Chapter 18
Building Brands in Emerging Economies:
A Consumer-Oriented Approach

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ABSTRACT

One of the most important goals of brand managers is to build strong, long-lasting brands. The meaning consumers give to brands comes from a dynamic process of interpretation formed in terms of the context in which they are used, the socio-psychological nature of their consumers, and the cultures to which these costumers belong. By acknowledging the importance of understanding how brands can be built in emerging economies, this paper analyzes the case of three brands in three different emerging economies. We highlight how successful firms develop their marketing strategies based on their understanding of the local consumer market they are serving. Ultimately, this paper is intended to provide managerial guidance on the basis of the analysis of brands and consumers in emerging economies.

INTRODUCTION

One of the most important goals of brand managers is to build strong, long-lasting brands. However, to do so, brand managers must understand the needs that these brands cover for their consumers. These needs will undoubtedly be impacted by the culture of the market, as marketing is a discipline circumscribed to context (Sheth & Sisodia, 1999). Indeed, Burgess and Steenkamp (2006) called for more research on emerging markets in order to advance marketing science and propose guidelines to conduct such research. They placed a strong emphasis on understanding the new constructs (market particularities) that past research has not addressed.

Emerging markets bring particularities that are unknown or a rare practice to the industrialized or developed countries. For example, the concept of *guanxi* refers to the "durable social connections and

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networks a firm uses to exchange favors for organizational purposes" (Gu, Hung, & Tse, 2008, p. 12). *Guanxi* positively impacts sales growth and market shares. Other researchers have acknowledged the concept of *ubuntu* as important for the African context, as it explains consumers' decisions and the power that word-of-mouth has in the market. *Ubuntu*, or humaneness, refers to "caring and community, harmony and hospitality, respect and responsiveness that individuals and groups display for one another" (Mangaliso, 2001, p. 24). Without an understanding of these concepts that govern certain cultures, brand managers might face difficulties communicating with their customers.

The meaning consumers give to brands comes from a dynamic process of interpretation that is formed in terms of the context in which they are used, the socio-psychological nature of their consumers, and the cultures to which these customers belong. The purpose of this paper is to understand how strong brands are built in emerging markets. First, we will review the existing literature on building brands in these markets. Then we will discuss the concepts of globalization, glocalization, and reverse innovation. Next, we will address culture and its effects on consumer behavior, following by an introduction of the methodology used in the present research and a discussion of the findings. Finally, we will present our conclusions and practical implications for brand managers.

BUILDING BRANDS IN EMERGING MARKETS

Scant research exists on building brands in emerging markets; in fact, the available research mostly discusses how global brands (from developed countries) enter emerging markets and how they are perceived. For example, Kapferer (2008) focused on brands of developed countries entering emerging markets. He noted how, in emerging markets, companies prefer to enter with new brands rather than using existing ones in order to avoid the risk of decreasing brand capital. He also cautioned about the naming of the brands, which may cause trouble based on connotations in another region or language; the translation might also be perceived as a counterfeit of the "real" product. In another study, Akram, Merunka, and Shakaib Akram (2011) found that, in emerging markets, perceived brand globalness positively affects both perceived brand quality and perceived brand prestige; these relationships are moderated by consumer ethnocentrism.

Sheth (2011) presented five key issues from emerging markets that are very different from industrialized markets: market heterogeneity, sociopolitical governance, chronic shortage of resources, unbranded competition, and inadequate infrastructure. Market heterogeneity refers to the fragmentation of the market. Sociopolitical governance is the dominance of institutions such as religion, government, nongovernmental organizations, business groups, and local communities. It also refers to the presence of mono- or oligopolies. A chronic shortage of resources could refer to power, raw materials, or skilled labor. In terms of unbranded competition, Sheth argued that the prevalence of unbranded products might be a result of poor infrastructure or because of self-produced goods. Finally, an inadequate infrastructure can refer not only to a lack of roads or a poor maintenance state, but also a lack of or inefficient communication technologies.

Despite all these constraints, Sheth (2011) defined three comparative advantages of emerging economies: policy, raw materials, and nongovernmental organizations (NGOs). In terms of policy, he noted how governments' large influence can move the economy by being a large customer to certain industries and promoting trade within the country and with other countries. Some governments even have state-owned companies, which are sometimes the market leaders that may even become global leaders. In terms of

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