

Building Stronger Brands in Emerging Markets: Challenges and Opportunities

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“Building stronger brands in emerging markets: challenges and opportunities”

Introduction

‘Emerging Markets’ are acting as the primary engines of growth in the global economy while major problems such as the global financial crisis and the resulting economic slowdown has affected most developed economies around the world (Economist, 2017). Research interest in emerging markets has steadily been growing in several fields including economics, finance, international business, management and marketing. Within marketing, researchers have focused on understanding the differences in attitudes and behaviors of consumers in emerging marketing as compared to developed country markets as well as the marketing strategies used by local and foreign marketers in emerging markets (Guo, 2013; Kotabe & Kothari, 2016; Sharma, 2011; Sheth, 2011).

Almost three decades ago, Boyacigiller and Adler (1991) called attention to the fact that many theories in management were not globally relevant since they did not take into account the differences in the contexts outside North America. Similarly, in the case of emerging markets, it has been argued that many studies of such markets simply apply theories and concepts developed in developed country contexts to emerging markets (Burgess & Steenkamp, 2013). The unique characteristics as well as imperatives of emerging markets, however, deserve fresh theoretical perspectives that may be new or even a blend of old and new (Roberts, Kayande, & Srivastava, 2015; Sharma et al., 2018; Sheth, 2011). This special session draws from an inside-out perspective to focus on one specific marketing problem of considerable academic significance and managerial relevance, viz., how can stronger brands be developed in emerging markets to tap the unique opportunities offered by these markets?

As highlighted by Sheth (2011), one of the key characteristics that are distinct to emerging markets is unbranded competition that may account for as much as 65% of the

competitive marketplace. Moreover, it cannot be ignored firms strategies in emerging markets have experienced “as many failures as successes” (Sheth, Sinha, & Shah, 2016). However, while building brands in emerging markets may be challenging, they also present opportunities for growth and superlative corporate performance (Sheth et al., 2016). Here, approaches such as differentiation and other target market strategies that were developed for competing against branded products may not work; instead, new strategies may be needed to develop brands and to convert non users to users (Sinha & Sheth, 2017). Therefore, there is a clear and urgent need to understand the unique challenges and opportunities for building stronger brands in the emerging markets.

Objective

We address the above need in this special session, by focusing on the challenges and opportunities faced by marketers in building stronger brands in the emerging markets. In this proposal, we begin with a review of the current literature in this domain, including the various theoretical perspectives and empirical findings reported by researchers in the emerging markets around the world. We then identify some important research gaps and explain how the four papers included in this special session address these gaps by briefly describing the four papers in terms of their research objectives, conceptual frameworks, empirical methodologies, findings and their implications.

This special session brings together academic perspectives and research that are rooted in the emerging market context and enhance our understanding of the specific challenges and opportunities of branding building in such markets. Rather than applying extant theories prominent and prevalent for the study of brands in developed country markets, the papers in this session take into account the unique context of emerging markets to highlight the brand building opportunities and challenges. Insights from the session would

contribute to the nascent but growing body of theory on and for emerging markets, and provide guidelines for successful practice. This session also has strong links to the conference theme of “Big Ideas and New Methods in Marketing,” given its focus on new perspectives, realities and methods in new markets.

Background

A recent special issue of the *Journal of Business Research* identifies and describes three main research streams in the current marketing literature, on the challenges and opportunities faced by the marketers in the emerging markets, including a) comparative marketing strategy, b) comparative consumer behavior, and c) emerging markets perspective (Sharma et al., 2018). Studies on comparative marketing strategy explore the differences in the impact of marketing strategies between the developed and the emerging markets, such as advertising appeals (Zarantonello, Schmitt, & Jedidi, 2014), internet and social media (Berthon et al., 2012), loyalty management (Kumar et al., 2013) as well as product (Sok, O’Cass, & Miles, 2015) and service innovation (Bello et al., 2016). In contrast, research on comparative consumer behavior focuses on the differences in the attitudes, behaviors and values of consumers in the developed and the emerging markets (e.g., Maheswaran & Shavitt, 2000; Michaelidou et al., 2015; Morgeson, Sharma, & Hult, 2015; Sharma, 2011).

Finally, many studies examine the consumers and marketers in the emerging markets without comparing them with those in the developed markets, in terms of their product-market strategies (Wei, Samiee, & Lee, 2014), base-of-the-pyramid consumers (Christensen, Siemsen, & Balasubramanian, 2015), global cultural identity (Strizhakova, Coulter, & Price, 2012), country-market characteristics (Bahadir, Bharadwaj, & Srivastava, 2015), consumer prior knowledge (Sun et al., 2017), emergence of new middle-class consumers (Kravets & Sandikci, 2014) and attitudes towards local and international brands (Tanusondjaja et al.,

2015). In the same special issue, Sinha and Sheth (2017) highlight the importance of generating awareness in the emerging markets by building brand identity and engaging stakeholders. Similarly, Heinberg, Ozkaya, and Taube (2017) show that corporate signals (e.g., image and reputation) can help marketers reduce consumer uncertainty about their brands in the emerging markets and help enhance brand equity, using two large samples of consumers in India (n=554) and China (n=1180).

From the above review of the growing literature on the consumers and marketers in the emerging markets, it is clear that we have learnt a great deal about the unique consumer behaviors and marketing strategies in the emerging markets in recent years. However, there is still very little research on the branding strategies used by the local players in the emerging markets, which are unique in terms of how they build consumer trust, preference and loyalty. In other words, we need to not only learn what is happening in the emerging markets but to also incorporate these learnings into our knowledge within the broader marketing discipline. This would help develop fresh products and services as well as concepts and ideas, based on the real experience of consumers and marketers in the emerging markets and not just depend on the concepts, models and theories that have been used in the developed markets.

Special Session

This special session would address the above need with four papers, which address the challenges and opportunities in building stronger brands in the emerging markets, using diverse theoretical and empirical perspectives. Next, we briefly describe these four papers:

Paper 1: Demystifying the Rise of Spiritual Brands in Emerging Markets: Impact of Religiosity, Spirituality and Materialism on Consumer Demand (Deepak Sardana, Griffith University, Australia; Narain Gupta, MDI Gurgaon, India; Piyush Sharma, Curtin University, Australia; Denni Arli, Griffith University, Australia)

This paper focuses on the influence of religiosity, spirituality and materialism on emerging markets consumers, and builds on prior research on religiosity and spiritualism, including the examination of consumption patterns of Muslim consumers (Cleveland, Laroche, & Hallab, 2013; El-Bassiouny, 2014; Schneider, Krieger, & Bayraktar, 2011), role of halal branding (Butt et al., 2017; Jamal & Sharifuddin, 2015), and impact of religiousness on ethical decision making (Arlı, 2017; Arlı et al., 2017). This paper also extends past research on branding in the emerging markets, which focuses mostly on country-of-origin effects (Hamzaoui Essoussi & Merunka, 2007; Jin, Chansarkar, & Kondap, 2006; Sharma, 2011), performance of local versus other brands (Alden et al., 2013; Eckhardt, 2005; Sun et al., 2017; Tanusondjaja et al., 2015; Zarantonello et al., 2014), co-branding (Chen et al., 2017) and brand extensions (Fu, Saunders, & Qu, 2009).

Specifically, this paper aims to provide deeper insights into the complex socio-psychological phenomenon by which religiosity, spirituality and materialism affect purchase decisions of consumers in the emerging markets, as shown in a recent study (Sardana, Gupta, & Sharma, 2018). The authors hypothesize a positive impact of the perceived role of spiritual leaders on the value perceptions and purchase of products endorsed by these leaders. Next, they argue that this process would be mediated by normative community pressure and product credibility as well as moderated by intrinsic and extrinsic religiosity, spirituality and materialism. The paper reports findings from two survey-based studies, in India and Indonesia, two large emerging markets, which show support for most of these hypotheses. Besides extending past research on the influence of religiosity, spirituality and materialism on the consumers in the emerging markets, this research also illustrates how home-grown brands in the emerging markets use unique marketing strategies to become household names against their far more resourceful and bigger multinational competitors.

Paper 2

Emotional Brand Attachment as a Means to Overcome Emotional Loneliness: An Emerging Markets Perspective

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Abstract

This paper highlights the rise of social isolation and loneliness among the affluent consumers in the emerging markets, which is become a major social problem. Lonely people experience depression and anxiety, which in turn affects their physical and mental-health (Hawkey & Cacioppo, 2010; Heinrich & Gullone, 2006), especially in the emerging markets because they lack the awareness and preparedness to handle people with such psychological problems. In an interesting paradox, the recent popularity of social media is actually making people grow apart from each other rather than bringing them closer (Pittman & Reich, 2016). Recent research shows that more people are feeling lonelier today because they experience social isolation and lack of intimacy in personal relationships (Cacioppo, Cacioppo, & Boomsma, 2014; Cacioppo, Fowler, & Christakis, 2009).

Previous studies suggest that consumers may buy and use branded goods and services to alleviate the negative feeling of loneliness by way of compensatory consumption (Mead, Baumeister, Stillman, Rawn, & Vohs, 2011; Pieters, 2013). Studies indicate that individuals derive symbolic meanings from products, services or brands and incorporate them into their extended self (Belk, 1988; Escalas & Bettman, 2005). Thus, lonely people could substitute their lack of social relationships with material possessions through the formation of emotional bond with objects, services or brands (Lastovicka & Sirianni, 2011). Past research also shows that close relationship is fostered by integrating the relationship partner into one's expanded self (Aron & Aron, 1986; Aron, Lewandowski Jr, Mashek, & Aron, 2013). This can be applied to the context of a lonely person forming emotional attachment with his/her favorite brand by humanizing it and regarding it as a partner in the consumer-brand relationship

(Fournier, 1998) context. Similarly, nostalgia is also shown as a way to combat loneliness (Wildschut, Sedikides, & Cordaro, 2011; Zhou, Sedikides, Wildschut, & Gao, 2008) but there is hardly any research combining these perspective in consumer-brand relationship domain.

The authors address the above research gap in this paper, by integrating the use of nostalgia to combat loneliness in the consumer-brand relationship context and investigating the role of emotional brand attachment as the mediator in this relationship. The authors use an empirical study with Malaysian consumers to test these ideas and finds support for most hypotheses. This paper contributes to the literature by developing and testing an integrated model that examines the relationship among loneliness, nostalgia, self-brand connections, emotional brand attachment and brand loyalty. It also has useful managerial implications for advertising and marketing managers in the emerging markets because they can use emotional appeals to strengthen the attachment of their brands with the consumers and use this to highlight the ability of their brands to combat loneliness.

Paper 3

Building a Strong Brand in the context of Shared Economy: Shared Transport in an Emerging Market

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Abstract

The sharing economy is radically changing consumer behaviour (Möhlmann, 2015). Some expect it to grow from *\$15 billion* to *\$335 billion* by 2025 (Kindergan, 2015). In fact, sharing has been considered among one of the *10 ideas that will change the world* (Walsh, 2011). Sharing platforms are rapidly gaining popularity in emerging markets due to the ability to provide flexible consumer lifestyles such as by offering short-term access to

products and service which were considered long-term investments previously (Eckhardt & Bardhi, 2016). Since extant research has a nascent understanding of sharing, scholars (Eckhardt & Bardhi, 2016; Habibi, Kim, & Laroche, 2016; Möhlmann, 2015; Sun, Supangkat, & Balasubramanian, 2016) argue that more research is needed due to the limited theoretical knowledge in this area of consumer behavior. In the light of the above, this paper demonstrates how opportunities and challenges associated with building a brand are managed in the context of the shared economy. This paper is qualitative in nature and uses case study method to study the development of a strong brand titled as “Didi Chuxing”. Didi Chuxing is the largest provider of shared transport in the People Republic of China (PRC) and has emerged as the strongest brand in the transport sector by taking advantage of the opportunities provided by the phenomenon of shared economy.

During last few years, China witnesses the rapid development of mobile internet and mobile payment methods. Today, instead of using cash, Chinese use a large variety of mobile payment methods. The revolution of payment method allowed DiDi Chuxing to develop its application for the consumers. As China reaches a stable economic stage after experiencing high growth for last few decades, it has excess capacity and insufficient supply in many service categories. Idle resources are creating a huge market for shared economy in China. Moreover, younger people especially born in the 1990s, pay more attention to use than to own. For example, they can accept the carpool rather than buy a car. DiDi Chuxing took advantage of such market opportunities to establish its brands within 5 years.

DiDi Chuxing creates a network of a large number of participants for both drivers and customers. The more members gather in the platform. The more significant network effects are generated. DiDi Chuxing is able to accurately match the resources by offering a variety of ways to travel for customers. DiDi Chuxing collaborates with multiple companies to ensure its users get access to its service quickly, conveniently, and safely. The value of big data

makes DiDi Chuxing very competitive in the market. At present, DiDi Chuxing is able to collect, classify, process and analysis huge amount of data generated by users. This helps DiDi maximize the usage of transportation capacity, ease traffic congestion, and cope with the challenge of environmental pollution. Didi Chuxing takes advantage of the casual labors by providing flexible employment opportunities to maximize the human capital. DiDi Chuxing manages to build relationship with causal labors and obtain the huge amount of potential human resources from the public. The authors discuss many such initiatives that DiDi has undertaken to build its brand and their implications, in this paper.

Paper 4

Building Brand Trust in Emerging Markets: Institutional Realities and Counterintuitive Strategies

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Abstract

Research on emerging markets over the past two decades has focused on the characteristics of such markets, including their unique features, convergence and divergence with other well-known markets, institutional structure of such markets as well as strategies for entry, operations, growth and penetration in such markets (e.g., Iyer, Sheth, & Sharma 2012; Johansson & Leigh, 2011; Khanna & Palepu, 2010; Sheth, 2011). Also, several frameworks, models and empirical research in areas beyond marketing have attempted to unravel the broad transitions that occur in these markets, including liberalization, privatization and reforms (e.g., Dharwadkar, George & Brandes, 2000; Di Tommaso, Raiser, & Weeks, 2007; Nayar, 2001; Panagriya, 2008; Zhou, 2010). While these studies focus on the broad macro-level factors, such as economic and political transformations, there is less attention given to the study of micro-aspects of change in emerging markets. In other words, what are the changes in markets, consumer behavior and marketing that contribute to the emergence of emerging markets and the success of brands in emerging markets?

This paper takes a neo-institutional perspective in understanding the changes that occur in social, cultural and other formal and informal institutions that contribute to the emergence of trust in branded products and services. Simply stated, “institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interactions” (North, 1990; p. 3). The study of formal and informal institutions provides a deeper understanding of the business context as well as the processes by which institutions change (Iyer, 1997). Changes in various norms, beliefs and values provide insights into consumer behavior in emerging markets as well as their attitudes towards products and brands, including new categories of products, new brands of existing products and new marketing relationships (Atsmon, Kuentz, & Seong, 2012; Eckhardt, 2005; Gudiavalleti, Gupta, & Narayanan, 2013).

With liberalization of markets and increasing economic activity by both local and foreign firms, emerging market consumers now have a wide range of products previously unavailable and brand building in such contexts have to overcome the liability of being considered foreign. For example, Eckhardt (2005) found that since pizzas were new for Indian consumers, they were considered as foreign products even when firms attempt to ground themselves as local player. Moreover, products that were previously unbranded and subject more to self-production and/or available as commodities could now be available in convenient branded packaging. For example, Indian consumers typically would buy wheat and take it to the neighborhood flour mill to obtain flour (*atta*) for home cooked Indian breads. However, in urban markets, and now in rural markets as well, one of the more trusted brands is the Pillsbury brand *atta* (Jordan, 1999). Pillsbury, despite being a foreign brand, was able to establish trust among Indian consumers in a product category that is extremely important for the consumers in their day-to-day lives.

In many instances, consumer trust for the new brand is obtained through first breaking existing trust relationships. In the example of the *atta*, consumers displaced their trust from the wheat obtained through stores (which quite often were adulterated with pebbles and other impurities) and their flour mill in favor of a branded package assuring quality, even if the brand was foreign. Another example is that of the gold jewelry market in which Indian consumers still remain the world's largest buyers. Tata Group's Tanisq brand of stores was able to build trust with consumers even with their 18-karat gold jewelry range (instead of the typical consumer preference for 22-karat) by first convincing the customer that their long-standing relationship with their jewelers was to the jewelers' advantage since they were selling jewelry lower than the stated 22-karat (Narayandas & Herman, 2006). In general, sources of consumer trust in brands in emerging markets include word-of-mouth from family and friends as well as local storekeepers and trusted stores (Atsmon, Kuentz, & Seong, 2012; Dholakia, Dholakia, & Chattopadhyaya, 2012; Economist, 2014).

This paper explores various cases where brand building focused more on breaking existing relationships rather than merely concentrating on building the marketer's brand. Thus, the progress from unbranded to branded goods and/to branded new products involved first a break from past, or a break from tradition. Also, as the evidence from China and Russia (for some products from India) suggests, consumer trust in State-owned brands had to be displaced first before a new brand could find a strong foothold. However, in other instances, brand-building relied on traditions and historical meanings as well. Focusing on the variety of counterintuitive strategies for brand building in the context of emerging markets, this paper develops a conceptual framework that sheds more insights on how strong brands are built in emerging markets and also, the accompanying changes in institutions and consumer behavior. The insights so developed add more credence to the notion that marketing theory and practice for emerging markets must be rooted and developed from the context itself.

Conclusion

As seen from the brief descriptions of the four papers proposed for this special session, there is a lot still to be learnt about the consumer perceptions of brands – both foreign and local - and the brand building challenges faced by marketers, ranging from the promotion of FMCG brands by spiritual leaders in India and Indonesia (Paper 1), to the use of brand nostalgia and attachment to combat consumer loneliness in Malaysia (Paper 2) and to the unique context of a growing shared economy in China (Paper 3). Paper 4 integrates these diverse ideas along with a focus on institutional analysis and discovery of counterintuitive strategies used for brand building in emerging markets. Overall, we expect to generate a great deal of interest and debate on the topics raised in this proposed special session among both academic and professional participants at the AMA Summer Educators' conference.

References

Full references are available upon request.