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Sanjeev Malhotra; Seema Mangrulkar
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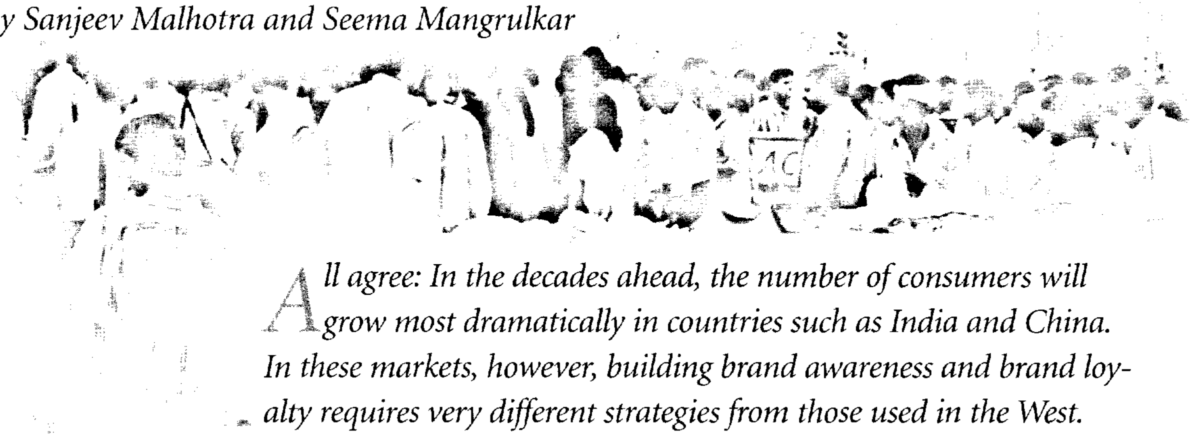
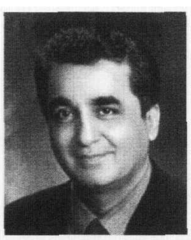
Branding in the last of the unsaturated markets

by Sanjeev Malhotra and Seema Mangrulkar



All agree: In the decades ahead, the number of consumers will grow most dramatically in countries such as India and China. In these markets, however, building brand awareness and brand loyalty requires very different strategies from those used in the West. Working with many international clients, Sanjeev Malhotra and Seema Mangrulkar have put together a list of "do's" and "don'ts" for making the most of these potential opportunities.



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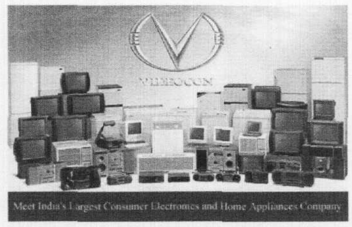
Crouching Tiger, Hidden Dragon made quite an impact at this year's Oscars. Pokémon continues to be an obsession for children. "Foreign" food—from the Middle East to Japan—is no longer considered particularly exotic. "Fusion" cuisine is hip. Asian service standards are being emulated worldwide. Coffee from Latin America and Africa is branded as a premium product. The intellect of Indian computer programmers is not just appreciated—it's lauded.

With information barriers breaking down and the Internet opening minds and offering new outlets to sheltered economies, communities across the world have truly been able to reach out to each other. In the process, they have also begun to embrace products from other cultures, in something of a reverse culture flow. This has had a great impact on the use of brands—an impact to which brand marketers are scrambling to find a response.

A dramatic change is in progress. Villagers who used to shell peanuts for snacks are now demanding chocolate candies that will melt in their mouths, not in their hands. Charcoal-cleaned teeth are becoming a less common sight, as are teeth cleaned with the twigs of the neem and babool trees. In fact, in much of the developing rural world, brushing teeth is a social exercise carried out in the open and certainly not with a toothbrush and toothpaste—

Population breakdown by continent/region (in millions)

Continent	1999	2025
Asia	3,588	4,785
Africa	778	1,454
Europe	729	701
United States and Canada	304	369
Australasia, S. Pacific	29	41
Latin America, Caribbean	499	690



froth in the mouth is considered socially unacceptable—but even this is changing slowly.

So why is it that:

- In India, the largest-selling cola is neither Pepsi nor Coca-Cola. It is Thums Up.
- The largest-selling beer in Sri Lanka is neither Heineken nor Bud. It is Lion.
- Darlie, not Colgate, is the largest-selling toothpaste in Taiwan.
- One billion people in India are more likely to buy a watch that is neither a Citizen nor a Seiko nor a Timex. That brand is Titan.
- Dark & Lovely is the largest selling skin-care brand in Ghana.
- Caring is the largest selling hair-care brand in Thailand.
- The best-selling TVs in India are not made by Philips or Sony. They are made by Videocon and BPL—two home-grown brands.

Asia is one of the fastest growing regions in the world.

Only 17 percent of the world's population lives in industrialized countries.

While developed markets like the US have an aging population, studies indicate that the Asian population in a few decades will have a majority of its population in the younger age groups. And with large numbers of women entering their child-bearing years, we will encounter "population momentum," particularly in such areas as India, sub-Saharan Africa, and Latin America.

India is slated to achieve 75 percent literacy by 2005, increasing the number of aware consumers. Its middle class includes approximately 250 million members of its population of one billion, which is approximately the population of the entire US or even most of Europe. Moreover, the rural population is large and growing richer by the day.

And the future holds even more promise. Consider the statistics from a National Council of Applied Research (NCAER) survey: India's lower-income group is expected to shrink from more than 60 percent (1996) to 20 percent by 2007, and its higher-income group is expected to rise by more than 100 percent. And most segments of consumer packaged goods are expected to achieve double-digit growth.

Most of these countries have plenty of entrenched multinationals trying to hawk their multi-category, multi-product or -service, global best-selling brands. But few of them attain leadership positions in the market. What is it about countries with developing economies that challenges the global-brand marketer? What is it that defies traditional wisdom and the carefully crafted manuals of some of the world's largest and greatest brands?

Although it is true that some of these countries have been slow in opening their economies, giving a possible head start to local competition, it is their agility and knowledge of their customers that has allowed them not just to resist, but to offer spirited competition to established global brands.

Nothing demonstrates this better than Coca-Cola's experience in India. Five years ago, Thums Up was the number-one cola in India, followed by Pepsi and then Coke. In an attempt to dislodge Pepsi, Coke decided to buy out Thums Up, kill it, and use Thums Up's bottling and distribution facilities to push its own product.[1]

It was a disaster.

Consumers rejected Coke, and Pepsi started gaining market share. Eventually, Coke was forced to relaunch Thums Up. And now, four years later, Coke is still struggling for market share in India. Thums Up is back as the leading cola. Why?

One reason is that in a country with a poor literacy rate, the power of symbols is immeasurable. Apart from indicating a positive and victorious state of mind, the sheer simplicity and relevance of the mnemonic for the audience and the category made Thums Up a winner. Of course, it didn't hurt to have first-mover and distribution advantages, either.

Going local

The companies that have truly been successful in establishing local markets are those that have been successful in translating the essence and values of their brands into a local context, with a minimum dilution of brand attributes.

Kellogg's, after trying in vain to replace the standard breakfast fare of middle-class

1. See "Powerful brands: Perspectives of design managers around the globe," *Design Management Journal*, Winter 2001, p. 60, for more on this story.

Indians—which is a rather big meal, with vegetables and Indian breads—with cereal, launched Choco breakfast biscuits in an attempt to enter the minds and homes of its consumer as a brand. As a category, biscuits are the largest-selling casual snack in India, and Kellogg's built on this by offering its biscuits at a particularly low price point. It was a first for Kellogg's, which had never manufactured biscuits, but by taking the "snack route," it was able to introduce its brand name into the mindspace and dining table of the Indian household, and specifically its children, who are the primary audience for this product.

Although everyone understands that change is inevitable, this lesson is not just for consumers. It must be understood by the brand leaders, as well. It is not just a matter of taking your brand manual to a new country and rolling out the brand. The brand manual (and sometimes even the brand's very essence) needs to be sensitized and amended to suit local needs.

Money to be made

Coca-Cola invests in the brand allegiance of its American customers knowing, through its hypothetical projections, that one consumer can mean revenues of up to $47,000 in a lifetime if one includes his family and network of acquaintances. And of course, this cycle spreads progressively. In developing markets, purchasing power is, of course, far less, but the population figures make marketers drool at the opportunity. India has an estimated middle class of approximately 250 million; this middle class alone equals almost the population of the entire US or most of Europe.

In the past, brands often went global through a central strategy, or they were very decentralized. The former approach was more efficient but insensitive to local conditions, the latter far more sensitive but less able to take advantage of economies of scale. In the 1990s, we observed a greater degree of localization, whereby a brand conforms to a central strategy but one that can be adapted locally.

Most global companies find it difficult to deal with emerging markets. First of all, they often assume that because a product has been successful and is well known elsewhere, its popularity is assured in a new market. Many companies make this assumption and aggressively introduce an existing product *as is*, with disastrous results. While the multinationals are scaling the learning curve, the local brands are often able to steal a march. This is particularly true in the packaged-goods segment. Heinz, for instance, found that touting itself as "the best-selling ketchup in the world" cut no ice with the Indian populace.

The brand manual may need to be revisited. Age-old directives on brand presentation are being changed for these markets. Home Box Office, for instance, unable to carry its offering on subscriptions alone, introduced advertising on the Asian subcontinent. To survive in India, Coke went against its global policy and introduced celebrity endorsement. The brandscape is littered with such examples.

The world's newest consumer: A profile

This consumer is making the move from self-denial to cautious but affordable indulgence. With no Social Security and with health support that is nonexistent, he has managed so much with so little. His complex social and personal relationships have provided support where the state has been unable to do so. As he is exposed to the world through the juggernaut of information technology and the dizzying array of products beamed via satellite into his meager abode (often a hut), he is bewildered, but not necessarily smitten. His roots are too strong.

His sensibilities are being affected. He longs for freedom from the shackles of his support system. He would like to make it on his own— to make his own decisions in life. He is no longer guided by home remedies or "grandmother's recipes."

He has had a glimpse of the world through TV (he has access to almost 80 channels—a luxury that may cost him as little as a dollar per month). He wants all he sees but, like any other consumer, he wants it on his terms. He wants products and services that are suited to him. He recognizes and wants brands, but not blindly. He knows that he holds a rather big weapon, and that is to ignore.

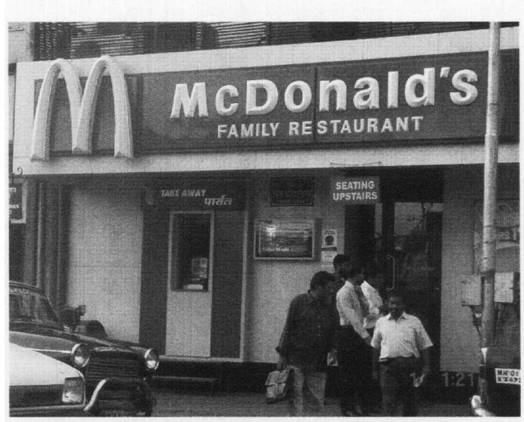
Success with this consumer lies not in getting the product or service to the counter of his local store, but rather to enter his mind and soul and to make him feel that he belongs. He is shrewd, intelligent, aware, and extremely value-conscious. He knows exactly what he wants.

And the beauty is that he is getting it. Marketers, local and global, are racing to be first in his mindshare and bending over backwards to give him a product to suit his needs at his price. He does not care how they do it. Give me what I want, he says, and maybe I will give you my business.

Brand values

It may seem obvious, but brands represent a set of values. If these can be made relevant in a local context, the brand will be successful. To sell a brand, you must sell a frame of mind—and not necessarily a product. That's why, for instance, McDonald's has positioned itself as a "family restaurant" in India, where eating out is a family affair.

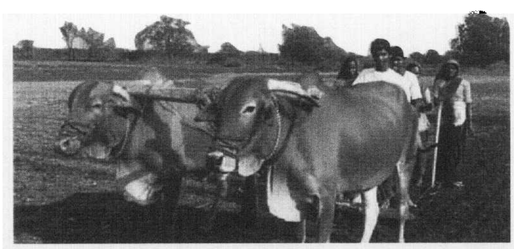
Brand marketers must respect local culture; it is crucial that they realize there is a vibrant, and often very different, life beyond their own entrenched markets.



Know your audience

Villages and small towns that were once inconsequential dots on maps are now getting the attention of global marketing giants and media planners. Thanks to globalization, economic liberalization, the IT revolution, the migration of people across cultures, the growing power of women, and improvements in infrastructure, developing rural markets today actually have more disposable income than urban markets in the same countries. Consumers from developing countries are slowly moving from self-denial to cautious indulgence (see "The world's newest consumer" sidebar, page 55). These consumers may be less educated, closer to agriculture, and more resistant to change, but they actually have more to spend because their basic necessities are cheaper. Rural marketing and rural advertising are consequently getting more attention. Companies are studying the behavior patterns and preferences of these new customers and devising strategies to lead them into consumerism. While this vast population is open to experiments with new products symbolic of a changing lifestyle, price issues continue to keep the market reined in.

With limited budgets at both ends, it is innovation that sometimes breaks barriers. Again, truly understanding the local context can never be overstated.



Design lessons from developing markets

Put across your message graphically, directly, and simply. If the consumer cannot pronounce your brand name, make sure he can ask for it using a symbol.

Brand expression should be aspirational yet achievable.

In terms of packaging, utility/reusability is important.

Design must cut across all socioeconomic classes.

Design must mean the same thing in all regions of the country.

Role of mnemonics and symbols

In many cases, the consumer sees rather than reads.
The association with brands is often visual rather than verbal.

Mnemonics/symbols should be direct and relevant to consumer associations. They should cut across socioeconomic barriers.

Cue/validate a reason to use the brand (relaxation, for instance).

Provide a comfort level. Use elements consumers identify with.

Mnemonics/symbols should be attention-getting and offer a position of pride.

Names should be...

Easy to pronounce; familiar

Easy to abbreviate

Easy to signal—i.e., No 1; Best; Thums Up

Easy to symbolize—i.e., King of Kings

The brand-value-based checklist

Be aware of local sensitivities in terms of forms, words, and colors. The color saffron, for instance, is sacred to Hindus, as is the Hindu swastika, which turns in the opposite direction from the infamous swastika of the Nazis, and should never be confused with it.

Trade values, not benefits. Benefits relate only to functions. For instance, all soaps wash (that's a benefit)—but I use Lux because it makes me feel glamorous (that's a value). If a brand offers great benefits, but the values it projects clash with the local values, the brand might as well not have the benefits. People buy what they can relate to. That's why Kellogg's introduced biscuits to create awareness for its brand and breakfast cereal in India.

Ensure concept relevance in brand extensions. McDonald's, for instance, not only eschews beef products in India, but offers a Maharaja Mac—a lamb burger—which replaces the Big Mac, which had residual connotations of beef that did not sit well with the Hindu population. Moreover, McDonald's, having realized that eating out in India is usually a family affair, shrewdly calls their outlets family restaurants.

Employ a professional local interface. In India, 80 percent of MTV's offerings are local music, and the VJs are Indian. All promos are relevant to local sensibilities, and MTV is already perceived as a local (not a US import) channel.

Blend in. The Indian subsidiary of Anglo-Dutch multinational Unilever is named Hindustan Lever Ltd. (Hindustan is a synonym for India).

Guard against being seen as "foreign." Many developing countries perceive "imported and foreign" as "expensive and not for me."

Respect the consumer. Enter his house and mind. He really does not care about your brand unless it is made relevant to him and his life.

Provide value for money. This is one truism that stays constant in every country in the world, but more so in the underdeveloped world, where consumers are relatively slow to embrace brands and equally slow to let go. If you can grab mindshare, marketshare will follow.

Watch out for local competition. While you are tinkering with your brand, the domestic competition is making inroads. Be aware of who you are pitted against; they understand the consumer better and are more agile.

One of the most enduring and glorious examples of innovation took place 8 to 10 years ago in the hair-care category. In the huge Indian market, the use of shampoos was negligible; the rural masses washed their hair with soap. A local marketing company in South India realized the opportunity, as well as the very limited purchasing power of their consumers. The company realized there was no way their customers could spend a dollar or more for a bottle of shampoo; their capability was a few cents at best. The answer was to convert the sachet, commonly used for samples only, into a low-unit-cost vehicle for product penetration. Not only was it cheap, but it also made trying out a new shampoo a more reasonable proposition. Today, nearly 80 percent of India's leading shampoo brands come in sachets.

This strategy works particularly well in the rural market, where branded goods are taking a greater share of the market for daily-use products. Ninety-five percent of shampoo sales in rural India is via sachets. The same strategy is being employed in the nascent deodorant market. Much marketing is also done under the guise of sampling, which often works better than building awareness through advertising that is not always understood and is often just plain ignored. Poorly educated or even illiterate, these consumers still may be reached by allowing them to see, touch, and experience new products at weekly fairs, or even through door-to-door selling.

The "sachet solution" points to one big difference between developing and developed markets: Often, in developing markets, trial drives awareness of the brand, whereas in developed markets, awareness drives trial.

Top 10 brand communication screw-ups

1. Coors' Spanish translation of its slogan, "Turn it loose," which became "Suffer from diarrhea."
2. Scandinavian vacuum manufacturer Electrolux, whose American campaign slogan read, "Nothing sucks like an Electrolux."
3. Clairol's introduction of the Mist Stick, a curling iron, into Germany, which was ignorant of the fact that in German, "mist" is slang for "manure." Not too many people were interested in buying a "manure stick."
4. Gerber's debut in the African baby-food market made use of the same packaging used in the US. The label featured a drawing of a Caucasian baby. Unfortunately, in Africa, where illiteracy is high, labels on most food products depict the product inside the can.
5. Colgate's French introduction of a toothpaste called Cue—also the name of a notorious porno magazine.
6. The American T-shirt manufacturer that printed shirts for the Spanish market in Miami to promote the Pope's visit. Instead of "I saw the Pope" (el Papa), the shirts read, "I saw the potato" (la papa).
7. Pepsi's slogan, "Come alive with the Pepsi Generation," which in Chinese translated to "Pepsi brings your ancestors back from the grave."
8. Frank Perdue's slogan, "It takes a strong man to make a tender chicken," which in Spanish translated to "It takes an aroused man to make a chicken affectionate."
9. The Coca-Cola name in China, which was first translated as "Ke-kou-ke-la," meaning "Bite the wax tadpole" or "female horse stuffed with wax," depending on the dialect. Coke ended up researching 40,000 characters to find a phonetic equivalent, "Ko-kou-ko-le," which translates as "happiness in the mouth."
10. Parker Pen's Mexican introduction of a ball-point pen whose ads were intended to read, "It won't leak in your pocket and embarrass you." Unfortunately, the company used the word embarazar (to impregnate), and so the ad read, "It won't leak in your pocket and make you pregnant."

Conclusion

Global marketers need to realize that emerging economies have needs and aspirations of their own. It is the responsibility of brand leaders not only to meet those needs but to lead consumers forward. That's what leaders do. However, the only way to lead these new consumers is by understanding their needs and offering solutions to them. And this really is true wherever in the world you go.

With a potent combination of recession and saturation in their primary—developed—markets, it is imperative that businesses give serious thought to these, the last of the unsaturated markets.

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Sanjeev Malhotra, director of brand firm Aliagroup, has observed international marketing trends for more than 20 years. This experience was drawn, to a large extent, from his work in a UK-based global trading company that specialized in developing emerging markets worldwide, giving him the opportunity to visit almost every corner of the world.

Malhotra's interests lie in following brand behavior and consumer sensibilities globally, and in initiating an exchange of advantage and mutual learning. It is with this motivation that he and his company offer a cultural and intellectual two-way traffic to meet the needs of brands in both developed and emerging markets.

Malhotra is an alumnus of Bombay University and The Indian Institute of Management, Ahmedaabad. He is also a member of the global advisory council of DMI. He can be reached at sanjeev@aliagroup.com.

Seema Mangrulkar, CEO of brand firm Aliagroup, began her career with Oglivy and Mather in the early '90s, where she worked with large multinational brands such as Kimberly Clark, Cadbury's, Daewoo, Bharat Petroleum, and Huggies. To obtain a deeper understanding of the role of design in branding, she spent a year with Sudarshan Dheer, a well-known corporate identity design specialist.

In 1998, Mangrulkar joined Aliagroup, where she became involved in leveraging and furthering the role of design in branding. Combining consumer insights with her design expertise and understanding of marketing needs, she headed several projects for Aliagroup's strategic branding company, DMA.

In late 2000, armed with a firm understanding of the power of branding in India, Mangrulkar founded IDI, a branding ideation and communication startup, under the aegis of Aliagroup. She is widely traveled and has a deep understanding of the needs of large brands in developing markets. Mangrulkar can be reached at seema@aliagroup.com.

Larry Roellig is executive vice president, consumer branding at Enterprise IG, San Francisco. As head of the client service group, he focuses on fostering relationships with consumer clients while managing and directing their accounts. In addition, he is also heavily involved in consulting consumer clients on strategic branding issues. Clients include Del Monte, Dreyer's, General Mills, PowerBar, Allied Domecq, Brown-Forman, The Coca-Cola Company, Mott's, U.S.A, and Colgate-Palmolive. Prior to joining Enterprise IG, San Francisco, in 1982, Roellig was associate and creative director at Landor Associates. He is a graduate of the University of Cincinnati's College of Design, Architecture, Art and Planning, with a specialty in graphic and structural design.

Peter Schneider was born in 1945, in Kitzbühl, Austria. As the son of German parents, he was eligible for German nationality and so spent his early childhood in Mainz, his family's hometown. He was five years old when the family emigrated to Peru, where he attended school before returning to Germany in 1958. After graduating from high school in Neubeuern, Upper Bavaria, he studied design at the Folkwang Design School, in Essen, from 1968, graduating as an industrial designer in 1972. In 1971, he spent several months studying in Mexico and the US. On completing his studies, he joined the Vitsoe Company, in Frankfurt, as a designer.

In 1972, he took part in the BraunPrize competition and received first prize, as well as a special recognition award. In March 1973, he joined Braun as a designer. From 1973 to 1980, he worked primarily in the fields of personal-care products and cine cameras (Nizo) before moving on to new products and external contracts. Within the context of the latter, he developed a new corporate identity and product presentation concept for Jafra Cosmetics, then a subsidiary of Gillette, as well as for most of the Oral-B products.

In 1992, he became deputy head of product design and went on to assume responsibility for Braun product design worldwide in the capacity of director of product design (as successor to Dieter Rams) in May 1995. In 1998, Peter Schneider was appointed director of corporate design at Braun.

Zbynek Vokrouhlicky is the manager of the Design Centrum of the Czech Republic, which was founded in 1991, after Czechoslovakia's velvet revolution and its division into the Czech and Slovak republics. Before 1991, Vokrouhlicky spent more than 20 years at Czechoslovakia's Institute of Industrial Design. He has also worked for many years as a journalist for *New Spirit*, a magazine of Czech material culture. He holds a Master of Sciences degree in technical aesthetics from the Czech Academy of Sciences.