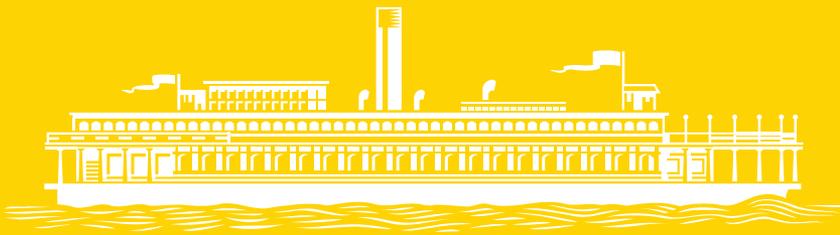


What's next for Malaysian brands?

by Dominic Twyford
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What's next for Malaysian brands?

Malaysia's economy has proved resilient. It is one of only 13 economies in the world to have sustained growth of 7 percent or more for 25 years; it also weathered the tiger economy and global financial meltdowns impressively well. Currently, the country's strong domestic demand has led to better-than-expected first quarter 2014 growth of more than 6 percent.

Over the years, Malaysia has been highly successful at reducing poverty; consequently, a new modern-day hunger exists—the desire for new services, products, and brand experiences. Increased aspiration, improved living standards, and more disposable income are a heady mix in the world of brand building.

Malaysia develops

From an outsider's perspective, Malaysia's property sector is an interesting barometer for the economy and the wants of the consumer class.

UBS Securities recently reported that it expected the property sector to remain resilient. Its

conclusion was based on favorable demographics, rising urbanization, low unemployment, and low interest rates. Anyone witnessing the amount of development taking place in and around Kuala Lumpur and Johor can conclude that there is confidence in the market and that consumer sentiment is positive.

Malaysian brands have developed in tandem with the economy. Research by Brand Finance shows that Malaysia's 10 most valuable brands are now worth US\$19.24 billion, but incredibly, the top 10 represent a whopping 64 percent of the total value of the top 100 brands. What this means is that there is a pack of breakaway brands that have grown their reach inside and outside Malaysia. More should follow, and more are likely to.

Going global

The Malaysian market is relatively small with a population of just 30 million. By comparison, Indonesia has a population of 253 million, the Philippines has 107 million, Vietnam has 93 million, and Thailand has 67 million. It stands to reason

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Brands need to be designed to flex.

OPPOSITE Recent work from Landor's Kuala Lumpur office includes rebrands for Little Red Cube, a shopping center, and UEM Sunrise, a property development firm.

that a smaller market limits opportunity. But while Malaysia isn't blessed with size and scale, it has plenty going for it that can act as an international springboard for its brands.

Research by Deloitte from 2013 says that Malaysia is reclaiming its historical position as the gateway to Asia. Deloitte's report, *Kuala Lumpur, Malaysia—Southeast Asia's Rising Star* was written to promote investment in Malaysia, but it makes the point that the country is the optimum gateway for companies seeking to establish themselves in Asian and Middle Eastern markets.

The same report gives 10 reasons to do business in Greater Kuala Lumpur, one of these being that "varied demographics comprised of a multiracial population and sizable foreign population provide an ideal consumer test market."

Based on these observations, Malaysia can position itself as a brand and consider itself to be a highly connected brand incubator. The country's ethnic composition, religious and cultural diversity, and language mix make it the perfect staging post for regional and global expansion.

ASEAN opportunity

The timing may also be right. Next year will see the establishment of the ASEAN Economic Community (AEC). Established to create a single-market approach for ASEAN countries, the AEC will bind together 10 nations, providing a sense of scale to compete against the likes of the European Union and the mega-markets of China and India.

The community will improve the movement of goods, services, and investment, providing Malaysia with opportunity to quickly tap into a market of more 600 million consumers.

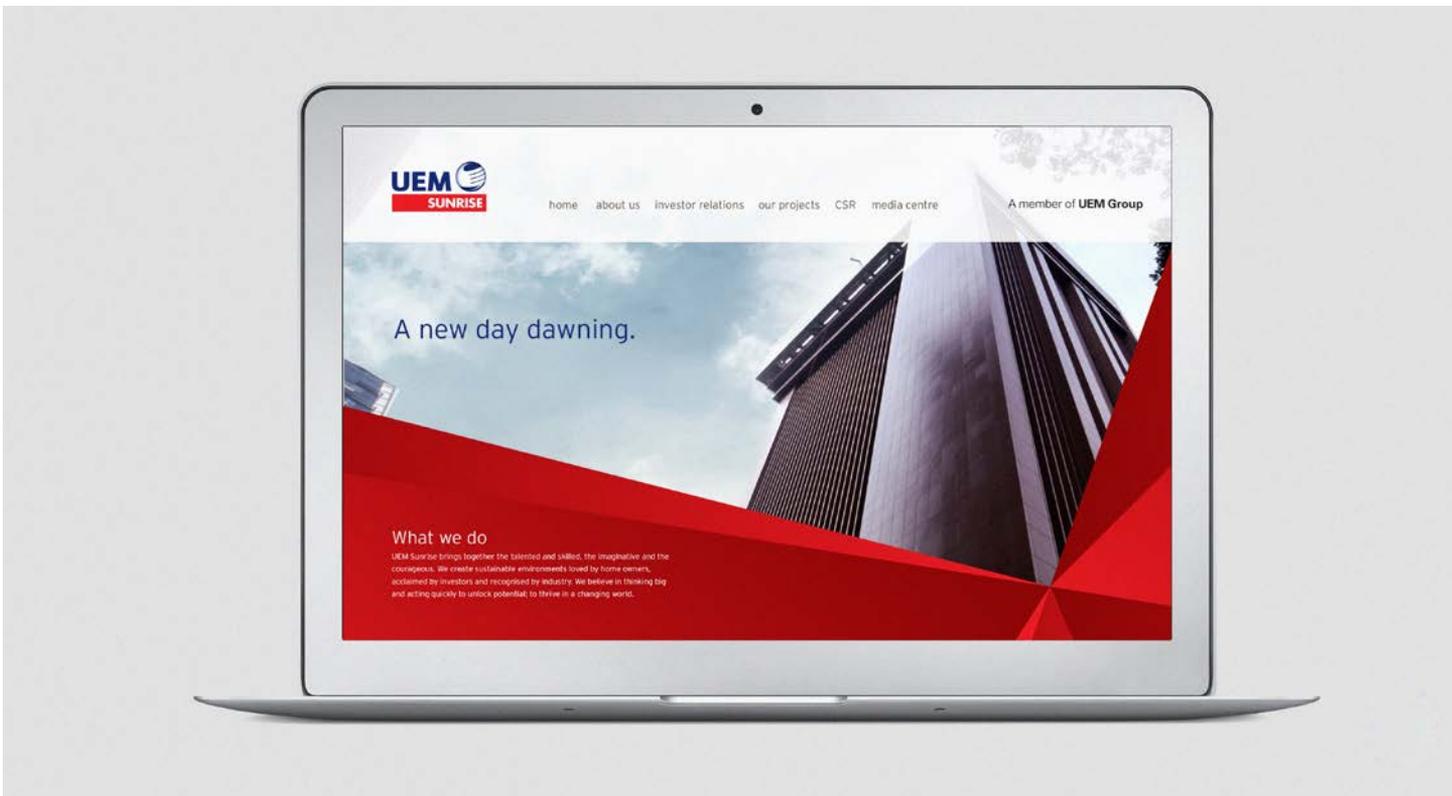
International expansion is all well and good, but Malaysia's brands need to be set up for success. Increased trade opportunities will also mean increased competition within the region; as is often the case, opportunity is a double-edged sword.

Adapting quickly

The global market place is becoming hyper-competitive, and the pace of doing business is getting faster. This is especially true in Asia. In this kind of environment, brands need to be able to adapt quickly to risk and be equally responsive to opportunities.

Migrating brands abroad isn't a simple task. If international expansion is on the agenda, brands need to assess whether their brand proposition will work in foreign markets. A one-size-fits-all approach won't work. Consumers across Southeast Asia are different, attitudes about brands vary, and communications channels are inconsistent from market to market. All of these issues need to be considered, as creating relevance on a local level is a prerequisite for success.

We are in the age of the agile brand. There is an undeniable opportunity for Malaysia's brands, but to make the most of it, brands need to be designed to flex. Purposeful adaptability needs to be built into brands, as great brands stand for something, while never standing still. ■



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