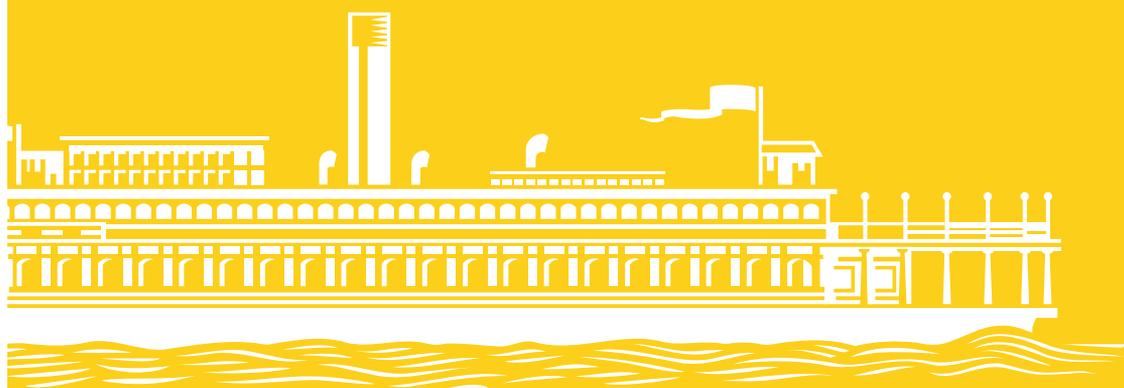
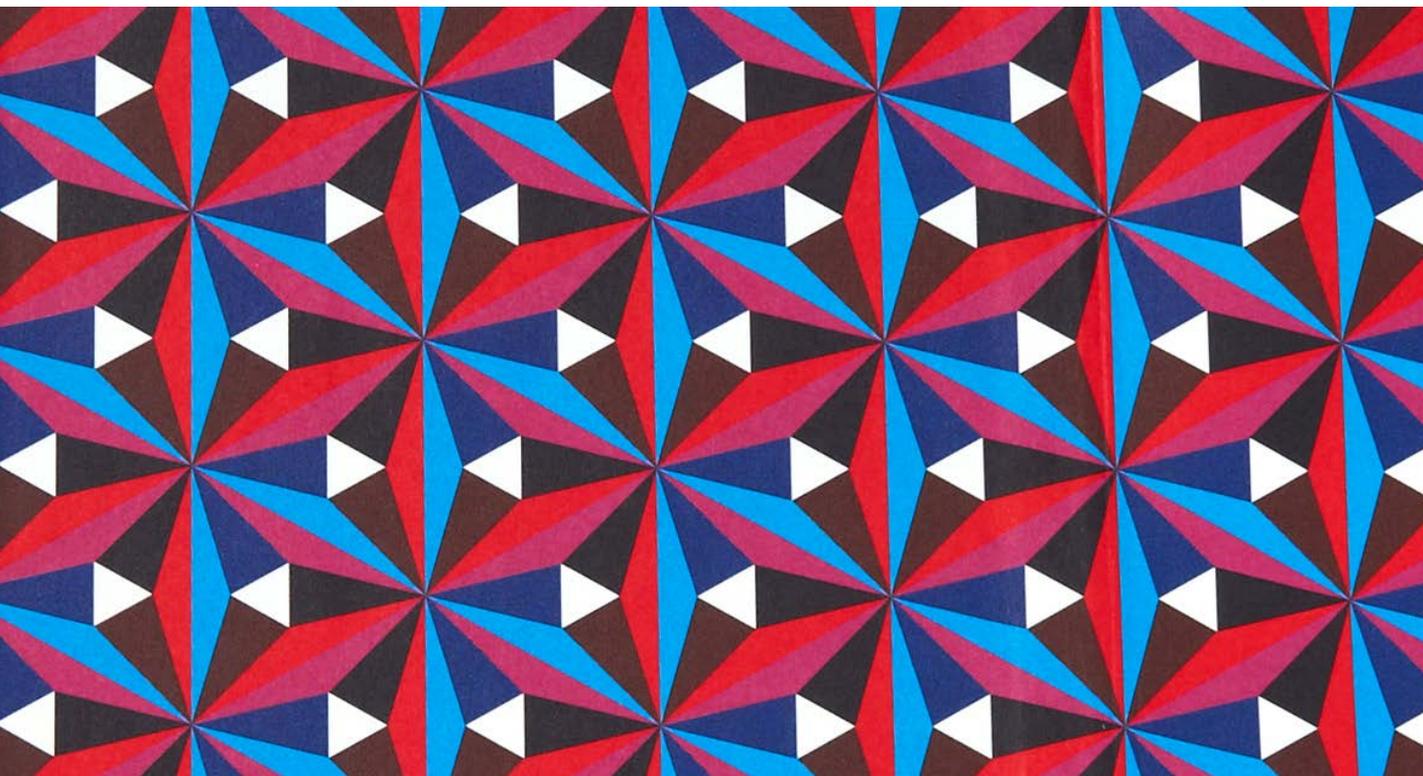


How to win in the BRICS markets

Edited by Hannah Foltz
and Trevor Wade
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Landor



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Leaders in Landor's BRICS offices discuss the opportunities and roadblocks facing brands in each market.

With political and economic chaos in Brazil and Russia, growth slowdowns in China, and inflation in India and South Africa, many speculate the BRICS nations have reached the end of their run as development darlings. However, these markets cannot be ignored since they still offer significant opportunities, even without double-digit GDP growth. The bloc is home to 40 percent of the world's population and 20 percent of the world's gross product with growth rates higher than their developed counterparts—and most important, a rapidly expanding middle class.

Brands in the BRICS nations, accustomed to frequent market changes, often adapt more quickly than brands in the West. In an era in which the strongest brands are agile, seeking to stand out while never standing still, such responsive behavior pays dividends. To explore opportunities and roadblocks for agile branding in each market, we gathered the leaders of Landor's BRICS offices.

Our participants:

- Fernando Leira, general manager, Landor São Paulo
- Emma Beckmann, country director, Landor Moscow
- Lulu Raghavan, managing director, Landor Mumbai
- Doris Ho, managing director, Landor Shanghai
- Karen Attyah, strategy director, Landor Cape Town

How developed is the idea of brand in your marketplace?

Emma Beckmann (Russia): The Russian market is still in an “imaging” phase—clients seek to replace outdated design elements and spruce up the overall brand image. Hardly anyone comes to branding agencies looking for strategy. They come because they want a new logo.



Emma Beckmann, country director of Landor Moscow

Lulu Raghavan (India): India is still a nascent market for branding compared to mature Western markets. The idea of brand is not very sophisticated; many still think it applies only to logos, public relations, or advertising campaigns.

Fernando Leira (Brazil): Although Brazilian brands aspire to be like major international brands, most are still in early stages of development. There are only a few strong domestic brands and even fewer with presence in the rest of Latin America. You'd probably only need the fingers on one hand to count the truly global Brazilian brands beyond Havaianas and Natura.

Doris Ho (China): There are extreme discrepancies in understanding of brand; some Chinese companies see it simply as a logo, others see it as solving all of their commercial problems, with quite a few opinions in between. While more consumers and managers are starting to appreciate the fullness and subtlety of branding, it will be some time before Chinese brands reach their full potential and become drivers of ideas, growth, and revenues.

Karen Attyah (South Africa): The idea of brand in South Africa is highly developed; companies know it means much more than a logo and a



Lulu Raghavan, managing director of Landor Mumbai

name. Branding, marketing, and advertising are well practiced. Think of Anglo American, SABMiller, Old Mutual, Investec, and De Beers—all are South African brands that are now listed on the FTSE 250. That said, while there is a strong track record of building brands from South Africa, the country is behind in digital and social media marketing, in part driven by poor technology infrastructure.

What is the biggest brand challenge in your region? The biggest opportunity?

FL (Brazil): Latin America's economic atmosphere is volatile, which is a challenge in itself. Although the region is working to evolve its democracies and some of its protectionist and populist economic policies, at the moment growth comes in spurts. For this reason, it can be hard for companies to budget consistent funding for branding initiatives. However, as political regimes stabilize and GDP distribution increases, businesses will be able to embrace the market's greatest opportunity: the emerging middle class and international expansion.

EB (Russia): One challenge arises from a lack of understanding of branding. Many business leaders are unsure of what branding provides

and need a lot of hand-holding. Another challenge comes from the command-control-top-down Russian business culture. Often a single person makes all of the branding decisions—whether or not he or she is the most qualified to make them.

Vladimir Putin has told Russians that, in light of heightening tensions with the West, they must develop homegrown brands that can compete with Western imports. This poses a big opportunity for brands, because it means that in spite of the current economic crisis and coming stagnation, Russian companies will continue to invest in “brand”—whatever their personal definition of that means.

KA (South Africa): There are two brand challenges. The first is appealing to both the “haves” and the “have-nots.” Unemployment has not been below 20 percent in more than 17 years, so making brands more available and relevant to the poor is a priority. DSTv, a premium pay-TV provider, is an example of a brand reaching out to both haves and have-nots. It launched GOtv, a lower-priced product primarily marketed in townships [urban settlements reserved for nonwhites during apartheid].

The second challenge is also an opportunity—regional expansion. South Africa isn't experiencing economic growth rates as high as its



Karen Attyah, strategy director of Landor Cape Town

neighbors', so brands are experimenting with crossing borders. If companies can conquer logistics problems and tailor their brand to local conditions, the experiment may prove lucrative.

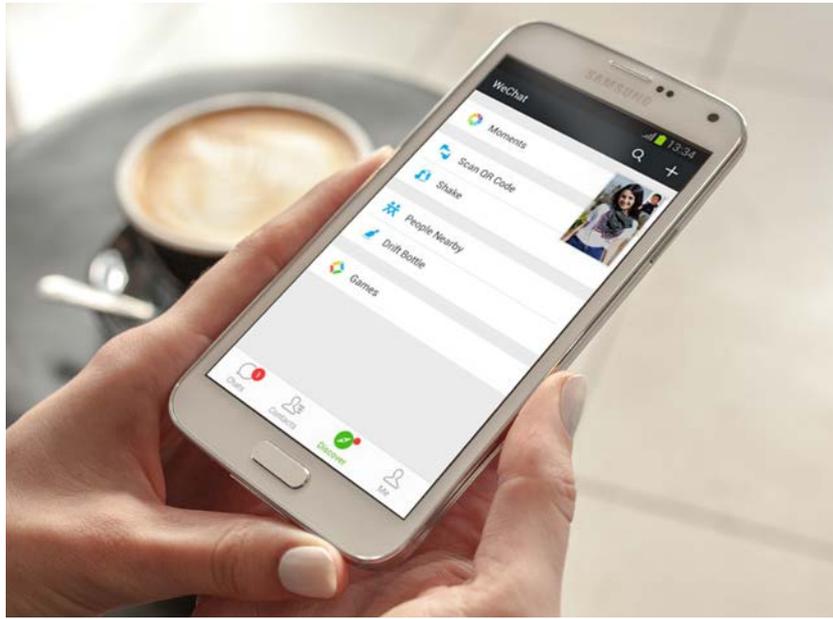
DH (China): The flexibility and creativity offered by China's developing market give brands the opportunity to create unique, differentiated brand experiences. However, to do so in a way that is sustainable and consistent requires sophisticated talent and agency partners, which can be difficult to find.

LR (India): In India, organizations struggle to bring the high levels of discipline and execution necessary to make branding successful. Most brand managers do not realize how far they need to go to cascade the brand through customer touchpoints. The challenge is to make brand managers see that branding is a lifelong exercise so work does not end with the agency's contract. Very often the brand is developed, then remains under lock and key by the marketing team. The cascading, the engagement, the execution, and the follow-up are not given as much internal importance as sales and revenue targets.

There are two big customer segments that offer tremendous opportunity. The first is the growing number of middle-class and affluent consumers who use brands to express themselves. The other is the youth market. Sixty-five percent of the population is under 35, so pan-Indian brands can gain a lot by forging strong connections with them.

What are the biggest drivers of success in your market?

KA (South Africa): Brands who are leading, who are ahead of the curve, can make themselves into status symbols, which is very important in this highly aspirational society. If you have high visibility and recognition, you can command a premium price. For example, township residents are known to keep a DStv satellite dish even though they do not receive signal. Having the dish in itself is a statement.



WeChat combines some of the best features of WhatsApp, Facebook, and SMS messaging for an offer that is extremely popular in the Chinese market.



Havaianas has frequently reinvented itself to adapt to the market, most recently entering a more fashion-oriented stage.

Havaianas image courtesy of PortoBay Hotels & Resorts under Creative Commons.

FL (Brazil): Brazilian brands have shown they can be very adaptive; they are willing to change and change quickly. Look at Havaianas. It's amazing how frequently and how well it has reinvented itself. It first turned from an affordable footwear manufacturer to a symbol of Brazil. Now, it is entering a new, more fashion-oriented stage.

Brazil is also remarkably multichannel. It rapidly jumped many steps in the digital evolution, and now developing social and mobile extensions is a point of parity for brands.

Whether regularly rolling out product innovations or finding new ways to interact with customers on social media platforms, brands need to stay connected to consumers to stay on top.

LR (India): Foreign brands that have succeeded here, such as McDonald's, Starbucks, and Vogue, have truly understood the Indian consumer and have created a good blend of the local and the global to create differentiation in product, content, and experience. Nowhere else in the world do you find a Chicken Maharaja Mac at McDonald's. Indian brands such as Asian Paints, Parachute, Britannia, and Airtel have remained successful through adapting to the new Indian consumer with relevant innovations.

DH (China): While Chinese consumers are fast becoming more worldly, they still have their local quirks, so staying networked with continued on-the-ground customer engagement is key.

Whether regularly rolling out product innovations or finding new ways to interact with customers on social media platforms like WeChat, brands need to stay connected to consumers to stay on top.

Are brands in your region leading or lagging compared to developed markets when it comes to agile marketing?

LR (India): When it comes to seeking new opportunities and responding quickly to change, brands in India are definitely leading. Flipkart gained cachet in the Indian market with a simple alteration to Amazon's model: accepting cash payment on delivery. McDonald's was willing to adapt to the Indian market and its tastes: There is no beef or pork on McDonald's Indian menu. Furthermore, it adapted not only to tastes, but also to the Indian wallet by introducing the Rs 20 (30-cent) burger. Successful brands in India are constantly observing, changing, adapting, experimenting, failing, and trying again. Rule books and rigidity don't bind them.

FL (Brazil): Doing business in Latin America, particularly in Brazil, means you need to be agile enough to surf the waves of growth and weather downturns—sometimes in the same fiscal period. Brands need to be ready to adapt to a complex and diverse marketplace in which distribution models and consumer demands vary enormously. Procter & Gamble's brand Ariel understood those caveats and deployed a very smart strategy across the country. For example, in the northeast—one of the poorest areas—Ariel sells traditional powder detergent in single-use bags, while in big chain supermarkets in the south, it sells innovations like gels and tablets.

KA (South Africa): Service-driven brands are highly adaptable and agile. A great example is Discovery Insurance. Its entire ecosystem is based on rewarding customers for good behavior; for example, using mobile technology to track

driving and reward good habits. Discovery seeks ways to constantly add value to its equation: It just teamed up with Uber to give 25 percent discounts on Uber rides to Discovery Insure members—a triple win for Discovery, Uber, and the consumer. This partnership was at once multichannel, adaptive, and leading.

That said, traditional fast-moving consumer goods (FMCG) brands do lag. Unlike their counterparts in Europe and the U.S., FMCG corporate brands play little or no role in consumers' lives. At the brand level, there's not much beyond in-store promotions. There's a big opportunity for an FMCG brand that can disrupt the market with a more innovative customer experience.

DH (China): I think Chinese brands are highly agile, just not in the same way as in international markets. Chinese companies get a lot of flack for copying, but they have managed to select some of the best features from a range of products to create something truly relevant for this market. WeChat—the most popular app these days—combines the practical messaging features of WhatsApp with gaming features, the social sharing feature of Facebook, and with the comfortable privacy of closed groups.

Chinese brands dare to move quickly and to move outside their comfort zones. Banks these days



Doris Ho, managing director of Landor Shanghai

find themselves competing with nontraditional players like Alipay and even WeChat, which has begun to offer mobile payment services.

EB (Russia): Russian brands are lagging across the board because of the political and economic climate. However, a few exceptions do show how Russia could evolve in the future. Russian Copper Company embraced augmented reality for a unique trade show exhibit. Aeroflot has made great strides in developing a well-rounded customer experience, in no small part because it needs to compete with international providers, and so responds to its competition.

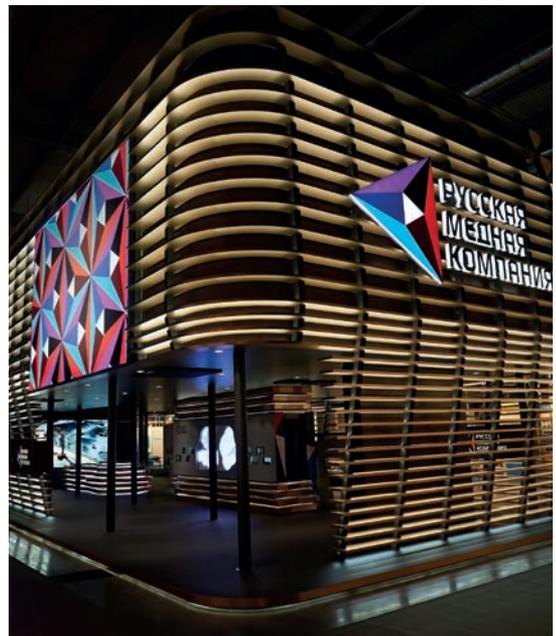
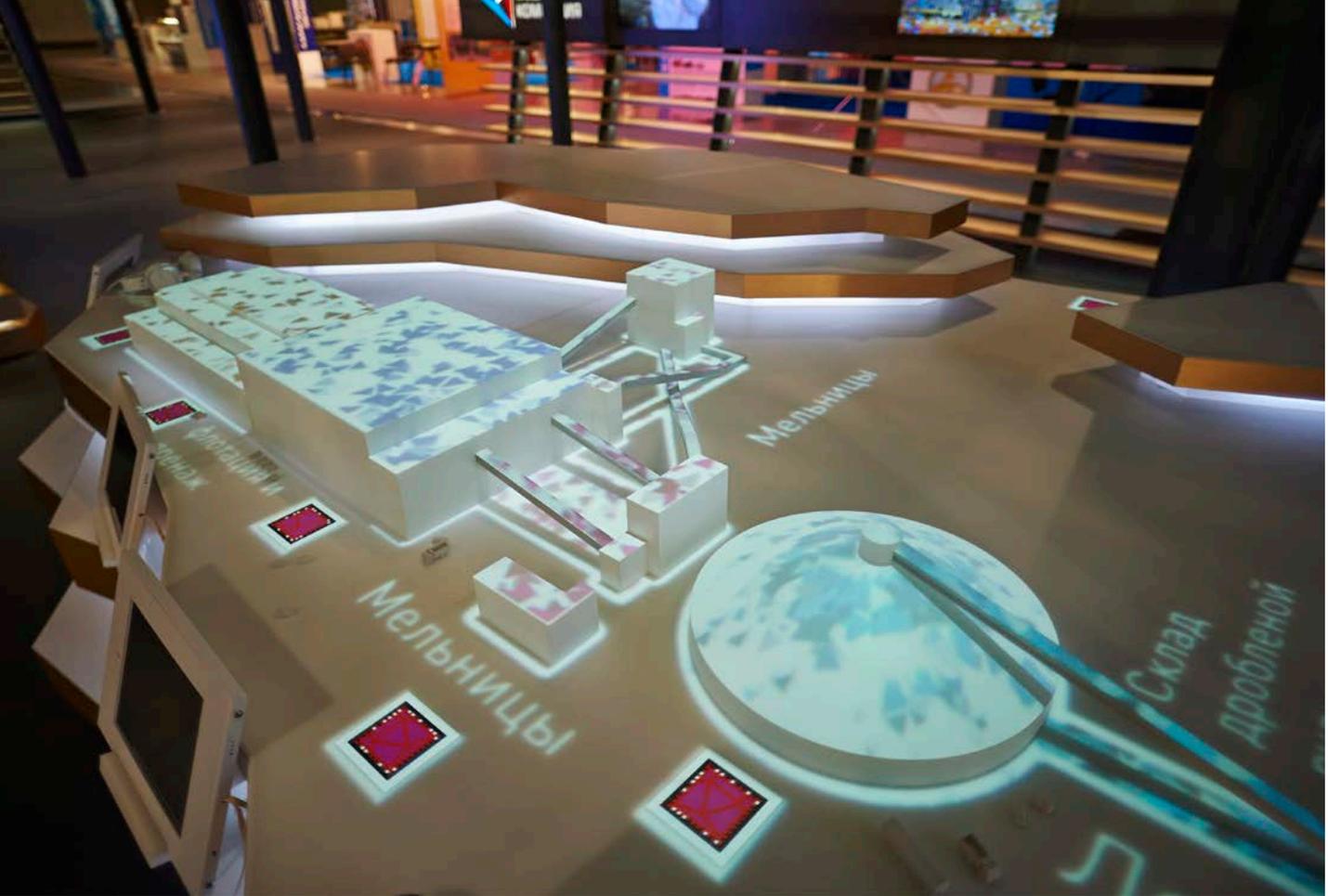
What advice would you give to brands (domestic or international) about succeeding in your market?

FL (Brazil): Brazilian diversity is vast. You can find every ethnicity, every income level. You can find cosmopolitan residents of Northern European-influenced cities and you can find laid-back denizens of Caribbean towns. Embrace this diversity and invest in customer segmentation research.

KA (South Africa): International businesses need to understand that there is no “African consumer.” South Africa has a truly unique history, so brands must take the time to learn about attitudes and



Fernando Leira, general manager of Landor São Paulo



Russian Copper Company embraced augmented reality for a unique trade show exhibit.

behaviors. Secondly, market entrants must understand the South African appreciation for both the homegrown and the global. South Africans, despite their history, are proud of their country and want to celebrate it, but love to try products from around the world.

EB (Russia): Domestic brands: Think outside the box. Even small changes can reap big rewards. International brands: You may already be miles ahead, but be prepared to adapt to behaviors and attitudes that are unique to Russia.

On a practical note, for brands to be successful they need to adhere to regime politics. If your company's principles fly in the face of the Kremlin's, you won't do very well. For instance, the founder of VKontakte, the Russian Facebook, was forced out of the company and the country last year for refusing to share user data. So, make sure you are well protected legally and try to make the right connections.

LR (India): To borrow the title of Ravi Venkatesan's excellent book, branding in India is about *Conquering the Chaos*. Patience, perseverance, and a long-term orientation are vital. It's important to understand the Indian market and its consumers from the ground up; a global formula won't work. For example, consumers are much more focused on receiving value for their money than they are in Western markets.

DH (China): In everything, always keep your eye on the core of your brand. Seek new ways to deliver value and ensure relevance, but at the same time be guided by an enduring promise.

Standing out with customer experience

Brands in the BRICS nations have proven they can move quickly and adapt to the market. Now business leaders need to muster the courage to invest sufficient time and talent to their branding. Holistic brand experience should be bolstered by a long-term commitment; a considered,

Holistic brand experience should be bolstered by a long-term commitment; a considered, multichannel approach will stand out in markets characterized by one-off design changes.

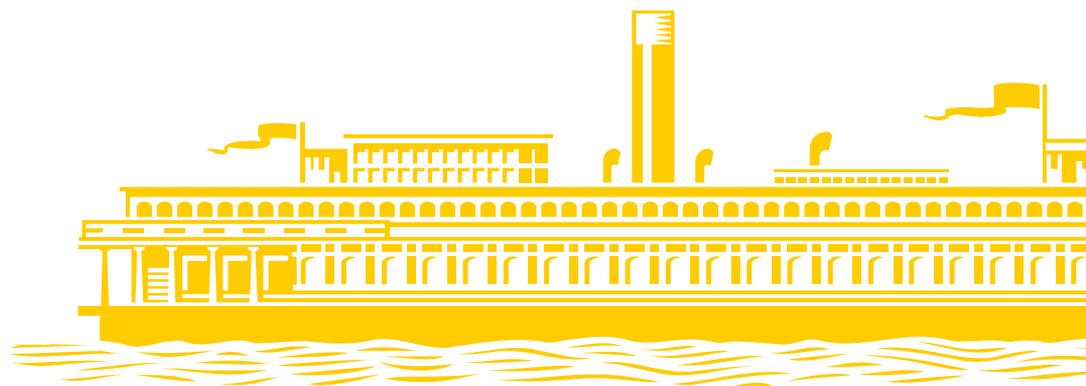
multichannel approach will stand out in markets characterized by one-off design changes.

Today's brands have the tools they need to create unique customer experiences for very specific customer segments. In BRICS countries, where consumer diversity is at its highest, the opportunity cannot be overstated. By staying agile, brands can choose the right strategy at the right place at the right time, raising the bar and winning the day. ■

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