, however, and you might not get any initial traction with an audience that will always perceive your brand as out of reach, even as its standard of living improves. The key to success is to “understand where [consumers] are now, reach out to them, and then check back in three months to see if that’s still working,” Pinder says. “If not, you need to change it.” ■