

Building brands in emerging markets

 By Cuan Chelin 23 Jun 2014

The growth in emerging markets gives millions of consumers new spending power, opening them up to a flood of product choices and communication channels, further exaggerated by the potential of digital platforms. What is interesting however is that the emerging market consumer exhibits characteristics that differ to that of the further developed economies.

They generally don't have the same level of sophistication and experience with brands and product categories. Many are looking to make their first purchase in a category, for example buying their first car or item of furniture.



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What we tend to find is that there are two particular areas that greatly influence their final purchasing decision. The power of word of mouth is extremely important and results from both their lack of previous experience and familiarity with brands as well as the social status that they feel will be attributed based on their peers' recommendations and aspirations. Secondly, the in-store experience and reliance thereon seems to be longer and more important than in developed markets.

More empowered, knowledgeable consumers

As consumers become more and more empowered and knowledgeable in developed markets, driven further through the use of digital platforms, they are less easily influenced by in-store sales personal and other point of purchase marketing. This is not yet the case in emerging markets where the consumer may visit multiple stores, multiple times and is also very susceptible to in-store marketing and salesman communications.

This is a particular challenge as a brand often has limited visibility and control over what happens at the moment of purchase. Despite all efforts to ensure carefully designed advertising strategies, point of sale merchandising and in-store promotions, it is unlikely that the brand can control the point of interaction across what can be, thousands of retail outlets and differing objectives of the retailer themselves.

How to overcome these challenges

- apply the 80/20 principle by understanding which retail outlets have the highest potential and focusing efforts on them
- work closely with those retailers to align your objectives and develop cohesive incentive structures
- provide retailers with tailored solutions that are aligned with their particular store guidelines but still differentiate your products from competing brands

- provide ongoing training and support to the in-store personnel
- invest in IT and data integration to monitor and assess the effectiveness of the above

Don't forget word of mouth

Importantly, don't forget the role of word of mouth advertising as the customer journeys towards their final purchasing decision. By providing quality products coupled with a better than expected after sales experience, will all help in lessening the influence of those areas outside of the brand's control.

I have been fortunate to have sat on both sides of the fence, as a retailer through our investment in Toy Kingdom and as brand owners through our previous investments in a number of sporting brands including Canterbury, Dunlop, Slazenger and Mizuno.

The key is, whether you are a retailer or the brand itself, you both need to take responsibility for the shopping experience and make sure that you are doing it better than the competition.

As a leading retailer in its sector, Toy Kingdom is a great example having grasped the concept of creating magical shopper experience with convenient locations, best in class store design, theatrical displays and in-store entertainment, all while providing accessible staff that are both friendly and knowledgeable.

ABOUT CUAN CHELIN

Cuan Chelin is Founder/CEO at Super-Brands Group. He completed his BCOM Honours (cum laude) and earned a Chartered Accountant (South Africa) qualification in 2004 before enrolling with the internationally acclaimed, Edinburgh Business School's MBA program. With over 10 years of senior management experience, his previous roles included heading up a consulting division on business growth at BDO Spencer Steward Inc, as well as CEO of the House of Paint and executive at Chemical Specialities (Chemspec).
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