

# Crystal gazing into brands of tomorrow: Emerging markets

Dr Syed Ferhat Anwar, Professor, IBA, and Moderator of the session

The world is changing very fast. Emerging nations are coming up. Bangladesh has strived a long way. If you look at various reports of J P Morgan, HSBC like globally reputed organizations you will see Bangladesh is doing pretty good. And thus branding comes into focus. If we want to Bangladesh a lead brand, what should we do? That is the question that we will be addressing today.

Travyn Rhall, Global CEO, Millward Brown

For the last five to ten years, globally, the big trend has been a movement from the West to the East in terms of growth. The emerging markets in general are really growing fast. There is a growing middle class in these countries. Bangladesh being named one of the next 11 markets gives it tremendous focus for many companies outside to look at what is going on here.

In terms of brands, change in media is also changing exposure of brands. This is probably the biggest single thing that will impact everybody in the next five to ten years. Now, the amount of time people are spending using new devices is more than what they spend in watching TV.

Knowing people is of tremendous importance. If we look at the US, where you have got a very sophisticated market, the amount of information people have about people and what they are doing and everything like that, is tremendous. And eventually, that sort of spectrum of information will flow down to other countries. And again, how do we create purchase opportunities for our brands, how do we build our brands; these are going to be quite important, and knowing a lot more about people is going to be central to that.

Syed Gousul Alam Shaon, Managing Director, Grey Advertising Bangladesh

Mobile telephones have not only helped in connection but also helped to achieve internet penetration, which has changed the whole deal.

People tend to believe that internet penetration still has a long way to go. How many people actually have a Facebook account? These are the kind of discussions you hear in every company. But the point is that it has influenced everyone so much, especially people who create news, who print news, who talk about it, that people have started quoting from digital media and tracking it to the mainstream media. We have been seeing the habit from the last 2-3 years. Now people come first to social media for news and then to mainstream media for details. Mainstream media can not avoid the fact.

We have seen how the whole eco-system has been working in favour of digitization. It's not really about the urban class that we are talking about. We are talking about the semi-urban, rural population who are quickly getting the hang of it, and this hold true for mobile phones and 3G penetration. And all of this is increasing in such a pace that if we don't pay heed to it today, we will be late for it tomorrow. So it's not really about waiting to see when it will be very big and then we'll get into that. As we are talking, this industry is growing. One thing that has started happening, and you will see that across the world, is people have become more of a co-creator of information or news rather than receivers of news. It can not be one-way communication anymore.

We used to talk about brand managers, now people talk about community managers, which is a very popular concept abroad. There are young individuals, 20 to 22 years old, who has a community of 1 million people with him, and thus has become important. So how do you really manage him, and tell him that 'can you manage my brand?' Even from a brand manager's perspective, brand management is going to be more difficult now, because people would like to take control over it.

Muneer Ahmed Khan, Chairman and Creative Chief of Unitrend Limited

Technology is playing a very big role in branding, and it's going to dictate a lot in the future. In my observation, education is a very big factor. In Bangladesh, there is a large group of young population and they are coming up. We thought that internet penetration would reach only three to four percent a year. But now, it is happening in a different ratio, in a geometric proportion. Smart phones have come and it will be going to play a big role in the context of branding and communication in the future.

Tahmeed Azizul Huq, Head of Corporate Communications, Grameenphone

If we talk about mass brand building, we still have a long way to go. There are a lot of dependencies on creating brands through digital media. I think we need to understand that mobile phone penetration is very high. But we also need to think about the usage of internet in rural Bangladesh. Brand building is not just about urban brand building. Brand building to me is for the mass. It is also about being open to what the consumers want not just what an organization can offer.

The other side of creating a brand through various touch points and media is maintaining consistency. I think that is what is missing at this point in the current context of brand marketing.

Rajeeb Bhattacharjee, Marketing Director, Grameenphone Limited

You will see in the coming time a balance. TV and press will stay. I can foresee for the next ten years that both these media are staying. Probably, print will take a digital form, that is probably inevitable in some parts. But again, can we create brands through digital media only? Probably, yes. Some luxury niche brands can be created out of digital media only. Can we create mass brands out of digital media? Of course, not. With a six percent entire penetration, it will take time.

We see a very different kind of group is coming right now in digital media. They are mostly innovators and they behave very differently from the mass. They do not represent the whole mass. Taking that behaviour and putting that on a mass will be very faulty.

Prasun Basu, Managing Director, South Asia region, Millward Brown

In Bangladesh there is a section of consumers who are consuming news, media, advertising and so on exactly like how a consumer is doing this in a developed market. Our internal estimation shows that it is four to five million out of 160 million people. That's equal to population of Singapore. The bulk, and there are about 20-30 million odd consumers, who then form the next bit of the pyramid, who are probably in the developing phase and probably are doing it in the way Sri Lanka is doing it or India is doing it. These people today probably are in the transition phase where they are not as high on digital consumption as regular media consumption. And the other 120-140 million consumers are really consuming media in its truest form that is newspapers and other traditional media. So for a brand like

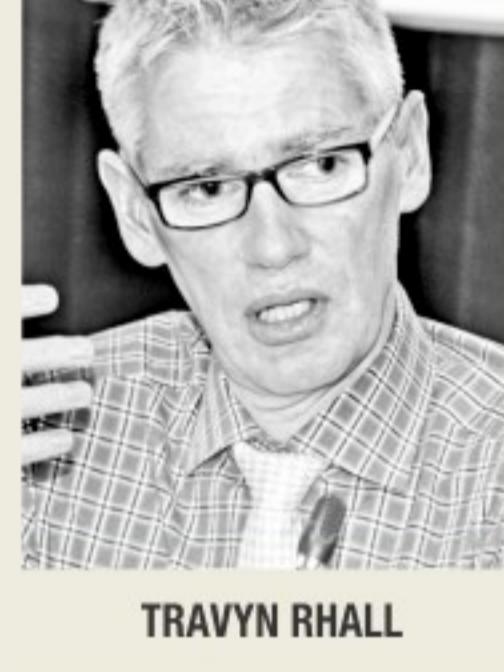


Millward Brown and The Daily Star have recently organized a roundtable on "Crystal gazing into brands of tomorrow: Emerging markets". Here we publish a summary of the discussion

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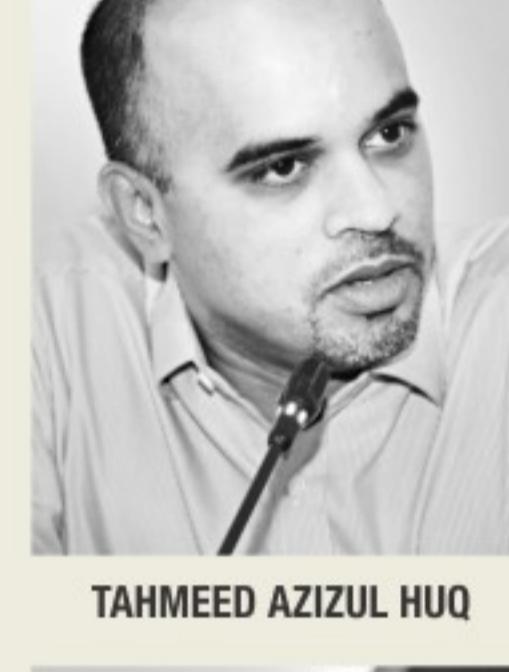
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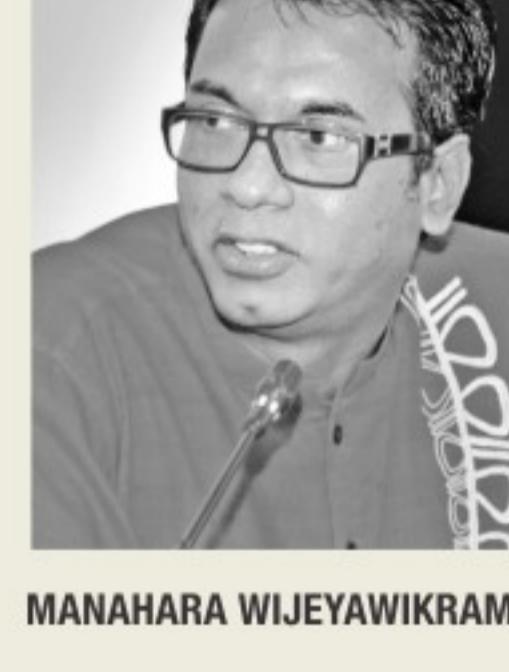
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us, it is important that we present across every single touch point, because there are consumer bases who are touching this across everything in their daily lives.

Syed Gousul Alam Shaon

I think it is more important that how the behaviour of the audience has changed. 4-5 million who are actually the urban animals are using digital media as any part of the world. They are also big time opinion leaders. So they have an influence over the movement of the society. It's not really whether people get into internet/digital media or not, it's about the overall behaviour, about how people are consuming information, how they are analysing it, whether they are believing it or not. That is why the role of brands will eventually be more vital than ever before. Now you have to be nurtured even further. You have to fence your space even more strongly because there you are seeing more discussion, more debates, much more questioning from the audience – whether you are socially relevant or not. It's all because of an informed audience.

K M Ali, CEO, Partex Star Group

If you take away the traditional and classical media like newspaper, television and so on, the impact of the digital communication is very less. Because when you send any message, people take it as a routine kind of message and they just bin it instantly without even reading. They are getting connected but not engaged.

Repackaging has become a source of transferring the value to the emerging people in the rural areas. Previously there was a big gap between branded products and non-branded products. Now the quality part, I would say in terms of taste, the value parity is established by most companies. The only thing that differentiates is how you deliver and how you ensure quality of distribution. Trade is becoming a useful conduit in the whole process of delivering to consumers. Maybe consumer is much more informed and empowered but that only will not help unless you can manage the so-called middlemen, who are the retailers or wholesalers.

Manahara Wijeyawikrama, Vice President, Market Strategy & Planning, Market Operation, Robi

Nowadays we build business. We build brands, and businesses are built on brands whether they are generic or otherwise. Fundamentals have not changed. You have got to have your consumer, then channels whether it is to sell or communicate, and then a shopper who buys it. So the forms have changed but the fundamentals have not changed.

Prasun Basu

Fundamentally, all brands were local brands. Global brands have happened over ages, over decades. So every brand started local and they did a good job in their local markets and that brought them focus, confidence, resilience and they went across to the rest of the world. In Bangladesh, there are many local brands that have become quite strong in the market. They might have taken investment from outside but they are brands that have been built here. For example, telecom brands, lots of FMCG brands like Radhuni Masala, Rupchanda and some plastic brands like RFL. Now, individually, each brand might not be as successful and that goes into the whole angle of focus and resilience. But collectively if you look at the emergence of local brands, I think Bangladesh has a story to tell the world.

Nazim Farhan Choudhury, Managing Director, ADCOMM

It is important for our brands to go global. I think what the internet does is that it allows us not to be tied to a geographical boundary. Now it is time to take the next step. There is always a sort of country perception that plays in buyers' minds. We have a company called Graphic People. We compete in the global outsourcing market for digital services. At the beginning, Graphic People was a coalition between an unknown Danish and an unknown Bangladeshi company. Once people started enjoying our services, we got orders from around the world. So my point is that at the end of the day, the product needs to be your king.

Imran Rahman, Vice Chancellor, University of Liberal Arts, Bangladesh

The youth are important because in ten years they will be the buyers. The youth today, particularly the youth going to universities and colleges, are certainly big users of the social media and the internet, so much so that even in our university the primary communication we use to reach them is not through our website or even through direct Google mail; it's through our Facebook page. They are not interested to log into a website or even opening up their email. The other thing is that our youth have come through such a rigid education structure that the social media, the internet has been a bit of a liberating force for them. But one big constraining factor is the language. We do not have enough materials in Bangla. So we are missing out a huge opportunity just because of language.

The other thing is that if you want to go global with these brands, the country as a whole has to adopt a global attitude. I find that is also something that is missing in the

youth. They are preoccupied by local issues. I don't see any global issues being championed by locals. One of the reason is language. They just do not know what the youth in other countries are thinking.

Prateek Sabharwal, Country Manager, PepsiCo

In Bangladesh, there are some companies who have good export base. Bangladesh should follow the widely renowned model called 'follow the diaspora'. There is a huge immigrant population in the Middle East. They will see their home brands in abroad and prefer it. Again when they will be back home, they are already familiar with the brand.

Another key question is that how do you further build into the globalized brand? Bangladesh is a truly emerging market and it has cost advantage. Look at the last acquisitions that China has made. Most of these Chinese companies are acquired brands. I was shocked when IBM was acquired by Lenovo. That is the power of an emerging market. That is the way they start globalizing. I am absolutely sure that ten years down the line, the centre of gravity will shift from the Atlantic to the Eastern phase. Bangladeshi is truly a part of it. Bangladesh is sitting absolutely in the centre of it.

When a Bangladeshi businessman wants to invest outside he has to face some legal problems. For example, as an Indian I was very happy when Tata acquired Chorus or Tata acquired Jaguar. But that was also aided by the government. The government told Tata that they could acquire it. So, the Bangladesh government should look at enabling businessmen who have a lot of potential and full of entrepreneurship. It should enable them to take on these future business steps further.

Syed Gousul Alam Shaon

You can make a brand global when you are ready to set it free. There is so much of control, ownership and familial relations playing still in Bangladesh that it won't help to make it global.

We created a theme song for the ICC T-20 World Cup 2014: "Charr Chokha Hoi Hoi". And the flash mobs are over hundred and that is the highest number of flash mobs on one theme over the world. From my perspective, when we took the communication to the global scale, we created a very interesting song, which had a contemporary beat, which appealed to the larger audience. It is in both Bengali and English and the dance movement was very simple which could be copied easily. There was an intention to make it viral as it is absolutely digital. We spent money to create the video, helped 12 universities to create the flash mobs and the rest happened organically.

Nazim Farhan Choudhury

Why do you need a 'Made in Bangladesh' brand? You need brands from Bangladesh that go global; you need Bangladeshi companies owning brands. The problem with the 'Made in Bangladesh' brand is that it hinders other brands. There are brands like Mango which is owned by an Indian in Germany and that is a global brand.

We have a lot of regulatory hassles to be a global brand. For example, I can't go abroad and buy a global brand even if I have the money to do so or invest in a global manager or even pay for advertising in a global magazine. Other than that, we as entrepreneurs also do not think on a global scale.

Travyn Rhall

In China, the government is actively pushing all of their major brands to go global. Even the state-owned enterprises are being told that they have to look for opportunities globally.

Secondly, there are a number of brands in China which are quite disruptive to normal brands. If we look at the smart phone market, there is a brand called Xiaomi. They sold more smart phones in China than Apple or Samsung. They do not have any retail distribution or retail centres; they do it via e-commerce. There may be ways here also to disrupt the market and move externally.

Dr. Syed Ferhat Anwar

Last year, there was a report from the World Bank based on which we were talking about the weaknesses in Bangladesh. Three things came out quite clearly: Policy, governance and productivity.

Muneer Ahmed Khan

We forget that brand value must be rooted deeply in the local culture, otherwise the brand cannot stay. Successful branding must communicate positively so that the acceptance level is very high. For research, some of the top players still think that this is an expense, not an investment.

Syed Gousul Alam Shaon

The bleak feature of market research shows that manufacturers don't know how to use the research. The moment they will realize the benefit and will make money out of it, they will invest.

Rajeeb Bhattacharjee

After the research is done, the value chain that executes the research outcome has to be looked into deeply. The cost is rising everywhere and the place where you normally cut down on is the brand marketing budget and the execution budget. With the rise in costs, I see a lot of companies failing to even reach the threshold level. A good model would be to not only do your research but also become a revenue partner and stay till the end of the value chain as a guide. Then help the companies achieve the results and if possible take a revenue share. Then it will be a complete win-win situation.

Prasun Basu

People do not give the serious sense that has to be given to R & D capability and quality. They think that they just need to go abroad, lift and shift, advertise, bring in a good packaging, and that is how the product will sell. But research on the trust, local relevance, consumer, and segmentation like deep questions is almost absent there. I think that is a big part that the local Bangladeshi companies need to work upon.

Dr Syed Ferhat Anwar

Before I end, let me just read from one of the leading magazines of branding which came up in November 2013. It said that what they do not understand why Bangladesh is doing good – they are still calling Bangladesh a development puzzle. And I quote from them: "Bangladesh has transformed itself from being a laggard to a clear leader in many of the indicators of trade, health, education and demographic outcomes." The point that I am trying to make that there is no reason for us to be hopeless. We have many things to work on and we have discussed quite a few here. We have to believe that we can create global brands as well using the right strategies. I am sure that with all of us working together there is no reason why we should not be able to achieve that.