

FMCG marketing in the emerging marketplace

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As the growth of emerging markets gives millions of consumers new spending power, brands are encountering a marketing environment as complex as that in developed countries. Product choices and communication channels are exploding, so the potential of digital platforms and consumer empowerment is on the rise.

There are three key differences between marketing FMCG to emerging- and to developed-market consumers:

- Harnessing word of mouth: This plays a vital role in the decision journeys of emerging-market consumers.
- Placing brands into the consideration set: This is more important in emerging markets, because this phase of the purchase journey appears to have a greater impact on decisions.
- The in-store experience: The in-store element of the consumer's decision-making process tends to be longer and more important in emerging markets than in developed ones.

Harnessing word of mouth through geographic focus

Word of mouth plays a more central role in the decision journeys of emerging-market consumers than for those in developed markets. In a land of consumer 'firsts', seeing a friend use a product is reassuring and explains the importance of word of mouth in this market. A cultural perspective on this is that emerging markets are more likely to be collectivistic, thereby discussing purchasing decisions and making comparisons with neighbours and friends more often than in an individualistic culture.

Glen Meier, MD of Boomtown Strategic Brand Agency, illustrates this by saying "During a recent smaller increment pack launch for First Choice custard we saw the power of word of mouth emerge. The new pack was named 'Pocket pack' and after a few taxi rank activations encouraging trial, consumers were chatting excitedly about the new product, taking the information home with them and spreading the word."

The nature of word of mouth means that companies in emerging markets are likely to reap higher returns if they pursue a strategy of geographic focus than if they spread marketing resources around thinly. The First Choice custard product launch centred around two densely populated townships in Johannesburg and another in East London. This model was then repeated in other similar areas in South Africa in a two-stroke approach.

Building brands that get considered

Getting your name on the shopping list is very important in emerging markets. During the recession it was surprising to note that no-name brands showed a larger decline in the emerging sector than their more expensive branded counterparts. The reason for this was that consumers in emerging markets have less disposable income and therefore cannot afford making the mistake of buying a lesser quality brand and having to return to purchase another.

Heightened brand awareness is therefore essential. To include a brand in the initial consideration set, consumers must obviously be aware of it. And a consumer that refers to Omo on their shopping list as opposed to washing powder is more likely to purchase Omo than another washing powder brand. Achieving visibility through outdoor media on commuter routes is an essential first step. Again, geographic focus is critical. Emerging-market consumers not only generally live close to friends and family but also tend to watch local TV channels, listen to community radio and read local newspapers rather than national ones. (South Africa has about 100 local TV stations[1]).

The in-store battle-field

The in-store phase of the consumer decision journey tends to be longer and more important in emerging markets than in developed ones. Emerging-market consumers have a fondness for visiting multiple stores multiple times and for collecting information methodically, especially when they purchase high-value items. As a result, there is significantly more room to influence and shape consumer decisions at the moment of purchase. And with retail giants such as Massmart expanding their reach into Africa, consumers have access to a wider variety of brands.

Point of sales branding is therefore essential in this market. Gondola ends, shelf talkers and sampling are essential tools in swaying the consumer to purchase your brand, above that of the competitor. Competitions offering cash prizes or airtime are also highly effective as it appeals to the idealistic mind set of the emerging market consumer.

Although harnessing word of mouth, getting brands into a consumer's initial consideration set, and creating an in-store experience may be obvious marketing principles, execution in emerging markets is challenging due to lack of infrastructure, staffing difficulties as well as logistical and distribution struggling blocks. Best-practice research and understanding this very complicated consumer is essential in breaking through the clutter. Most importantly it is essential not to assume that a marketing strategy for the developed world can be applied in the emerging world. Understanding and customisation is the key to unlocking the volume and potential that lies within this lucrative sector.

[1] According to the CIA World Factbook

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