

Consumer values and brand strategies in the BRICs

Geoff Wicken, KMR Group, shows how the BRICs, though similar economically, do not always share the same values and consumer characteristics

THE BRIC MARKETS - Brazil, Russia, India and China - are coming under increasing focus. Their unifying factors are their size - overall they represent 43% of the world population - and their potential. With economic growth rates perhaps double those of the developed western economies, the numbers of consumers entering the market for branded consumer goods will continue to increase rapidly. International companies seeking to achieve growth for their global brands cannot afford to ignore them.

For research-based evidence to provide guidance for marketers, we can draw on TGI (Target Group Index) studies in each of the four markets, which between them cover 144,000 adults. This article examines the similarities and differences between the BRICs, and suggest strategies for building successful brands in these huge and dynamic markets.

Underlying values and attitudes

Across the world, brand owners who want success need to base their activities on a firm understanding of local culture. This is especially true of the biggest markets, since their size means that misunderstandings and mistakes can mean a high price to pay.

And yet, while localised strategies and brand images can work well, they have to be balanced with the overall building of a global brand image - which itself can be one of the main success factors when competing with local brands.

So it is not easy to prescribe the extent to which a brand should be positioned as being global or local. In order to shed some light on this complex question, and to understand the dynamics of values and attitudes in BRIC markets, we analysed attitude statements from TGI.

For this purpose, we focused on adults aged 20-54 living in the two or three largest city regions in each country. This is a key and important broad target: people of working age who are most likely to be in the market for branded goods and services and are in cities with the largest distribution networks. For Brazil these city regions are Sao Paulo and Rio; for Russia they are Moscow and St Petersburg; for India, Mumbai, Delhi and Kolkata; for China, Beijing, Shanghai and Guangzhou.

We analysed over 100 TGI attitude statements. Our procedure was to consider the percentage agreement by respondents in each country, and evaluate the average deviation from the mean of the four countries. The lower the deviation, the more similar are the answers for all four BRIC countries. The higher the deviation, the more the answers contrast with each other. We also compared the mean of the BRICs' answers to the mean from the TGI Europa' countries of western Europe (Britain, France, Germany and Spain) in order to assess their similarities.

We isolated three relevant groups of values, as follows.

'Across the world, brand owners who want success need to base their activities on a firm understanding of local culture'⁷

1. Universal values

These values are held similarly, not only among the BRIC countries, but in the US and western Europe as well. The key universal values are skewed towards conservatism rather than adventurousness, and to collectivism rather than individualism. The importance of the family features strongly (see Table i).

2. Specific values

Specific values shared among the BRIC countries but not by Europeans are mostly concerned with one's image in the face of one's family or society (see Table 2).

Success seems to be the driving force behind most of these specific statements. The desires to get on, get rich, be recognized by the family and become an affluent consumer are all evident.

In another respect, however, we see less individualism than we do in the western markets. There is a greater degree of acceptance that the individual has to play

TABLE 1

Universal values

% agreement with statement (age 20 to 54):	Brazil 2 cities	Russia 2 cities	India 3 cities	China 3 cities	Europa 4 countries	Average deviation (%)
How I spend my time is more important than the money I make	51	49	49	49	48	2
It is important to keep young looking	67	62	62	NA	58	3
In this day and age it is important to juggle various tasks at the same time	69	71	NA	76	68	4
I enjoy spending time with my family	76	75	62	73	81	7
I often do things on the spur of the moment	32	39	38	32	37	7
I don't like the idea of being in debt	79	72	61	68	80	8
I like to understand about nature	76	61	56	64	60	9
I like to have control over people and resources	40	35	48	39	41	9
I try to keep up with developments in technology	51	49	51	38	51	10
I am worried about pollution and congestion caused by cars	76	68	56	NA	59	11
I have a practical outlook on life	76	59	54	66	62	11
It's important to have a lasting relationship with one partner	90	80	63	72	81	11

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a role within the collective framework of society. This also reflects strong family structures. For instance, in each of the BRICs, children live at home even after attaining adulthood. Looking after your parents is 'expected' behaviour.

3. Divergent values

The divergent values show areas in which the BRIG countries differ from each other. These indicate more localised attitudes or values, and are often controversial issues rooted in local culture, such as faith, a woman's place, men crying, and being

attractive. The responses to these statements vary significantly, indicating that each country has its own clear views (see Table 3).

Status is a key personal driver in China and India. This is an outcome of economic opportunity and growing wealth - where you want to announce that you have arrived. At this stage in China's development it is of huge importance, especially among those in the largest cities. They are concerned to convey status at the individual level, and have become proudly conspicuous consumers.

Looking attractive to the opposite sex is a more important driver for Brazilians than status, clearly contrasting with Chinese and Indians. Russians are closer to Brazilians in this respect.

The association of brands with values

This exploration suggests some broad conclusions for the association of brands with certain values.

^ Some values, generally conservative and unadventurous, are widespread and universal. Brand images related to these -

TABLE 2

Specific values

% agreement with statement (age 20 to 54):	Brazil 2 cities	Russia 2 cities	India 3 cities	China 3 cities	Europa 4 countries	Average deviation (%)
I tend to spend money without thinking	30	29	28	NA	17	2
I like to pursue a life of challenge, novelty and change	56	NA	51	53	37	3
I ask people's advice before buying new things	50	56	51	47	37	5
I find it difficult to say no to my children	50	45	42	41	30	7
It's important my family thinks I'm doing well	77	69	57	71	42	8
I like to enjoy life and don't worry about the future	39	41	48	49	29	10
There's little I can do to change my life	33	40	41	48	17	10
Because of my busy lifestyle, I don't take care of myself as well as I should	61	50	46	NA	37	11
I really enjoy any kind of shopping	49	62	66	NA	29	11
I would be prepared to pay more for environmentally friendly products	71	57	45	54	41	13
It is more important to do your duty than to live for your own enjoyment	50	46	58	70	35	14
Money is the best measure of success	43	56	44	61	27	15
I read the financial pages of my newspaper	24	28	36	NA	19	15
I am willing to sacrifice my time with my family in order to get ahead	48	NA	40	61	25	15

TABLE 3

Divergent values

% agreement with statement (age 20 to 54):	Brazil 2 cities	Russia 2 cities	India 3 cities	China 3 cities	Europa 4 countries	Average deviation (%)
I am a vegetarian	9	15	30	NA	5	44
My faith is really important to me	86	25*	74**	NA	29	40
I am perfectly happy with my standard of living	48	19	72	NA	48	39
I am very good at managing money	60	18	52	NA	53	39
Real men don't cry	10	50	47	60	12	38
I would like to set up my own business one day	84	34	44	NA	32	37
I find I am easily swayed by other people's views	15	NA	47	34	19	35
A woman's place is in the home	13	42	38	64	9	35
I like taking risks	19	31	40	60	27	33
I worry a lot about myself	61	21	44	NA	37	33
I always look out for special offers	88	30	48	52	45	31
It is important to be attractive to the opposite sex	80	74	46	40	63	28
I like to stand out in a crowd	39	31	62	61	23	27
I think we should strive for equality for all	94	49	58	NA	68	27
Music is an important part of my life	74	37	39	46	48	26

* Russia: Religion plays an important part in my life **India: I pray and perform Pujas regularly

'While localised strategies and brand images can work well, they have to be balanced with the overall building of a global brand image'

for example, family life - can be considered risk-free.

> Specific values shared among the BRIG countries but not by western societies are mostly concerned with image in the face of the family or of society. Aspirations of success can be used positively in marketing, as the struggle for social advancement is considered to be a sign of a healthy society.

^- Marketing based on divergent and opposing values may work well in some countries, but be controversial, contentious and destructive in others. For example, Brazilians are concerned to look attractive and alluring to the opposite sex - but a leading beer brand that had great success with a campaign on this theme would not have been wise to use it in China.

^ The widest divergences from international 'norms' exist in China and India. Particularly in their major cities, status is a key driver and brands that convey it can do well.

Strategies for success

Many international companies have been active in pursuing the huge opportunities offered by the BRIG markets. Some of them have experienced great success: Procter & Gamble, Unilever, Coca-Cola, Colgate, Pepsi and McDonald's among them.

A range of different approaches can drive success. Let us look at three of these.

1. Targeting the 'Super Consumers'

The 'Super Consumers', or the top 10% of each country's population in socio-economic status, are a key audience. They have above-average income and resources, and possess a large proportion of all high-ticket items owned. They are also most likely to use international brands. TGFs Global SEL (Socio-Economic Levels) classification allows for targeting on this basis.

The Super Consumers are of particular importance to brand owners seeking to penetrate developing markets, as their wealth and status generally make them the first to try new products and brands. Once a brand has established a base among this group, uptake is likely to translate down into the mass market as the wealth divide narrows. Therefore success among the Super Consumers is an excellent indicator of long-term brand viability and success.

Taking just one brand example, Nescafe has achieved high levels of usage, and the SEL indices show that, in all the BRICs, users are present not only among the Super Consumers but the next two groups too. The highest-indexing group is still the top 10%, although with a reduced bias since Nescafe was first launched, as its usage has spread through the population (see Figure i).

2. Category flooding

Category flooding, or price segmentation, is the strategy of putting multiple brands into the same sector at different price points. Premium brands are targeted at the more affluent consumer groups, who can afford a higher level of quality, and are often more status-conscious, and may be more attracted to international brands.

But appealing just to this sector will not achieve domination of a category. For this, you must attract the mass market. Mid-market and budget brands are targeted at groups with lower disposable income levels, who cannot afford the premium brands, but are still attracted by the quality assurance promised by a well-known corporate name. P&G and Unilever in particular have taken this approach across many categories in the BRIG markets.

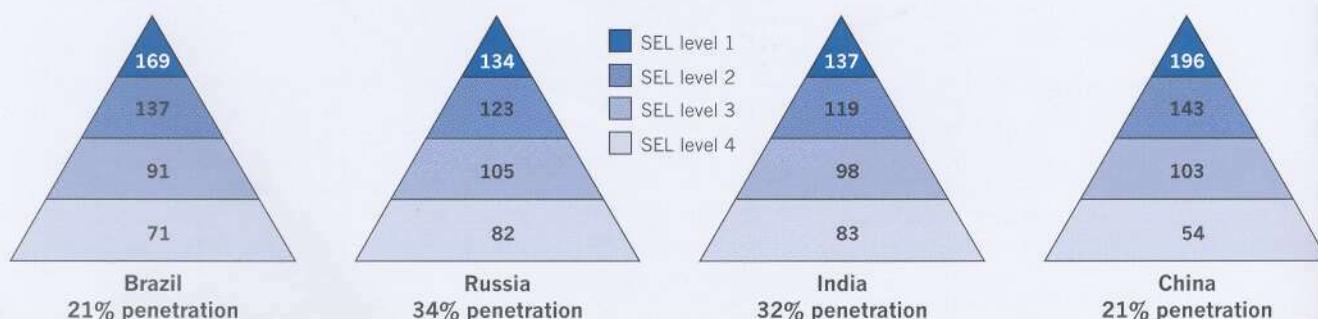
In Russia, their strategy is to promote two different kinds of brands. The first type might be called 'local' or 'traditional'. This is a brand with a Russian name, the packaging for which has a 'soviet' design. This type of brand is targeted at older people who still miss the old communist regime and have a low social status. Examples are Beseda, a tea brand from Unilever, and Mif detergent from P&G.

The second type is a brand considered as 'international' or 'innovative'. These are typically brands that are promoted multi-nationally, frequently targeted at the mass market. Whilst not positioned as exclusive products in Russia, they are often aimed at the upper part of the mass segment. Examples are Lipton, another tea brand from Unilever along with Beseda, and Tide from P&G in the same detergent category as Mif.

TGI data show this in-category segmentation to be working very well. Within the tea category, the user profile for Lipton peaks among the higher SEL groups; 39% of Lipton drinkers but only 26% of Beseda drinkers are in the two top SEL levels. The picture in detergents is similar. Tide's user base is more upscale - with an index of 135 against SEL Group i - and younger than that of Mif (see Table 43).

The same story can be seen many times over. For example, in toilet soaps in India, Unilever has Liril and Dove in the premium sector, Lux as a mid-range brand, and

Nescafé: usage indices by Global SEL group



Base: Total measured adult population
Source: Global TGI

TABLE 4a
Brand user profiles – Russia

	Tea category				Detergent category			
	Lipton		Beseda		Tide		Mif	
	Profile %	Index	Profile %	Index	Profile %	Index	Profile %	Index
SEL Level 1 (Top 10%)	15	152	8	83	13	135	9	98
SEL Level 2 (Next 20%)	24	126	18	96	23	120	20	104
SEL Level 3 (Next 30%)	29	102	27	95	30	105	28	100
SEL Level 4 (Next 40%)	30	79	41	109	31	83	38	100

Base: Category consumers
Source: TGI Russia 2005

TABLE 4b
Toilet soap brands – India

	Dove		Lux		Lifebuoy	
	Profile %	Index	Profile %	Index	Profile %	Index
SEL Level 1 (Top 10%)	20	202	10	100	9	93
SEL Level 2 (Next 20%)	28	141	22	108	18	92
SEL Level 3 (Next 30%)	25	82	29	96	29	98
SEL Level 4 (Next 40%)	27	67	39	99	43	108

Base: Category users
Source: TGI India 2005

TABLE 4c
Deodorants – Brazil

	Dove		Rexona		Axe	
	Profile %	Index	Profile %	Index	Profile %	Index
SEL Level 1 (Top 10%)	14	138	12	111	8	79
SEL Level 2 (Next 20%)	26	129	23	112	21	104
SEL Level 3 (Next 30%)	30	99	31	102	32	107
SEL Level 4 (Next 40%)	30	76	35	90	38	98

Base: Category users
Source: TGI Brazil 2005

Lifebuoy in the budget sector. Table 4b shows the strength of Dove in SEL Group 1, the bias of Lux towards SEL Group 2, and the lower bias of Lifebuoy, towards SEL Group 4. Unilever is the market leader in toilet soaps.

Another example is deodorants in Brazil, where Unilever targets Dove at the higher sectors, Rexona to the middle market and Axe to the lower groups (see Table 4c).

3. Localising the offer

One conclusion from the above exploration of comparative values across the BRICs is that consumer values in China and India are the most distinctly different from western ones. Of the four BRICs, Brazil can be considered the most westernised. Russia lies somewhere in between.

Thus, for brand strategy purposes, localising the offer can be another important route to success. This is especially the case in China and India, but can also be appropriate in Brazil.

In China, P&G's success in the toothpaste category has been based on this approach. It created Crest Salty Toothpaste (for whitening) as well as Tea Flavoured Crest Toothpaste (drinking tea is believed to eliminate bad breath). Ha'a-gen-Dazs in China produce Green Tea Ice Cream.

Frito-Lay's Cheetos are 'cheese-less' in China, where its flavours include 'Peking duck'. The concept of balancing 'Yin' and 'Yang' is behind 'Cool Lemon Lays' potato chips, which combine lime and mint flavours into what is promoted as a cool refreshing taste for China's hot summer.

Frito-Lay has also adapted flavours of potato crisps to cater to local tastes in India - for example, a mint chutney flavour. It has also created a snack brand called 'Kurkure' - which means crunchy in Hindi. These are similar to Cheetos but with an Indian flavouring.

In Brazil, the more affluent classes are quite highly westernised in behaviour

and buying habits, so global brands can often perform well. Indeed, selling the same version as in Paris or New York can add significant value to a brand. For the majority that cannot afford the more expensive international brands, global companies will often localise their portfolio by developing special products or alternatives. Product variants ranging from soy milk to soap for washing clothes address the less affluent at budget prices.

There are few examples of localising international brands in Russia. Some companies have adjusted production to introduce new flavours that, while not strictly speaking indigenous, are designed to appeal to Russian taste patterns. Bran and berry flavours feature in yoghurts from Danone; cranberry is popular, and is used in Finlandia vodka and in Schweppes soft drinks. For the most part, however, the sector of the market ready to buy international brands is sufficiently westernised not to require indigenous products. Their main demand is for standardised international products.

Summary

Historically, globalisation has been led by western brands, and the movement has depended on the spread of western values. But if it is to spread more deeply in the BRICs, brand owners must deal with local values, and bear in mind that the deeper acceptance of western ones will be limited.

Designing a branding strategy to meet the demands of each of the BRICs is a difficult task, particularly when the same products have to be sold in western markets. The challenges that confront marketers in attempting to extend globalisation in this way are enormous, but so are the potential rewards.



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