“Understanding IMC in Emerging Markets: A study of the resources and marketing landscape of ten emerging markets.”

Abstract:
The aim of “Understanding IMC in Emerging Markets” is to provide a Marketing Communications (MARCOM) framework infused with principles of integrated marketing communications (IMC), for marketing professionals entering or operating in emerging markets. Currently, multinationals and marketers are regularly met with failure as they ineffectively apply western principles to emerging markets. This study explores the dichotomy between the need for MARCOM guidelines by 80% of the world and the lack of available resources. Research focused on 10 countries spanning four regions: China, Egypt, India, Indonesia, Kenya, Morocco, Nigeria, Qatar, South Africa and Thailand. To provide a clearer picture of the current MARCOM landscape, this study compiles extensive data on key areas including: infrastructure and logistical systems, role of government and bureaucracy, development of media systems (both traditional and digital) and consumer behavior and consumption patterns. Additionally, in an effort to showcase marketing communication strategies taking place in emerging markets, this study includes an exploration of application by specific brands.

I. Introduction:

Entering new environments with unique structures, systems, regulations and cultures is a daunting task for any marketer. To make the task easier, marketers often attempt to apply successful Western strategies to these new and growing markets. This is often a futile effort resulting in little to no increase in penetration, sales or profit, forcing re-evaluation or withdrawal.

The emerging markets research study is intended to aid global marketers in better understanding the intricacies of entering new markets. Ultimately, equipping them with the knowledge necessary to best tailor marketing to fit growing markets. Don Schultz’s article, “Communications between Organizations and Their Markets in Emerging Economies: A Research Agenda” served as the catalyst for this research.

Don Schultz—along with his wife and fellow professor, Heidi—assembled a student research group comprised of 11 Integrated Marketing Communications graduate students at Northwestern University’s Medill School. These students, many of whom are natives of the countries researched, came together to conduct research with a goal of developing MARCOM guidelines for emerging markets. An analysis of the marketing landscape in each market resulted in implications and guidelines for the application of marketing within them.

Countries included in the study were selected based primarily on their potential to effectively apply IMC practices. Those with both limited and great potential were selected in order to provide a wide range for comparison. Ultimately, the group decided on ten countries with personal relevance as many of the students desired to learn more about the marketing landscape of their own native countries. While this could potentially be viewed as a minor bias, having omitted many Bric merging markets such as Brazil and Russia as well as Central/South American and European countries, it is outweighed by the great benefit derived from the students’ collective ability to provide unique, first-hand insight and perspective. Students, however, acknowledge that the research has only begun to scratch the surface of emerging markets. The aim is for future IMC students to continue to research emerging markets, expanding the knowledge base and filling in the gaps.
In an effort to understand the factors that facilitated or hindered marketing practices in each emerging market, especially for multinational companies (MNCs) looking to enter, the research group established a criteria to obtain a holistic view of the current MARCOM landscape of the selected markets. The extensive review of data focused on:

- Infrastructure and logistical systems;
- Role of government and bureaucracy;
- Development of media systems (traditional and digital);
- Consumer behaviour and consumption patterns, and;
- Case studies exposing current MARCOM strategies.

Exploration of these key areas led to significant findings and implications with the potential for quick implementation. The following details important considerations for marketers wishing to enter emerging markets.

II. Infrastructure And Role Of Government:

In seeking to implement IMC programs in emerging markets, consideration for varying economic structures and government regulations must be made. The following aspects directly affect the economic environment in emerging markets:

A) GDP Level:

The chart below highlights the GDPs of markets studied based on The World Bank 2009 estimates (Group, Economy Rankings). The graph shows that China, the closest market to the US in terms of GDP, stands at $4,900 billion and is the furthest from Kenya which stands at $29 billion.

Since the late 1970s, the Chinese economy has benefitted from institutional reforms, rapid accumulation of capital, and substantial improvement in total factor productivity and changes in the demographic structure. Since the 1990s, increasing numbers of prime-age workers have migrated from rural areas to urban cities. These changes are reflected in China’s rapidly growing GDP. Transformation from a planned economy to a market economy has provided China with a favorable policy environment for achieving more efficient economic development.

In terms of GDP levels of other emerging markets around the globe, South Africa is the African “powerhouse” comprising 30% of the entire GDP of Africa. It leads the continent in industry output, producing 40% of Africa’s total output, 45% of total mineral production, and generates over 50% of Africa’s electricity. Thailand, on the other hand, is a newly industrialized economy and is heavily export-dependent, with exports accounting for more than two thirds of its GDP. As recently as 2010, Thailand experienced GDP growth of 8% elevating it to not only one of the fastest growing economies in Asia, but the fastest growing economy in all of South East Asia.

Kenya is East Africa’s financial hub. It is home to the Nairobi Stock Exchange with 47 major companies traded publicly on the NSE. Kenya's economy is market-based, scattered with state-owned infrastructure enterprises, and maintains a liberalized external trade system. Since May 2010, economic prospects have been positive with 4-5% GDP growth expected, largely due to expansion in tourism, telecommunications, transport, construction and a recovery in agriculture. These improvements are supported by a large pool of English speaking professionals with high levels of computer literacy, especially among the youth.
population. The government, generally perceived as investment friendly, has enacted several regulatory reforms to simplify both foreign and local investment.

B) Degrees of Economic Freedom:

Economic freedom is the right of every human to control his or her own labor and property. Individuals in an economically free society are free to work, produce, consume, and invest according to their will. This freedom is both protected and unconstrained by the state (Foundation).

In 1986, the Heritage Foundation, a conservative think tank, introduced the Index of Economic Freedom (IEF) based on the following components: trade policy, fiscal burden of government, government intervention in the economy, monetary policy, capital flows and foreign investment, banking and finance, wages and prices, property rights, regulation and informal market activity (Foundation). These are important factors for business decisions as they help in formulating entrance strategies and in understanding the level of freedom and government interference a business is likely to face in a particular country.

The following chart ranks the 10 studied emerging markets alongside the US. The lower the rank, the higher the IEF (Foundation). This means that the more liberalized economies, or those with markets more open to trade and commerce, have lower IEFs. For example, India’s high IEF score is a result of several restrictions to Foreign Direct Investment (FDI). The Government does not allow FDI in multi-brand retail chains, allows only 51% FDI in single-brand retail chains and dictates that the other 49% must be owned by a domestic partner.
The following chart combines GDP level and IEF to give the relative positions of the 10 emerging markets as compared to the US.

From the above chart, the countries can be grouped in the following manner:

- China, India and Indonesia have high GDPs but are relatively closed markets (i.e. low degrees of economic freedom). These markets are highly productive but are less liberalized since trade and commerce is more regulated.
- South Africa, Thailand and Qatar are have more mid-level GDPs but are relatively open markets (i.e. higher degrees of economic freedom). These markets, when compared with the first group, have medium productivity but are more liberalized as trade and commerce are not very tightly regulated.
Egypt, Nigeria, Morocco and Kenya have lower GDPs and are relatively closed markets. These markets are much less productive than the first group and trade and commerce is highly regulated.

C) Bureaucracy Indicators:

The degree of bureaucracy indicates the extent to which the structural and regulatory environment hinders or aids businesses in these countries. The following are indicators of bureaucracy: number of days required to start a business, number of procedures involved in starting a business, ease of starting a business and ease of doing business (Group, Economy Rankings).

The above graph compares the level of bureaucracy in the US with the emerging markets (Group). The lower the scores are for the aforementioned factors, the lower the bureaucracy levels and the easier it is for businesses to operate. The same groupings of countries emerge. South Africa, Thailand and Qatar are closest to the US while China, India and Indonesia are farthest. Egypt, Morocco, Nigeria and Kenya fall somewhere in between. There are numerous reasons behind these varying degrees of bureaucracy:

- Different government sectors responsible for different regulations and restrictions in India and China, making the process more complex.
- Construction permits in India can take up to 195 days involving 37 procedures and registering a property can take around 44 days involving 5 procedures.
- In Indonesia, the average time it takes to start a business is high despite there being relatively fewer procedures.
- Company registration in Morocco is an elaborate process requiring several steps including name and trade registration.
- Structural reforms, including monetary policies, privatization and new business legislations have helped Egypt to cut down on bureaucracy.
- No government approval is necessary for businesses in South Africa, expediting the process.
- Market entry has become much easier in Qatar in recent years as consumers have sought greater diversity in options, especially from MNCs.
Understanding these varying degrees of bureaucracy and the reasons behind them is crucial to the success of market entry. The complication in the bureaucracy process is a common hardship in conducting business in emerging markets and is one of, if not the number one factor, that puts a halt to many MNC and marketing operations in these regions. Thus, being mindful of such procedures and planning accordingly is an essential step. The other two most common factors that exist in almost all emerging markets included in this study are corruption and the emergence of shadow markets.

C) Corruption:

Across many of the developing countries where these emerging markets exist, corruption is an issue that cannot be ignored. To demonstrate the extent of its presence in various markets, transparency.org, an international organization leading a global coalition in the fight against corruption, produced the corruption perception map below (International). The map uses each country’s corruption perception index (CPI) to show the degree of corruption that is perceived to exist in the public sector of different countries around the world.

The CPI scores countries on a scale of 0 (highly corrupt) to 10 (very clean). The 2010 scores, displayed on this map, use data from 13 sources gathered by 10 independent institutions. All sources measure the extent of corruption (e.g. frequency and size of bribes). The map is also color coded with the deeper red indicating highly corrupt and the deeper yellow meaning very clean. From the map, it is clear that the highly corrupt countries lie mainly in African and Asian regions.

The US, with a CPI score of 7.1, ranks 22nd out of 180 countries, making it one of the 25 most transparent countries in the world. The 10 emerging markets that were studied have been grouped based on their level of corruption relative to the US. The highly corrupt group consists of Nigeria, Kenya, Morocco and Egypt, the moderately corrupt group consists of Indonesia, China and India and the group with the lowest levels of corruption is comprised of Qatar, South Africa and Thailand. In order to provide a deeper understanding of where corruption exists in some of these countries and how their governments are dealing with the problem, one country in each of the three identified groups is highlighted below.
Of the highly corrupt group, Nigeria has a CPI score of 2.4 and ranks 134th. Here, corruption is pervasive and exists on both the individual level and higher levels of government. In an effort to curtail the problem, the Nigerian government has taken steps such as the creation of the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC) to tackle financial-related crimes. These stricter anti-corruption policies have not only galvanized support from the international community but they are partially responsible for the country’s obtainment of debt relief from the Paris Club in 2005.

Of the moderately corrupt group, China has a CPI score of 3.5 and ranks 78th. Like Nigeria, corruption exists on the individual level all the way up to higher government levels but to a lesser degree than that of the highly corrupt group. While the Chinese government does carry out periodic audits of government positions, no special organizations have been set up to deal with corruption.

Of the low-level corruption group, Qatar has a CPI score of 7.7 and ranks 19th, making it even more transparent than the US. Corruption in Qatar exists only at the higher levels of government. Similar to the Chinese government, there are no special bodies set up to manage corruption but the Qatari government carries out periodic anti-corruption campaigns by auditing high level government positions.

E) The Shadow Market:

A major difference between emerging markets and developed countries is the widespread existence of shadow markets. These markets are comprised of all economic activities that would generally be taxable were they reported to tax authorities. This includes all unreported income from the production of legal goods and services as well as illegal activities. Shadow markets are also referred to as black markets, grey markets and underground/parallel economies. Products traded in these markets typically include knockoffs (inferior copies of authentic goods), clothing, cheap labor, stolen/smuggled goods, hard substances and intellectual property. A key characteristic of shadow market goods and services is the lower price tag, usually indicative of inferior quality of goods and services being sold.

The graph above shows the contribution each country’s shadow market makes to its Gross National Product (GNP) (Schneider). The GNP is a country’s GDP added to the difference between a country’s overseas investments and income earned by foreign nationals domestically.
The graph clearly shows that compared to the other countries discussed, the contribution of the US shadow market to its GNP is very minimal at just 9%. This can perhaps be attributed to the size of the US GNP in addition to strict market entry and goods distribution policies. Products found in the US shadow market include stolen goods, knockoffs, Cuban cigars, hard substances, prostitution services and intellectual property (i.e. pirated software, books, games, DVDs, CDs). The 10 emerging markets have been separated into three groups based on the level of contribution their shadow markets make to their GNPs relative to the US.

Group one consists of countries in which the shadow market contributes most to the GNP—Egypt, Nigeria, Kenya and Morocco. Group two is comprised of South Africa and Thailand where the shadow market’s contribution to the GNP is in the middle range. Group three is made up of China, India and Indonesia where shadow markets contribute least to GNPs. Again, one country in each of the three identified groups is highlighted below in order to paint a better picture of the shadow markets in these countries as well as the methods by which authorities are attempting to control them.

Nigeria’s shadow market, belonging to group one, consists mainly of unreported income (i.e. transactions of legal goods and services for which the government does not receive taxes). Products traded in this market include knockoffs, electronics and intellectual property. The government attempts to control this situation by carrying out periodic raids to confiscate these goods while attempting to implement laws that would ensure tax is paid on transactions.

South Africa’s shadow market, belonging to group two, consists of both unreported income and illegal activities. Products traded in this market are similar to that of Nigeria and include knockoffs, electronics and intellectual property. Government efforts to control this market include the creation of the Consumer Protection Act (CPA), implemented in April 2011. The CPA seeks to ensure that all shadow market products are labeled as such by retailers and enables consumers to return such goods should the need arise.

China’s shadow market, belonging to group three, consists mainly of unreported income and illegal activities. Products traded in this market are similar to that of Nigeria and South Africa and include knockoffs, electronics and intellectual property. The Chinese government has implemented several rules and policies in an attempt to control the market. For example, intellectual property, trademark and copyright laws prevent the copying of original works and products.

While many countries have developed anti-counterfeiting policies, regional enforcement varies. The shadow market, while not taxed, still employs millions of people, and governments must balance many domestic and diplomatic issues in deciding how vigorously to enforce regulations.

**Implications and Opportunities:**

1. Countries in emerging markets have relatively low but fast-growing GDPs, less freedom of market, high levels of bureaucracy, high levels of corruption and strong presence of shadow markets. Therefore, companies planning to enter emerging markets must pay close attention to these complexities in order to position themselves for success.
2. Companies should build ample time into their plans for entering emerging markets. With high levels of bureaucracy and the creation of barriers by authorities, numerous procedures must be undergone before entrance can actually take place.
3. Marketers must familiarize themselves with the complexities specific to the market they are attempting to enter. With high levels of corruption in the business world, there may be increased fees and levies a company needs to pay in order to start a business. Also, bribery and slower turnaround time tend to go hand-in-hand with corruption and can affect companies wanting to enter the market.
4. Companies should take preemptive measures to protect their business against the presence of shadow markets. Because shadow markets are not well regulated, there may be severe interference with the potential to damage a company’s profits and reputation. For this reason, companies must establish methods of reducing the impact of shadow markets on their business.

Apart from the impact of government on emerging markets, media systems unique to each market provide insight and opportunities for companies hoping to enter.

III. Media Usage:
Over the past few years, media systems have evolved to include digital forms of media. While most new media forms are online with social media developing at a very fast pace in both emerging and developed market, traditional media continues to dominate in emerging markets. The relationship between traditional media and the public is changing and creating a trend called “We Media.” This emergent trend is one in which social networks present on the Web produce, analyze and disseminate news and information to technologically interconnected publics unbounded by geography.

A) Media Usage Of Note:

i) India:
- India has both local and multi-national media formats with 45 regional channels. There are regional, national and more than 50 private radio stations aired in different dialects. Internet and social media usage has been rapidly increasing since 2008, with a current growth rate of 33%, the fastest in the world.
- India also has a large mobile reach with over 700 million telephone lines and mobile connections. The most prominent data collection systems include Nielsen India and Vocus Media Database, which deliver online data to their clients.

ii) China:
- China has 3,000 television stations across the country and large international TV expositions including the Shanghai Television Festival and Beijing International Television Week.
- Shanghai has become the largest television program trading market in Asia.
- Print media, a leading media format, has increased by 3.87% in the last 10 years.
- Online media, another leading format, saw 6.3 out of every 100 people access the Internet in 2008. Today, almost every individual in China has access to the Internet, owns multiple cell phones and exhibits simultaneous media consumption (Rosenstiel).
- The most prominent data collection company is CSM Media Research, and some of the tools used are surveys, panels and people meters.

iii) Middle East & North Africa (Morocco, Qatar and Egypt):
- Morocco has eight national channels and thousands of satellite and cable channels. Print media includes a circulation of 400,000 copies of newspapers.
- Qatar is leading in broadcast television and satellite channels. In terms of social media, there are more than 200,000 Qataris on Facebook.
Egypt has over 20 million Internet users, 20 private satellite channels, 70 state run radio stations and over 500 print products. In Egypt, traditional media outlets are predominantly owned by the government.

iv) Sub-Saharan Africa (Nigeria and South Africa):

- Nigeria’s leading media format is TV (140 stations) followed by radio (70 stations) and print. Digital media formats are still very new with only 17% of the population using the Internet. As a result, they are rarely used by major players in the industry. Mobile has the highest penetration but is still restricted to short message service (SMS).
- South Africa has an array of traditional media outlets with minimal government regulation and ample freedom of the press. South Africa has over 150 internet service providers and 5.3 million users which, as of 2009, was approximately 10% of the population. As of 2006, South Africa has had more than 33 million mobile users, 27% of whom live in rural areas.

v) South East Asia (Thailand & Indonesia):

- Due to a recent rise in South East Asian literacy rates, print media has increased. 65% of readers in South East Asia are under 35 years old.
- Television, with 10 national networks in Thailand, is the most dominant format.
- Both Thailand and Indonesia have a 12-15% Internet penetration rate. YouTube and Facebook are the most widely used platforms.
- There are 80 million mobile users in Indonesia and Thailand is one of the fastest growing mobile hubs.
- Data collection systems are still not very well developed in South East Asia. Nielsen and Orient Pacific are the largest providers.

B) Comparison to the US:

One of the biggest differences between media consumption in emerging and developed markets is that marketing investment is shifting from traditional media to more digital and interactive forms in developed markets. The focus in emerging markets, however, remains on traditional media (Rosenstiel).

Another prominent difference is the role of government in media. While the government plays an important role in controlling the content of media in emerging countries, the US is subject to a lesser degree of control. For instance, Chinese authorities are able to blackout foreign channels and international broadcasts are only available in specified diplomatic compounds, hotels, and apartment blocks. In South East Asia broadband is only present in urban areas of and there is a large presence of wireless over wired connections. While the government’s presence is felt in each of these countries, freedom of speech is a guiding force for media in the US.

C) Behavioral Preferences:

One of the most common trends among all countries is the growing use of media in all formats. Print media dominates in Thailand and Indonesia but online media consumption reins supreme elsewhere. While younger generations in most emerging markets seem to be consuming more mobile and social media, a high proportion of the younger generation in South East Asian countries continue to consume
print media. Countries like India continue to strive for high penetration rates of television and radio as a means of reaching less affluent individuals, as they comprise a large portion of the population.

**Implications and Opportunities:**

1. As noted above, compared to the US, emerging markets consume more traditional media than digital media. This indicates that businesses operating in emerging markets should utilize traditional forms of media in reaching consumers.

2. New media is developing quickly and rising fast. At current, smaller segments of younger populations in developing countries are the chief users of new media but usage is increasing at a fast pace. Social media platforms such as Facebook and Twitter are becoming increasingly successful, providing companies an opportunity to position their brands and reach consumers using these platforms.

3. Simultaneous media consumption presents perhaps the largest opportunity for marketers since the vast majority of individuals around the world consume more than one type of media at the same time (Rosenstiel).

4. Today’s youth are one of the market’s most powerful consumer groups in addition to being the heaviest consumers of new media in emerging markets. Young people are progressively able to affect the purchase and decision making of others. More and more, they are able to act independently and are demonstrating sophistication in consumption. The youth market can be seen as an indicator of social change in terms of their impact on society and surrounding culture. In this sense, the youth market is shaping future marketing trends and is slowly becoming the largest and most influential consumer segment in emerging markets.

Understanding consumer behavior is of the utmost importance in painting a complete picture of the business and economic conditions of any emerging market. The following provides a detailed outline of trends in consumer behavior, drivers of media consumption and implications and opportunities for marketers.

**IV) Consumer Behavior:**

**A) Consumption Drivers:**

Consumers’ economic conditions drive their level of consumption and define the segments of consumers within that country. This economic condition can be classified as either a consumption economy or subsistence economy. In a consumption economy, consumers can afford personal or impulse goods, while in a subsistence economy, consumers can barely fulfil their everyday needs.

While the majority of consumers in emerging markets can be defined as subsistence economy consumers, both types of economic conditions exist in most countries. This is caused mainly by the large gap between urban and rural areas.

In larger urban cities, consumers have access to a wide portfolio of products and services while in rural areas, there is little to no choice of products and services. To further detail consumption drivers found in each country, the 10 emerging markets are clustered below into four different groups based on levels of urbanization and poverty.
The level of urbanization is calculated based on the percentage of people living in urban areas or big cities (Group, Urban Population 2009). The level of poverty is calculated based on the percentage of people who, according to the Multidimensional Poverty Index, can be classified as poor ((OPHI)). This index takes into account education, health and standard of living. The level of poverty in most emerging countries is high due to the large gap between the rich and the poor.

Qatar and South Africa, categorized as being high-level consumption economies, enjoy high urbanization and low poverty due to an increase in export of petroleum and natural resources, both of which account for the majority of their GDPs. These two countries are closer to the US in comparison to other emerging markets.

Countries with mid to high levels of poverty and urbanization such as Morocco, Indonesia, China and Nigeria are grouped together as mid-level consumption economies. This is based on the fact that their populations are concentrated in just a few cities rather than being evenly distributed across the country. On the other hand, Thailand and Egypt both have relatively low levels of poverty and urbanization, qualifying them as subsistence economies. These two countries thrive on their export of agriculture, which provides a great deal of support to their GDPs.

India and Kenya, high subsistence economies, share high levels of poverty and low levels of urbanization in comparison to other countries. India’s high level of poverty and low level of urbanization is due to its high population and low literacy rate. On the other hand, Kenya’s high level of poverty is caused by high corruption and bribery, while its low level of urbanization is due to its diverse population, residing in rural areas.

The following chart shows the current status of urbanization in each of the emerging markets covered:

<table>
<thead>
<tr>
<th>Emerging Markets</th>
<th>Urban Population* (%)</th>
<th>Urban Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>95.72</td>
<td>9.65</td>
</tr>
<tr>
<td>United States</td>
<td>82</td>
<td>1.33</td>
</tr>
<tr>
<td>South Africa</td>
<td>61.22</td>
<td>2.08</td>
</tr>
<tr>
<td>Morocco</td>
<td>56.36</td>
<td>1.82</td>
</tr>
</tbody>
</table>
Although these countries are vastly different in terms of their economic conditions, they are very similar with regard to consumption drivers, marketing and media trends and their struggle to implement data collection processes. Consumption drivers shared across all studied countries include: product quality, brand name, heritage and price as well as consumer lifestyle and general outlook.

**B) Data Collection:**

The role of data is an integral aspect of IMC. However, unlike many western countries, most emerging markets face a number of challenges in terms of data collection. These struggles encompass limited availability of data, unrepresentative data and lack of source credibility. In these countries, most available data comes from an outside-in perspective as it is not gathered and mined by local companies, but instead, by either multinational companies or by non-domestic agencies such as Neilsen.

Given the absence of local involvement, research tactics have the potential to compromise data, making it inaccurate and inauthentic. Data limitations also leave local companies unable to gather their own resources and create barriers for international agencies attempting to properly research and learn about consumers within a particular market.

Moreover, available data might not be representative of a country’s entire population, focusing primarily on big cities and urban areas with little regard for the rural consumer. The aforementioned middle to low urbanization levels of most emerging markets create an environment in which data is likely skewed in terms of accuracy, focusing solely on urban areas. A second barrier includes the credibility of available data. Data collection agencies are sometimes guilty of providing false or fabricated data in an attempt to publish results. Additionally, the social restraints and cultural rules found within many an emerging market can drive respondents to provide false answers in research studies. These gaps in information have led to an environment in which marketers and MNCs disregard the true IMC process which requires attention to accurate data reflecting consumer behaviors and attitudes.

**Implications and Opportunities:**

1. In emerging markets, there exists a great divide in economic standing and geographic location between urban and rural consumers. New media and online channels offer methods of reaching these consumers.

2. It is important that marketers seek to determine the urbanization and poverty levels of varying regions in addition to recognizing whether they are consumption economies or subsistence economies. These factors are indicative of the kind of messaging that will resonate with consumers.
3. While there is heterogeneity across emerging markets in terms of consumption drivers, within each market lies a homogeneous culture. Identifying trends present in each of these cultures (e.g. increase in digital media consumption and the desirability of luxury brands) is essential to establishing relevance.

4. Marketers must respect the cultural rules of the markets they are trying to enter and make decisions accordingly. Great opportunity to reach consumers within emerging markets lies in adhering to and tapping into their strong cultural convictions. These firmly held beliefs create homogeneity across consumers that can prove advantageous to marketers who best understand how to leverage them.

5. Yet another opportunity lies in the clear need for data collection systems and research processes that facilitate a deeper understanding of consumers in emerging markets. Marketers and MNCs who take the time to establish how they might address this need will no doubt be equipping themselves with a unique competitive edge. In addition to better understanding consumers, they will stand to benefit from more accurate segmentation and targeting practices, areas that have proven difficult for marketers in emerging markets due to lack of proper methodologies that yield accurate results.

There are a handful of global brands that have successfully cut through emerging markets’ cultural convictions to prove their worth. Some of these cases are detailed below.

V) Marketing Communication Case Studies:

In the past, many multinational companies entered emerging markets with a goal of becoming a category creator in economies that were still in their infancy. Others saw sought to take advantage of the lack of competition in sub-categories. While reasons for entering emerging markets vary from one MNC to another, they are all forced to adapt marketing strategies to better fit the host country. How far, however, will a MNC strive to penetrate an emerging market? Entrance can require everything from complete re-evaluation and adjustment of western strategies to the overhauling of brand structure and approach to consumer-focused marketing.

The following section focuses on four case studies, each demonstrating how an international brand has used a marketing communications strategy to enter a developing country.

A) Suzuki in South Africa:
Suzuki Motor Corporation, a Japanese-based brand, started its global expansion in 1963 with its first US campaign (Corporation). Suzuki has since spread its automotive expertise around the world and is present today in every major continent. In 2008, the Japanese company added South Africa to its list. The strong competitive landscape of the automotive industry in South Africa presented a challenge in terms of differentiation.

According to the South African website, The Annual, Suzuki hired a local marketing firm, PenQuin International, with an objective of establishing a strong, positive brand image with the capacity to raise sales by creating a 360 degree communication initiative and media plan that ensured a return on investment (Annual). The campaign included TV sponsorships during primetime shows, calls to action through radio, magazine ad inserts and branding of sports arenas, metro buses and ATM machines. As a result of its collaboration with PenQuin, Suzuki gained a substantial slice of the South African automotive market 29 months after entering.
The pictures above illustrate how Suzuki used a localized communication strategy to reach different target markets. In 2010, Suzuki presented its latest 4x4 (Figure 1) in a stylized South African landscape, describing it as a safe and fun car for the most difficult terrains in the country. In the same year in the US, Suzuki broadcasted a TV commercial (Figure 2) comparing its Kizaki with the best of comfort, a sofa, and the best of engines, the A4. The ad highlighted affordable superior product features via a touch of American humor.

**B) Tide in Morocco:**
In Morocco, Tide has become part of the country’s history. The American brand arrived in Morocco in the mid-1950s alongside US army bases that were built in several cities around the country. Initially, Tide was imported for the personal needs of soldiers and their families. Slowly, the powder detergent made its way into the Moroccan household. By 1958, Procter and Gamble (P&G) recognized the potential for market penetration and built one of its first factories in the African continent (Lavieeco).

P&G achieved its success in Morocco by overcoming the challenge of changing the population’s laundry-related behavior. More specifically, making the switch from soap bars to powder detergents. The key to success lay in P&G’s large distribution channels, making Tide accessible through 70,000 points of sale in urban and rural areas.

P&G acted as a pioneer in Moroccan advertising, broadcasting its first commercial in 1969. The commercial emphasized product performance and demonstrated insight into the social dynamic between different members within an average Moroccan household. As a result, Tide became synonymous with powder detergent. Today, Tide and Omo, a Unilever brand, are category leaders.
In both the US and Morocco, Tide targets homemakers and middle class women, ages 25-40. In comparing a 2010 Moroccan Tide TV commercial (Figure 3) with a 2010 American Tide TV commercial (Figure 4), it is apparent that both ads are rooted in an attempt to share a glimpse into the life of a homemaker. This approach helps members of the target market to see themselves reflected in the storyline, aiding them in envisioning the integration of the product into their lives. Tide’s Moroccan ads show Tide as the product that turns Moroccan women into supermoms. In America, Tide is positioned as the product that helps moms maintain their supermom image.

C) McDonald’s in India:
Getting a hamburger chain to flourish in a country where eating beef is taboo was the biggest challenge McDonald’s faced in deciding to enter the Indian market in 1996. In India, McDonald’s set out to achieve the goal of becoming India’s best quick service restaurant experience. Its aim was to maintain the principles it has cultivated over time while taking into consideration the cultural values found in India.

Upon opening its doors in India, McDonalds offered only one vegetarian product; an effort to appease customers, half of whom are vegetarians. This did not, however, escalate McDonalds to even a fraction of the success it has seen in the US. In introducing its first local burger, the ‘aloo tikki’ burger—a patty of potatoes and peas flavoured with Indian spices, McDonald’s had to use 130 ingredients and 50 suppliers. To compensate for the lack of beef and pork, McDonald’s went on to launch and extensively promote its Filet-O-Fish, McChicken and Chicken McNuggets. The Maharaja Mac replaced the Big Mac, using chicken instead of beef (Bloomberg).

McDonald’s had the additional challenge of building brand awareness. The “golden arches,” for instance, meant nothing to Indian consumers upon entrance into the market. In order to do so, the company went about conducting behavioral research with a goal of determining how to tailor products to consumer preferences. In order to attract customers and help them to understand that McDonald’s is a restaurant, signage was changed to say “McDonald’s Family Restaurant.” In terms of behavior, Indian consumers were not yet familiar with self or counter service.

Much like its US approach, advertising for McDonald’s in India targets the entire family and highlights affordability as the average consumer spends $2. The two Happy Meal ads above convey two different perspectives: In the US, McDonald’s Happy Meals are a vehicle through which parents can become closer to their kids, whereas in India, they serve as affordable meals for everyone. Both ads share the message that a Happy Meal is the perfect meal for a child.
**D) Pepsi in Thailand:**
Pepsi entered the Thai market in the 1950s with a goal of creating demand for a new product category (i.e. soft drinks). The brand approached the challenge with out-of-the-box positioning: Pepsi was the hygienic alternative to water (Network). This was a feasible strategy given the contaminated, unhygienic water supply systems in Thailand at the time. Pepsi was able to claim this position by installing a waste water treatment system in its first ever bottling plant. Pepsi conducted consumer research to determine how customers prefer to consume soda. Findings were favorable in that they showed consumers felt Pepsi pairs well with Thai food. Today, Pepsi is the leading soft drink brand with 10% share of the Thai market.

![Pepsi Print Ad Thailand (WordPress)](image1)

![Pepsi Print Ad United Stated (World)](image2)

Pertaining to its strategy in Thailand, Pepsi focused on consumption in social settings. It leveraged the popularity of ‘k-pop’ (Korean Pop music) stars to influence young, South East Asian consumers. This paralleled its US ads that centered on celebrity endorsements. More recently, Pepsi uses comparative advertising in Thailand, focusing on taste rather than social values.

**VI) Conclusion:**

An IMC strategy should project a consistent image of a brand through synergized communication in various media channels. This is becoming more and more pertinent in the digital era in which connectivity, convergence and social networking impacts consumers. The challenge with any IMC strategy is in achieving the right balance—not only with regard to cultural values and rituals, but also in terms of delivering consistent and coherent messages across multiple channels over a period of time. Cultural values are important brand differentiators in emerging markets with heterogeneous consumer groups. Therefore, mastering the artful combination of cultural values and IMC tactics will prove a pioneering marketing exercise for any brand entering an emerging market.

The impact of this research is already being realized. Not only has it provided an outlet to further educate fellow students on international markets, but it has also inspired a capstone course at Northwestern University entitled Advanced IMC: Emerging Markets.

Student researchers want to make clear, however, that given the ambitious goals they set out to achieve in a short timeframe, they were only able to scratch the surface in terms of the potential that exists in emerging markets and the complexities of marketing to the consumers within them. In an effort to ensure that the research and learning continues, the study has been placed in the hands of an official IMC committee. This committee—comprised of new Northwestern graduate students from each incoming class and intended to operate well into the future—has been charged with the task of furthering this exploration of emerging markets and the applicability of IMC within them.
Work Cited:


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