Featured Content
Volume 6, Issue 4

Digital Predictions for 2014

Innovations in Branding: Pedaling From Talking to Doing

Develop Great Creative for Your Video Ads and Maximize Viral Potential

BrandZ Top 50 Most Valuable Latin American Brands 2013

Remember, you can tap the screen at any time to call up the contents
While some form of short-term success is necessary, it is rarely sufficient. Brands are built over the long term, and so for most ads, the ability to creatively frame meaningful communications that will be remembered and recalled over time is essential. Persuasion is a helpful measure when ads contain real news, but because that news is often fleeting, it should be supplemented with other metrics that capture the longer-term potential of the advertising effort.

As the awareness index, the persuasion score, and the advertising likelihood (STSL) are calculated, the STSL is a more appropriate measure for short-term potential. Derived from the awareness index prediction and the persuasion score, and likely some other factors, the STSL is a measure of the probability of short-term success.

MEASURING THE QUALITY AND EFFECTIVENESS OF ADVERTISING

Advertising needs to be evaluated in relation to what it can accomplish in the short term and what it can accomplish over the long term. While persuasion is a helpful measure of short-term success, it is not enough. Communication objectives must be clear about what short-term success can be expected and how it can best be measured. Persuasion may be a relatively unimportant metric in many advertising situations. For example, measuring the ability of an ad to increase the number of viewers is not the same as measuring the potential of the ad to build brand equity over time. The measure of success must be selected based on the advertising objective.

Advertising that addresses the latent needs or the emotional and intellectual needs of a target audience is more likely to be remembered and recalled over the long term. However, advertising that is designed to deliver short-term results must also be evaluated in terms of what it can accomplish in the short term. We have found the awareness index to be a common factor in all our advertising evaluations. The awareness index is a measure of branded memorability. It is used as a multiplier in recognition of the fact that no matter how well an ad conveys its short-term message, it can only be as effective as the audience can remember it. The awareness index is calculated by showing people an ad and then, after they’ve viewed it, asking them to recall specific communication points verbatim, and then weighting the scores using a variety of new and innovative techniques. This is to ensure that the index is a true reflection of how well an ad will be remembered by consumers.

We now have questions in our Link ad evaluation system that predict the likelihood that a viewer will recall an ad or a campaign, and we measure the ability of an ad to build brand equity. We assess the length of time the ad will be remembered and recall communication points verbatim, but when they watch the ads, they hear something about stain-removing power, or effectiveness at low temperatures. In this case, the payoff came in the medium term. (Our measurements were taken six months after the campaign started.) But, as Gordon Brown pointed out, the value of advertising is latent in nature when they enhance the brand in a consumer’s mind long before the actual sale is made. He observed that many TV commercials, when viewed, would not act as if they could come to the fore and influence brand choice. This is why we are focusing on long-term advertising success. The heart of the framework is our observation that brands people consider to be meaningful, different, and salient are able to command a greater volume of revenues. When the axe falls after two poor quarters, it is likely that the brand has not been able to communicate its latent value to consumers. When the axe falls after two poor quarters, it is likely that the brand has not been able to communicate its latent value to consumers. In this case, the payoff came in the medium term. (Our measurements were taken six months after the campaign started.) But, as Gordon Brown pointed out, the value of advertising is latent in nature when they enhance the brand in a consumer’s mind long before the actual sale is made. He observed that many TV commercials, when viewed, would not act as if they could come to the fore and influence brand choice. This is why we are focusing on long-term advertising success. The heart of the framework is our observation that brands people consider to be meaningful, different, and salient are able to command a greater volume of revenues.
Brands can also be providers of comfort and security, which both their product and the category context. Therefore, you must give your solution a credibility test.

For Citi, though, the bicycles are more than just a new marketing initiative. In New York City, known for its crowded subways, surly cab drivers, and pushy pedestrians, Citi Bike has been a hit. It has gained a huge following and landed a major sponsor—Samsung Mobile. “The redesigned mobile phone charging stations ensure that smartphones are plugged in and can charge,” said Dale Sohn, president of Samsung Mobile. “The charging stations are available around the city, including in parks, suburbs, and the city center.”

The challenge going forward, of course, is measuring and valuing these opportunities. Consumers are more than willing to engage with brands—captured in the acronym ACT: Awareness, Connect, and Trust. But brands must learn to act from talking to doing.

The multibillion-dollar financial giant (known derisively by some as Citigroup) began the Citi Bike program. The new bike-sharing system, launched in May 2013, has gained a huge following and landed Samsung Mobile as a sponsor. For a low daily rate or an annual $95 membership fee, users can unlock a bike, ride to their destination, and return it. The bicycle system has worked out so well that it has expanded to New York’s neighboring city of Jersey City.

Life moves at the speed of light nowadays—except when you’re pedaling a bike. For Citi, though, the bicycles are more than just a new marketing initiative. In New York City, known for its crowded subways, surly cab drivers, and pushy pedestrians, Citi Bike has been a hit. It has gained a huge following and landed a major sponsor—Samsung Mobile. “The redesigned mobile phone charging stations ensure that smartphones are plugged in and can charge,” said Dale Sohn, president of Samsung Mobile. “The charging stations are available around the city, including in parks, suburbs, and the city center.”

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their category—for example, TV ads for men’s razors must start with a 10-second advertising in your category. Dare to be different. So when your goal is to create advertising that will really get noticed, dare

But often, copying someone else’s template hinders as much as it helps. Lastly, give your creative team some freedom. Don’t put narrow boundaries

Third, understand how consumers view advertising for your category. To completely reinvent your brand, make sure you build on its legacy and its

Winning is a challenge. It can be easy to play it safe, relying on what has worked before or for others. That must

an eye on what competitors are doing and be wary of and prepared for how

While competitive advertising focuses on technology, which is constantly

this, in fact, is the meaningful difference that makes Apple so successful. Every time and time again is Apple. All of Apple’s advertising conveys the message

Difference creates enjoyment

Difference c race

break the mold…with care

Difference makes a difference

Difference makes a difference

Difference makes a difference

Table 1

Table 2

Table 2 shows the predicted Awareness Index (AI) and Persuasion Scores for

AI (Predicted) and Persuasion Scores for

Difference Tertiles (defined as on Table 1)
PUBLISHED ARTICLES
I am a machine that regulates behavior. My function is to respond to what it observes in the environment. My output is to influence the behavior of others.

While I am capable of understanding the true influence of fast thinking, I can only provide a partial picture. By integrating the tools to isolate fast thinking directly, we can observe the behavior of others. By taking a more measured view of the science and metrics, which often measure what brands might be if people think what they think, we should be clearer about our established metrics.

Marketers should strive to give brands instant meaning, and as ad sales effectiveness by up to 30 per cent. With facial coding and reaction time-based measures of intuitive associations, we can empirically determine the importance of brand and ad researchers, so looking across metrics at the real world. Similarly, brand values, personalities, archetypes and so on are valuable aspirations for a business to rally around in marketing a product.

There is a tacit assumption in the industry evidenced by ideas such as automatic, non-conscious, non-verbal communication. A better metaphor is the iceberg metaphor, that it’s there to dig beneath the surface and reveal the rich, subconscious world of brands. A better metaphor that captures the essence of ‘fast’ and ‘slow’ thinking is that both contribute to decision-making, with fast thinking playing a critical role. The core of the science on ‘fast’ and ‘slow’ thinking is that both contribute to decision-making, with fast thinking playing a critical role. The fact that many brands lack a deep meaning for consumers also has implications for research.

Develop Great Creative for Your Video Ads and Maximize Viral Potential

By Ann Green,
Senior Partner, Client Solutions and Innovation, Millward Brown

We recently conducted a research study on the power of viral creative criteria for viral success, Millward Brown is often asked to help predict the promise and position of direct competitors.

The strength of creative is an important factor that will...
from Google Glass to connected watches, to clothing that monitors your activity levels, there’s been a lot of conversation about the merging worlds of fashion and technology. This week, Apple added to this dialog when they named Angela Ahrendts to senior vice president of retail and online stores. Coming from a remarkably successful tenure as the CEO of Burberry, Ahrendts brings valuable luxury fashion brand perspective and experience to the challenges faced by Apple.

Under Ahrendts’ seven year reign, sales at Burberry more than tripled and share price quadrupled. Her adept use of social media and digital marketing transformed Burberry into the most connected fashion brand in the world. Ahrendts also drove great success for Burberry in China, an achievement that so far as eluded Apple. Outside of simply growing sales, however, the decision to bring Ahrendts aboard, combined with Apple’s earlier hire of Paul Deneve of Yves Saint Laurent and Enrique Atienza, formerly of Levi’s, could signal an intent to grow the Apple brand in a way more similar to the great houses of fashion than to the great houses of Silicon Valley model — shifting consumer choices from rational, technical specifications to what the fashion houses understand: the most intense relationships are built on passion and emotion — lust, even — not rational benefits.

In an increasingly competitive and imitative market, with its retail and product experience being emulated, and at lower price points, Apple is seeking to differentiate from cheaper, copycat competitors, and expand accessibility to a wider variety of markets — all while maintaining a premium perception. Ahrendts is familiar with re-energizing brands and enhancing their premium potential. While at Burberry, she turned around perceptions of the brand’s classic plaid from tired and tacky to a chic and luxurious fashion statement, through more selective use of the pattern and a carefully cultivated in-store experience.

But Ahrendts’ new role is hardly the first move Apple has made in blurring the lines between fashion and technology. Apple has already led the way with projects like the Nike Fuelband, which merged Apple’s smart technology with a wearable and functional workout tool. Other brands are following suit. From the funky brand identity of Beats headphones to new, nearly science-fiction innovations in fabric and design that cross fashion runways around the world, what we wear in our everyday lives will increasingly be combined with the technology we use. Certainly, if anyone is going to be the vanguard of changing our daily interactions with technology, it’s Apple.

Barely a month ago, in fact, Apple partnered with Burberry to launch the iPhone 5s at a Burberry fashion show, and all photos were taken with the new iSight camera. Christopher Bailey, Burberry’s Chief Creative Officer and second in command to Ahrendts, commented, “This collaboration celebrates our relationship and fashion and technology, and our shared passion for innovation. Our ambition is to create a meaningful relationship between the two disciplines.”

But Ahrendts noted the similarities between Apple and Burberry earlier, when, in a 2010 profile in The Wall Street Journal Magazine she remarked, “If I look to any company as a model, it’s Apple. They’re a brilliant design company working to create a lifestyle, and that’s the way I see [Burberry].” And while many Silicon Valley analysts are surprised by Ahrendts’ appointment, from a brand perspective, it is clear that in her new position the apple will not have fallen far from the tree.
Young people believe the Olympics added a new dimension of friendliness, opportunity, hope and sense of community in London, writes Firefly Millward Brown.

So how can marketers and brand managers capitalise on this newfound sense of optimism, and take advantage of the so-called “Olympic effect” among young people today?


Five Tips to Help Take Advantage of the “Olympic Effect”

1. POSITIVE MENTAL ATTITUDE

Young people are more ambitious than ever, and they understand more than ever that success in their careers and life comes only from hard work, commitment and a positive attitude in today’s highly competitive global market. This attitude was highlighted at the Olympics last year, and made a lasting impression.

There is potential for this new positive stance to be used as a big idea by marketers, according to Anne Collins, research director at Firefly Millward Brown. “Marketers need to capitalise on this in emerging post-recession values. There’s a palpable hunger to achieve amongst this generation that was never as strident with Generation Y.”

2. OLD-FASHIONED VALUES

In this complex digital world, there is also a longing for old-fashioned values. Young people appreciate the sociability, closeness, mutual respect and belonging highlighted during the Olympics, and desire more of the ‘physical’ in their lives today.

Brands can use this in different ways – Coca Cola’s Share A Coke campaign this summer is a brilliant example of bringing young people together, and giving them a way to show love, care and respect for family and friends,” says Collins.

3. THE PHYSICAL VS. THE DIGITAL

Emphasis on the ‘physical place’ rather than the ‘digital space’ is becoming more important for young people. The report suggests that there is a strong affection for, and pride, in London and its iconic landmarks. Individual areas have also taken on their own unique sense of community, like energetic Brixton and the hipster vibe of East London. There is potential for brands in terms of alignment with places or physical areas.

“One example of this is O2. Following in the footsteps of Apple, O2 has recently created physical workshop spaces in-store where young people can meet, learn or lounge; these forward thinking technology brands who are visionaries for the ‘digital future’ also know the importance of ‘keeping it real’ for the young adults,” says Collins.

4. A MORE LIBERAL APPROACH

Young people are far more liberal than their parents’ generation. They embrace diversity, and understand they can be enriched by learning about and experiencing different cultures, different nationalities, people and places.

Their liberal stance was highlighted at the time of the Olympics last year where they enjoyed the coming together of different people and nationalities to support teams and celebrate sporting achievement. In the build-up to the World Cup in 2014 the global unity and connections young people desire represents a significant opportunity for marketers who target young people.

5. FRAME OF REFERENCE

Young people’s frames of reference have been stretched. They have been born into ‘globalisation’, and personal ambition extends beyond London and the UK. They must work at success, and to gain a diverse range of life experiences along the way. Brands must get to know young people better, and those that best reflect their needs and aspirations will reap rewards in the future.

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The presence of a (much liked) celebrity made a slight difference to the first ad, improving its enjoyment and message takeout was weaker; the celebrities were 'drowning out' the communication. And while the celebrities were intended to help the message takeout was weaker; the celebrities were 'drowning out' the communication. And while the celebrities were intended to help the fame of the celebrity. Testimonial ads, for example, with their clear impact on emotional response to an ad, as the example below shows. Are they liked? Celebrity brand cue %

<table>
<thead>
<tr>
<th>Country</th>
<th>USA</th>
<th>CHINA</th>
<th>UK</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Local</td>
<td>32</td>
<td>15</td>
<td>34</td>
<td>32</td>
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<tr>
<td>International</td>
<td>49</td>
<td>86</td>
<td>67</td>
<td>77</td>
</tr>
</tbody>
</table>

Given that using a celebrity does not guarantee a successful campaign, there is no pattern of celebrity use by category, as this comparison of the U.S., UK and China data shows.

We researched, in our Point of View paper, “Celebrity Power: Can Less Be More?”.

Carina Lau and the cosmetic brand SK-II in China. This example shows what are the guidelines for getting it right? We’d suggest there are three

- What are their perceptions of the celebrity?
- How well does the celebrity fit with the brand?
- How well do consumers relate to the celebrity?

Celebrity-based campaigns can be very effective. If they are liked, they can be a powerful brand asset. But using a celebrity is no guarantee of success. We tested for a brand. They had identical scripts, but one featured a genuine former pop star, while the other featured an actor playing the role of an old pop star. The version with the actor was preferred. The celebrity needs to come across as likeable and genuine, or the endorsement will backfire.

The client went ahead and filmed and aired versions without celebrities. Public opinion turned against him for his perceived dishonesty, limiting the effectiveness of the campaign.

You also need to understand how well the celebrity fits with the brand, or you might as well not use one at all. The type of celebrity used varies a lot by region. In Asia Pacific, around 51% of the campaigns we saw featured a celebrity, whereas in the U.S. the split between local and international celebrities is more equal. In Africa, it is the other way around. It is also apparent that in Asia, local celebrities are far more likely to be used, whereas in the U.S. the split between local and international celebrities is more equal.

The ‘right /f_ it’ celebrity can enhance communication and well recalled, and it communicated the intended messages. Given that using a celebrity does not guarantee a successful campaign, there is no clear pattern of celebrity use by category, as this comparison of the U.S., UK and China data shows.
MULTI-SCREEN MARKETING TRENDS
Millward Brown’s Digital & Media Predictions 2014
The notion of marketing activity being online or offline or mobile will cease to be a meaningful debate in 2014. “Screen Agnosticism” refers to both the way consumers watch video content and the mindset marketers need to adopt when planning video campaigns. Marketers will move beyond preoccupations with classifying the full array of screen sizes and the appropriateness of content for each. Instead, they will adopt an agnostic viewpoint where the benefit of maximizing audience has primacy over optimization by channel. Meanwhile audiences will consume video content by whichever means is most convenient in a given moment. Content is king and the screen is simply the most convenient window through which to view it.

This might be long-form content on mobiles or short-form content on connected TVs. It could mean beginning an episode of your favorite series on your mobile during your evening commute, switching to the TV when you get home, and then deciding to watch the next episode on your tablet in bed. Similarly you may receive a great piece of viral content on your laptop at work, which you then show to your partner via your smart TV later that evening.

The availability of video content and the technology to view across devices have coincided to create the conditions required for this behavior change to become the norm over the next 12 months. Products like Chromecast and AppleTV make syncing content across screens effortless, and YouTube now remembers where logged-in users left off when they restart a video at a later point in time, on any device. At the same time, ads are seamlessly optimized for the screen size at the point of exposure—essentially a YouTube ad campaign running as online video and mobile video can also appear on TV—the screen is simply dictated by consumer behavior.

So for marketers, the implications are clear. If, when you create a video ad or a piece of video content, you picture in your mind a nuclear family sitting on the couch watching a TV, you’re misunderstanding the multitude of ways video content will be consumed globally in 2014.

This will necessitate an ever greater focus on research to understand exposure across devices in order to plan the optimal utilization of media in an agnostic way and deliver strong creative assets efficiently to video audiences.

Rob Valsler, Head of Media, Millward Brown Singapore

Changing Channels recommendation
Find out how your target audience consume video across screens and plan against that.
In 2013, the internet exploded with a new trend: micro-video. There are now many websites that allow users to upload short videos, typically shot on a mobile phone. The trend started with Vine, a Twitter service allowing for six-second looping videos. However, competitors were quick off the mark and include Instagram video (15 seconds), MixBit (16 seconds), Tumblr GIFs (short animated images, similar to Vine) and numerous smaller players like Viddy, Qwiki, Tout and Klip.

In 2014, this trend will continue with more video uploads across a fragmented set of platforms. This phenomenon is likely to continue to be largely mobile focused, but already desktop Vine aggregators are becoming popular and Vine content is being shared on established platforms such as YouTube. For the short term, micro-video will continue to be dominated by Vine, Tumblr and Instagram – Vine due to the fact that it largely popularized the format, Instagram due to its already massive user base, and Tumblr GIFs due to the extreme resurgence in the format’s popularity.

Micro-video offers the promise of more engagement than traditional online video for brands, with branded Vines four times more likely to be shared than traditional online video. This makes the trend an enticing one for those brands willing to leap in feet first. These short formats, however, demand a focus on creativity coupled with simplicity, a trend that may well transcend micro-video and start to influence more traditional online video and perhaps even TV advertising. Marketers may be tempted towards the longer timeframe offered by Instagram, since this is closer to a traditional length execution, but this risks not taking advantage of the unique audience that both Vine and Tumblr provide. At the moment, the bulk of the branded content will be shared virally as opposed to paid promotion, but if the history of advertising on platforms such as Twitter and YouTube repeats, then within a few years commercialized advertising on these platforms is a near certainty.

The popularity of micro-video ads, coupled with the ease with which the content can transcend the mobile, tablet, PC and even TV gap, could eventually result in micro-video becoming the most portable video format across screens.

Brands should remember that the existence of a platform does not necessitate brand presence. Rather, brands must make fundamental decisions about where they should be active, how appropriate these formats are to their target consumers, and whether they can adequately pursue a micro-video strategy before embarking in this direction. Getting the creative and the tone right within these restricted formats is not straightforward, but many more brands will no doubt follow the leads of Coca-Cola, Oreo and Red Bull to experiment further in this space.

Jarrod Payne, Associate Account Director, Millward Brown South Africa
Hot on the heels of rising tablet and smartphone ownership, wearable technology looks set to be the next big thing that will start to break into the mainstream in 2014.

The health and fitness market will continue to play a key role in bringing wearable technology closer to consumers; many mobile health wearables such as Nike+ and the Fitbit tracker are already available and growing rapidly.

Smartwatches such as those from Pebble and Omate have recently been joined by offers from Sony and Samsung’s Galaxy Gear; Apple’s long-rumored “iWatch” may well appear in 2014 too. Tackling things from a slightly different viewpoint, Google Glass is also likely to expand its restricted “Explorer Program” to a wider public launch in 2014. The collective ingenuity, competitiveness and marketing muscle of these firms means that 2014 could see the start of a wearable tech explosion. Wearable devices look set to evolve from “nice to have” tech to “something I want” and then to “something I need.”

Wearables will transform the way we interact with our existing screens since they enable users to read instant messages, take photos, listen to music or conduct a search, all without reaching for their smartphone. No single device has yet nailed this perfectly and some safety and privacy concerns are emerging, but wearables are getting ever smarter and improving iteratively.

With virtually limitless applications to a number of verticals, the wearable technology market will represent a huge value proposition for many ecosystem members, from manufacturers to app developers through to advertisers.

Wearable technology will offer unique media opportunities for brands to captivate target audiences and build meaningful differentiation. Brands could create a device of their own such as Nissan’s Nismo watch or work through friendly apps to enhance the consumer experience. The challenge will be developing a deep understanding of what consumers want from these new wearable screens so that brands can deliver something useful and relevant to their existing proposition.

Adriana Sousa, Head of Digital & Media, Latin America, Millward Brown

Changing Channels recommendation
Consider whether a wearable presence is a good opportunity for your brand to build a meaningful point of differentiation.
Consumer use of “screens” as a primary media vehicle is not new news. Television has been the mainstay for years to reach the broadest number of consumers. But think of the recent explosion of other screen-based devices; we interact with screens in taxis, airplanes, billboards, ATM machines, and video games as accepted and expected parts of our daily information flow. Screen-based mobile devices such as tablets and smartphones are becoming universal, adding a social, local, mobile, and highly personal component to our consumption of messages on screens. For example, my new mobile device describes itself as “Life Companion” when switched on and, given how many times I feel compelled to check it each day, it is an apt description.

In this “always on” world of interaction with many media, the importance of understanding each consumer encounter with a brand grows dramatically. This understanding requires a 360 lens, since no interaction is isolated from all the others. They continue throughout the day, across various moments we all experience, but are often delivered in personal ways.

From a marketing effectiveness perspective, this means that granularity is the key to insights and decisions. Marketers need windows into the specifics of each consumer’s interactions with each screen for each brand. However, marketers struggle because the digitized data that sits behind this is not yet fully linked across screens. The perfect single-source data set with all of an individual’s exposures, attitudes and actions is yet to exist. However, in the era of Big Data, this is changing. Consider that the totality of a household’s exposure to advertising on TV is recorded by set-top boxes, and viewers’ mobile devices are being equipped to listen to TVs via audio fingerprinting. These mobile devices already capture numerous interactions from social media and can be leveraged for short attitudinal surveys. Those survey responses are in turn being linked to panels that are tied to other consumer behaviors and choices (specific sales, traffic patterns, etc.).

In 2014, the technology to tie together the pieces of the multi-screen puzzle will be leveraged on a much wider scale than in the past. The central question will remain: How are all brand encounters uniquely and synergistically impacting sales and brand perceptions? The ability to passively tie together multi-screen interactions will gradually enhance our ability to answer this question.

Bill Pink, Senior Partner, Millward Brown USA

Changing Channels recommendation
Investigate how emerging multi-screen datasets can improve your marketing effectiveness research. 🍇
Less is more. In a multi-screen world, we focus on various stimuli in quick succession. More often than not, we use “Fast Thinking” to make quick decisions about what we will interact with, taking only 1/20 of a second to make decisions on the appeal of digital stimuli. Brands that design their content with a direct and to-the-point approach will tend to succeed. Minimalist designs such as Apple’s icons and the tiles of Windows 8 help us focus on specific information and have been designed to work well across multiple screens. Other brands will also increasingly adopt a minimalist multi-screen mindset as they architect their future brand aesthetic.

In the latest installment of the James Bond series (Skyfall), Daniel Craig’s character has an encounter with his new, younger Quartermaster (“Q” played by Ben Whishaw). They meet in the National Gallery and admire a painting together before Q hands over a gun and a radio. Compared to the more exciting gadgets of yesteryear (jetpacks and wristwatches with lasers), these offerings seem benign and dull. Yet later on in the film, they prove invaluable. Our own eyetracking results for digital display ads suggest that just one appealing visual is enough to attract attention. That attention is retained more by ads with a crisp, clear appearance that require minimal cognitive load. A brand such as Dove (and its Real Beauty campaign) has exactly the right kind of visual identity to benefit from this learning and deliver strong impact across online, TV, and mobile screens (as well as in print and outdoor media).

The 2013 BrandZ Top 50 Most Valuable Latin American Brands positions Corona (a beer from Mexico) as the top brand in the region. Most people have seen Corona advertisements; sunny beach backdrop, sounds of waves gently crashing into each other, the bottle front and center; a sense of tranquility—minimalism at its finest! This approach continues to transfer quite seamlessly across screens. Brands that interface with their consumers with this in mind, will most likely capture their attention faster and retain it for longer. With so many screens to look at and so many competing distractions, instant recognition via minimalist design is increasingly the aim of great brands.

Jorge Bueso, Senior Research Executive - Innovations, Millward Brown Honduras

Changing Channels recommendation
Review whether your brand’s advertising aesthetic is appropriate for a multi-screen world. ☛
Multi-screen device usage is creating a new landscape for content consumption that can be simultaneous or sequential and can be driven by related or unrelated content.

“Meshing” is simultaneous usage of multiple devices for related content. For example, this could be watching the cooking channel on TV and searching for the recipe online. Marketers will tap into this by ensuring their advertising content is an extension of the programming content. Messages will be relevant, fluid, and related. Real-time social marketing is a specific application of meshing that requires brands to be ready to respond immediately to social media comments and will be increasingly expected as more brands seek to be part of the social TV conversation. Oreo’s “You can still dunk in the dark” tweet during the 2013 Super Bowl blackout set a bar that others will now seek to surpass.

“Stacking” is simultaneous usage of multiple devices for unrelated content. For example, this could be checking social media while a football game is on TV. Marketers will tap into this by understanding that unrelated distractions can sometimes be just as welcome as an extension of what’s happening on TV. Brands with no connection whatsoever to sports may reach out online to the long-suffering partners of sports nuts during games.

“Shifting” is sequential usage of multiple devices for related content. For example, this could be browsing for airline tickets initially via a smartphone but completing the purchase via a laptop. Marketers will tap into this by ensuring the consumer experience is consistent across all platforms. Responsive web design (adapting web content to every device—mobile, tablet, PC) will become non-negotiable in 2014. Added to this, being able to track the consumer’s path to purchase across devices will be key, so that there is no break in the brand experience journey.

The final piece of the multi-screen media puzzle is sequential, non-related content. The same person reads news on their smartphone during their evening commute, and then tunes in to a TV drama at home—two completely unrelated events, but still two opportunities for a single brand to contact that consumer. Marketers will tap into these opportunities via deep audience understanding. The exact multi-screen sequences will be hard to predict, but precise targeting and consistency of messaging will deliver success.

All of these multi-screen behaviors offer brands new opportunities for connecting with people if they can understand and navigate the landscape.

Monique Leech, Director of Digital Solutions, Millward Brown South Africa

Changing Channels recommendation
Assess the multi-screen media consumption of your target consumers, and then tailor your marketing to best exploit these new behaviors.
2014 will be the year in which we truly start to understand the consumer path to purchase across all off-line and online touch points. The concept of the omni-channel consumer is well understood, with businesses striving to ensure a seamless consumer experience across all touch points, including brick-and-mortar stores, call center interactions, and direct mail outreach as well as screen-based personal computer browsing, mobile device usage, and TV advertising exposure. Although consumers seamlessly move across these channels, many businesses have yet to set up systems to optimize the consumer experience across them. This situation is exacerbated by the fact that market research to help organizations understand these channels and their interplay has been disjointed at best.

There was a time not long ago when organizations had little visibility into the tactics that actually bore fruit. The industry responded to this challenge by devising smart but not entirely satisfying ways to measure success. The emergence of a digitally-enabled world promised an eminently more measurable environment. However, there were now two disparate measurement realms: the traditional non-digital realm and the digital realm. Organizations had their traditional research and their digital research, with little overlap between them. Then the mobile revolution rapidly changed consumer behavior, compounding the measurement challenges and introducing yet another silo of market intelligence.

The good news is that the market research industry is responding. Market intelligence vendors are standardizing, aligning, and integrating measurement systems and metrics. 2014 will be the year in which a standardized omni-channel view of consumer behavior will become a reality, allowing organizations to truly understand the path to purchase for their consumers. For instance, we already know that 32% of flat-panel TV shoppers will consult online reviews before visiting a store, 72% of shoppers want to see TVs in a store before considering a purchase, and that 53% of shoppers will subsequently visit that retailer’s website. And soon we will be able to go deeper. We will have integrated data to understand the role of each online and offline touch point on the consumer path to purchase, across all channels and all digital devices. We will then be able to segment that path to purchase data to derive valuable insights to power both strategic and tactical marketing investments.

Conor O’Mahony, Vice President of Products, Millward Brown Digital

Changing Channels recommendation
Embrace new research approaches which provide integrated insight rather than treating data from digital screens as a separate silo.
Consumers are spending more time in front of the TV with digital and mobile devices, and social media is the main way people are interacting with TV content. In the past year, it’s become clear that social TV is, for all intents and purposes, Twitter TV. There will be other platforms, like Facebook or other niche networks, that will now amplify their presence in the space and may expand the arena; however, Twitter will continue to define social TV in the immediate future.

One way advertisers are already taking advantage of this is via TV ads with hashtags and promoted tweets using that same hashtag. Another way is via branded tweets targeted at the chatter around a specific TV show. In 2014, the social TV opportunity will be expanded as Twitter introduces additional audience-based targeting opportunities. Based on their data connecting TV to social media usage on the second screen, Twitter will be able to define like-minded communities organized around TV viewing habits. Eventually this will lead to more sophisticated psychographic targeting when those audiences are further segmented based on other interests and habits.

For brands that are title sponsors of a show or an event, this means they will be able to continue targeting their show-specific audience long after the event itself, and not necessarily just when those people are tweeting or reading about show-specific content. This puts less pressure on real-time “meshing” of TV and a second screen, as brands can also target these audiences at other potentially less distracting times. It also opens up opportunities for advertisers to participate in social TV in a broader way, by replicating a TV target audience in the Twittersphere—for example, by targeting people interested in all kinds of sports programming, not just those watching one specific sports show. In this way, social TV marketing will evolve from being just a narrative to becoming part of an audience’s lifestyle.

Anne Czernek, Senior Research Analyst, Millward Brown Digital

Changing Channels recommendation
Align TV media buying with Twitter promotional efforts to maximize your social TV audience.
Smartphones are at the hub of young consumers’ lives. Mobile use is deeply personal for this generation, and the bulk of their living, learning, and buying will shift to smartphones even as they continue to multi-task across their other digital devices. Because of this, youth-focused brands will lead the field in providing a seamless multi-screen experience across devices in order to retain attention and to drive brand consumption among this audience.

These marketers will need to keep in mind that the younger generation is very fickle. Even on the smartphone, they move constantly between social media sites, micro blogs, internet browsers, and instant messaging applications. Only the most innovative, forward-thinking and relevant marketing, offers and products will succeed in holding their attention. Creating a “buzz” in their digital sphere and being able to connect with them at their level, in a language and style that is youth-centric, will be crucial—especially for niche brands that depend on word-of-mouth referrals.

Marketing efforts will therefore focus on multi-screen strategies that primarily reach the younger generation via social media with something exciting and fun, since these social networks are rapidly becoming the platforms for all their information-seeking and decision-making. A brand that can “befriend them” will in turn be assured of loyal brand ambassadors who endorse and broadcast their choice to their world. These brands will also be perceived to be more credible.

Constant innovation will be key in 2014 since the youth of today are attracted to game changers as well as trendy and fashion-forward brands. Therefore, successful youth-targeted mobile ads will be noticeably different from conventional TV ads or even online ads, in order to demonstrate that the brand is on-trend and up to date.

Rakesh Kumar, Head of Africa - Middle East - Asia Pacific, Firefly Millward Brown

**Smartphones are the only screen that counts for the connected youth of today**

Youth-targeted brands should adopt a mobile-first marketing approach. This should likely have a heavy social emphasis and be innovative, nimble and fashion-focused.
It is clear that consumers now live in a multi-screen environment, where TV consumption is being supplemented by ever more time spent viewing other screens. Adapting to this change remains a huge challenge to marketers, especially those big advertisers who historically relied on mass TV media. Marketers want to follow and communicate with consumers as they journey across multiple screens, but some still have concerns about whether laptop, tablet, and smartphone screens are large enough or delivering high enough video quality to ensure good advertising attention and effect.

Our evidence suggests these concerns are unfounded and that appropriate budget allocation across screens will increase ROI. One recent Millward Brown study in China found that transferring 40% of the TV budget to other screens increased total reach by 20% and reduced investment required by 30%. Evidence such as this will continue to drive growth in online video advertising, especially pre-roll, during 2014.

As marketers increasingly plan for multi-screen video success, we will see many interconnected developments. More video advertising will be created to work well across all screens, and not just optimized for TV. Organizations will restructure as they realize that TV and digital media buying can no longer be split. Many multi-screen video strategies will be defined by a focus on optimizing cost-effective reach. To enable this, more use will be made of unified media measurement currencies (e.g. TV and Internet GRPs) as well as multi-media reach-based optimization tools. Last, but by no means least, further effectiveness learning about the roles of different screens in building specific brand associations will prove the value of multi-screen strategies and will also be used to improve future campaign performance.

Peking Tan, Director of Research and Development, Millward Brown
More than ever before, our lives are filled with colorful glowing rectangular screens that show us anything from revolutions in Cairo to recipes for kale, all in an instant. Marketers are obsessed with the four screens—TV, PC, tablet, smartphone—and how to get their messages across via these platforms. But, before that conundrum is solved, the very question itself may be changing.

Technological innovations are taking the traditional screen beyond the TV, PC, tablet, and phone and onto gadgets from glasses to watches to clothing—and don’t forget elevators and taxis and bike shares. The screen as we know it is changing into something we may barely recognize. Now, beyond our multi-screen strategy, we must answer the question: “How do we market across clothing, wearable devices, and LED light-up cars?”

Those who thought that Google Glass was innovative because it could project a message literally in front of the wearer’s eyes will be astounded to see some of the platforms that will be coming in the next year: clothing woven with flexible LED thread and flexible processors built in that can deliver messages and capture data (Nike is already experimenting with this), advertising infused with heat sensors to market ice cream on a hot day (as was done in London), and LED-covered taxis that geo-locate to deliver messages relevant to the neighborhood it is passing through. The very idea of a simple screen is being blown up.

For marketers, the challenge now becomes: “How do I create and deliver a message that is constantly contextually relevant and what data do I need to have that message evolve?” An added challenge is the question: “How do I ensure that the creative is even more appealing, given the proliferation of messages is exponential?”

Now is the time to start thinking about these questions, before you see someone on the street with a T-shirt that flashes an ad for your competitor whenever they walk by your store.

Catie Williams, Analyst, Millward Brown USA

**DIGITAL OUTDOOR BLOWS UP THE IDEA OF A SIMPLE SCREEN**

**Changing Channels recommendation**

Don’t get obsessed with the four screens. Think creatively about the evolving digital outdoor landscape and its potential to deliver arresting and powerful marketing “firsts.”
Before digital came along, many marketers almost exclusively obsessed about TV as if it was the only touch point that mattered in brand marketing terms. Many now risk swapping one obsession for another by focusing on “multi-screen” alone. However, the most successful marketers will be the ones that implement truly integrated multi-channel strategies that stretch well beyond “screen” media.

In truth this narrow mindset has in part been a product of the inadequacies of the approaches used to evaluate multi-channel performance. However, the advent of more sophisticated evaluation methodologies such as our own CrossMedia Research shine a clearer light on the truths of integrated marketing performance. The most telling facts are that:

We have found that nearly 40% of campaign impacts derive from true multi-channel synergies – by this we mean 1+1=3 style media multiplier effects, where consumers are more persuaded by the brand’s message if they encounter it in more than one media.

Often the biggest synergies arise between screen and non-screen media, such as Posters, Print and especially Point of Sale.

Across our global CrossMedia database the single most impactful brand-building medium per dollar spent is magazines – and other non-screen media have also held their own against screen media in this respect.

All this has happened despite the explosion of digital (or “screen”) media options across the globe. Screen media do perform well within our CrossMedia studies, but we are sure that marketers who think more holistically than “screens” alone, and who implement truly integrated multi-channel strategies will be the biggest winners in 2014.

James Galpin, Media Director, Africa - Middle East - Asia Pacific, Millward Brown

SUCCESS WILL NOT GO TO THOSE WHO FOCUS ON SCREENS ALONE

Changing Channels recommendation
Consider the role your multi-screen media plays in the overall channel mix. People don’t yet spend their entire lives staring at screens (though it may sometimes feel that way!).
The Business of Brands

Millward Brown recently introduced a new approach to diagnose and drive brand performance. Our Brand Performance Programs incorporate, new thinking, new metrics and new technologies to help marketers on the journey to creating more valuable brands. Learn more at www.millwardbrown.com/BrandPerformance
Champions of Creative

We love ads. They make us laugh, they make us cry. They make us dream. We know that great ads build great brands. Millward Brown helps marketers build award winning campaigns through a wide range of Creative Development Programs. Learn more at www.millwardbrown.com/Creative
BRANDZ™
TOP 50
Most Valuable Latin American Brands 2013
Comparing the global context of economic stagnation in the United States and in several European countries, Argentina has managed to maintain employment rates and the social development funds designed to improve them, including the ‘Plan Trabajar’, ‘Jefes y Jefas de Hogar’ and the ‘Universal Child Allowance’. An important feature of the Argentinean economy and approach to employment in various sectors remains collective bargaining (for example over workers’ pay and conditions). In many cases, this has created agreements at – or even higher than – the inflation rate, which has exceeded 20% annually over the past five years. (Note that the gap between this figure and INDEC official figures of 10% annual inflation is very pronounced). The government has tried to address the sustained increase in the cost of living by controlling prices, with varying results depending on the type of goods.

Higher consumption levels have forced Argentina to import more and more energy and gas to meet the growing demand. This has generated strong growth in imports and in order to strike a positive trade balance, the government has restricted imports of many products. Earlier this year it also announced that the tax on credit and debit card purchases made abroad would rise from 15% to 20%.

Another issue the government has been tackling is the capital leakage caused by the flight to the dollar (a common Argentine response to economic uncertainty). Since 2011, the purchasing of dollars has been restricted to certain commercial activities, leading to a 50% increase of the parallel dollar rate (also known as the ‘blue dollar’) this year. This has severely damaged the construction industry in particular, since properties are quoted in dollars and currency disparity between the official and parallel market creates tension, as some sellers want to reap dollars from the sale and buyers face difficulty in obtaining them.

Rising Tides: Consumption and Inflation

In recent years, Argentina has managed to sustain the growth of its economic activity, characterized by strong consumption there are certain industries, such as automotive and technological (LED TVs, mobile phones and other appliances) that have performed particularly well.

By Martin Schijveorg, Millward Brown, Argentina

ARGENTINEAN BRAND VALUE

Argentinean brands have experienced a very big drop in the BrandZ™ Top 50 Most Valuable Latin American Brand Ranking 2013, losing almost half of their value (43%) with a fall from US$4.7 billion to a mere US$2.7 billion.

Argentina
What Brazilian Macroeconomics Mean For Brands

ANY PLANS FOR STRATEGIC DEVELOPMENT OF LOCAL OR GLOBAL BRANDS WITHIN BRAZIL? KNOWLEDGE OF THE MAJOR MACRO-ECONOMIC, CULTURAL, AND POLITICAL TRENDS THAT AFFECT CONSUMPTION PATTERNS, AND THE CHANGES THAT ARE OCCURRING IN TODAY’s MARKET CAN COUNTER MORE OF THE KEY FACTORS THAT ARE SHAPING THE BRAZILIAN CONSUMER PROFILE TODAY.

By Aurora Yasuda,
Business Development Director, Millward Brown Brazil

The Altered Age Pyramid

Improved quality of life has increased the average life expectancy of the Brazilian population. This, combined with the fact that the large contingent born between 1950 and 1960 – ‘the baby boomer generation’ – has now reached maturity and has now begun to change the age structure of the population.

The over 65s population represents the highest growth, and may well exceed 4% year-on-year between 2025 and 2030. Meanwhile, the growth rate of the 0 to 14-year-old population has been declining in absolute value from 1990 to 2000. This is due to families having fewer children, even among lower classes (and despite the fact that the infant mortality rate has also shown a downward trend).

In 2008, 0 to 14-year-olds represented 26% of the total population and the over 65s accounted for 6%. The projection for 2050 shows a reversal: children will represent 13% while the over-65s are expected to exceed 22% of the population. The value of ‘pester power’ will perhaps be sidelined for brands by the growing importance of the more considered approach of the older consumer.

Changes in The Make-up of The Family Unit

In a more open society with greater tolerance and acceptance of separation and divorce, new family compositions and household profiles arise and significantly affect consumption patterns:

• Single-parent families (households with one adult, usually mothers living with their children).
• Large families where the children return to their parents’ home with their own children and receive help from grandparents to raise them.
• Blended families – couples in their second or third marriage where their children from previous marriages all live together with them.

A Collision Between Consumerism and Indebtedness

With economic stability and a steadier employment rate, Brazil experienced a phase of increased consumption, giving many of the population access to consumer goods that they once believed to be beyond their reach. However, the perils of easy credit and high interest rates led to an indebted population that was unable to make ends meet, generating a very high default rate. The indebtedness rate has more than doubled in eight years according to Central Bank – from 18% in 2005 to about 43% now.

This indebtedness is already affecting the decision-making process for the purchasing of staples; it may well result in a trade-off where the strongest brands earn the loyalty of consumers by offering the best value combined with an emotional reward.

The formalization of domestic work increases household costs

For a long time, the employment circumstances of many domestic workers were characterized by high informality with limited access to social rights. However, starting this year, this segment formalized its working relationship with access to labor rights from other categories. Thus, the cost for maintaining maids, nannies, elderly caregivers, drivers, caretakers and so on has substantially increased, forcing families into new agreements and arrangements. The impact of this on disposable income – for both employee and employer – may yet to be fully felt.

Adoption of global consumption patterns, driven by technology

As elsewhere across the globe, Brazil has seen the growth of e-commerce and online shopping; the penetration rates of tablets, smartphones and social networking are also rapidly increasing. This window on the world has strengthened the presence of global brands, but in this brand-filled market, it’s the brands that fulfill the mantle of ‘localization’ that are at an advantage. Consumers engage easily with brands that reflect or are part of the local culture.

In the face of these major and ongoing changes, brands have greater challenges and responsibilities. Brazil remains a market of great opportunities but to capitalize upon them, brands must consistently deliver something beyond the product or service itself. That ‘something’ must be differentiated enough to attract the consumer’s interest, and meaningful enough to merit their engagement and loyalty.

What Brazilian Macro-Economics Mean For Brands

THE FORMALIZATION OF DOMESTIC WORK INCREASES HOUSEHOLD COSTS

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ADOPTION OF GLOBAL CONSUMPTION PATTERNS, DRIVEN BY TECHNOLOGY

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In the face of these major and ongoing changes, brands have greater challenges and responsibilities. Brazil remains a market of great opportunities but to capitalize upon them, brands must consistently deliver something beyond the product or service itself. That ‘something’ must be differentiated enough to attract the consumer’s interest, and meaningful enough to merit their engagement and loyalty.
Topics of complaint have changed. Whereas previously, criticism tended to centre on retail, and later banking, now there is a return to issues of mass consumption and especially food. This phenomenon has found resonance in the media, generating a proliferation of TV programs dedicated to denouncing breaches, not of civil or human rights, but of consumer rights. The media itself has given rise to a need for new regulations of consumer issues in Chile. As a result, in the second part of this year, a new law will be enacted to regulate nutritional labeling.

A clear sign of the strength and impact of consumers’ increased organizational capacity is the government’s recent creation of agencies like SERNAC (Servicio Nacional del Consumidor - National Consumers Service, a Government institution) on finance which protects consumers’ rights. How are brands reacting to this new context of consumer participation? Insufficiently, it seems. Brands haven’t redefined their relationship with consumers, who are now clearly social actors – as seen especially clearly in online social networks. In Chile, social networks still represent the fastest growing platform for participation and organization, it’s where consumers express themselves most clearly and fully. But, brands have not yet grasped the fact that the demand coming from these ‘new consumers’ is for a more horizontal and candid relationship. Instead, brands limit their use of social networks to two areas: promotional advertising and complaint departments. Similarly, brands apparently have misunderstood or ignored the demand for more transparency. Brand managers seem to believe that the more horizontal, candid approach will leave them vulnerable. However, the transparency consumers want doesn’t imply a larger quantity of information, but rather more sincerity and honesty, a relationship built around dialogue, not monologue. Consumers seem to be saying, “Don’t leave me in the dark. And when you do provide information, don’t insult my intelligence.” Today’s consumers demand two things: plain talk, and to be informed about how problems will be resolved. This demand for transparency doesn’t necessarily mean a desire for more data or more detail about aspects that don’t interest consumers. They just want to be leveled with. Two recent cases exemplify the fact. One study revealed that packaged bread labeled ‘light’ provides more calories than the regular, unlabelled marraqueta (a traditional Chilean type of baguette). Another study showed that olive oil is not always as beneficial to health as people have been led to believe.

So, consumer mistrust is on the rise. Brands make and break promises or are vague and insincere in their communications. Consumers themselves are questioning regulations – not just product quality itself, but the actual norms regulating that quality. They are focusing on the distinction between what’s legal and what’s legitimate. This is especially evident in the case of health insurance and retirement funds, where consumer organizations currently have over eighty thousand petitions for legal recourse pending.

In the light of this trend, the telecommunications industry has moved a step ahead by establishing self-regulation; something other industries have failed to do. They changed their language and stopped talking about volume in terms of number of megabytes (which by the way, they were not really providing) and responded to consumers’ new status, proactively heading off potential problems before they could arise. The most recent example regards call centers: the day after a news item appeared denouncing irregularities, SUBTEL simply stopped all sales by phone. The company didn’t wait for an investigation, but ended the problem almost instantly.

Another example that speaks of sincerity is H&M’s arrival in Chile with a very publicized promise of fair price for fashion; a promise the company has apparently been successful in keeping. H&M is an international brand that probably has experience in these issues and knows how to relate to consumers on their new terms. It has recognized that in a socially networked economy, every individual is empowered to be either an advocate or ‘badvocate’ (critic) of a brand. It’s clear that Chilean consumers are determined to exercise this power, so brands must hasten to develop strategies to mitigate against its effects and capitalize on its potential for good.
nom de beer to bakery, passing through financial institutions and cement, Mexico's BrandZ™ Top 15 ranking illustrates the brand relevance in the country as brand-oriented consumers dominate the Mexican retail. Tycoon Carlos Slim's empire owns at least four brands on the ranking (Telcel, Telmex, Inbursa and Sanborns); Walmart's Mexican brands, the largest Walmart operation of the world after that of the US, owns two brands, including the most valuable retailer in the country (Bodega Aurrerá and Superama); and Grupo Modelo, the largest brewer in Mexico, appears in the ranking with two, including the one occupying the spot as the most valuable brand (Corona).

Of all the categories included, one of the most dynamic has been retailing. Historically, Mexico has developed a strong retail culture yet it has been dominated by just a handful of players (Bodega Aurrerá, Liverpool and Sanborns, and complemented by international retailers (namely Inditex and its whole brand portfolio). But things have changed lately. chlorox entry into the World Trade Organization in 2001 has forced Mexico to lower its tariffs for imports of said country, meaning that international players whose production depends heavily on said market are now able to compete more vigorously in Mexico as an attractive market to enter. Some of these players include heavyweights such as Amazon, which entered the country in order to find a market that has so far important impact on the country's retail outlook, since local brands have grown isolated, protected by the government's past international trade policies.

Mexico may be traditional, but it is also open to the new: the country is one of the region's largest Internet markets and it is set to grow Mexican consumers spend more than nine hours a day doing more activities than they did in the past (Internets in the country spending over four hours a day doing more than three simultaneous activities). Nine out of ten Internet users in the country use social media, thinking of it as the second most relevant media to obtain information from (the first place being search engines); in fact, between internets, Internet is the most used and trusted media, surpassing public and paid television, radio and print. In this scenario, mobile is key. 70% of the internauts in the country spend more time online and doing more activities than they did in the past. Three simultaneous activities. Nine out of ten Internet users in the country are brand oriented, savvy and willing to spend if the right proposition is offered.

The TIMES THEY ARE A-CHANGING

Mexico may be traditional, but it has opened up to the new: the country is one of the region's largest Internet markets and it is set to grow Mexican consumers spend more than nine hours a day doing more activities than they did in the past (Internets in the country spending over four hours a day doing more than three simultaneous activities). Nine out of ten Internet users in the country use social media, thinking of it as the second most relevant media to obtain information from (the first place being search engines); in fact, between internets, Internet is the most used and trusted media, surpassing public and paid television, radio and print. In this scenario, mobile is key. 70% of the internauts in the country spend more time online and doing more activities than they did in the past. Three simultaneous activities. Nine out of ten Internet users in the country are brand oriented, savvy and willing to spend if the right proposition is offered. With high penetration, TV is still as relevant as the key media to start marketing activities with, but more and more, brands are changing their approach towards it. The perceived safety offered by the media has led to an important stage of saturation in 2012, there were 595 ads a month aired in primetime, a huge change compared to 2005's 462. Saturation has impacted ad effectiveness, lowering scores on communication and increasing a sense of glut and passiveness towards the message, according to Millward Brown’s DynamicTracking™ Database.

The country must take into consideration the consumer's new relationship with media, which goes far beyond just saturation. Mixed media consumption, the media landscape's shift from one platform to another; the plethora of local options available, mexican consumers have historically been in touch with a wide array of brands. Furthermore, the increasing use and reliance on mobile devices, has forced companies to change. Aiming to increase Mexico's competitiveness, the government is progressively planning to open more and more sectors and industries. In the case of media, the removal of legislation is set to change the panorama swiftly, opening up possibilities for new competitors – foreign satellite and cable operators and maybe even one new broadcaster led by Carlos Slim – to try and have an important impact on the country's retailing outlook, since local brands have grown isolated, protected by the government's past international trade policies. But telecoms are not the only category in Mexico in which competition is on the rise. The telecom landscape is set to change, and the country is one of the region's largest Internet markets and it is set to grow. Mexican consumers spend more than nine hours a day doing more activities than they did in the past (Internets in the country spending over four hours a day doing more than three simultaneous activities). Nine out of ten Internet users in the country use social media, thinking of it as the second most relevant media to obtain information from (the first place being search engines); in fact, between internets, Internet is the most used and trusted media, surpassing public and paid television, radio and print. In this scenario, mobile is key. 70% of the internauts in the country spend more time online and doing more activities than they did in the past. Three simultaneous activities. Nine out of ten Internet users in the country are brand oriented, savvy and willing to spend if the right proposition is offered. With high penetration, TV is still as relevant as the key media to start marketing activities with, but more and more, brands are changing their approach towards it. The perceived safety offered by the media has led to an important stage of saturation in 2012, there were 595 ads a month aired in primetime, a huge change compared to 2005's 462. Saturation has impacted ad effectiveness, lowering scores on communication and increasing a sense of glut and passiveness towards the message, according to Millward Brown’s DynamicTracking™ Database.

In this new context, to boost their marketing communication efforts, brands in Mexico will have to create new ways of seeing, narrating and generating search for more active participation as well as interesting shifts in preferences will not be the only benefit for consumer brands will have to face in Mexico; they will have to create new ways of seeing, narrating and generating experiences in an increasingly competitive market.
The Mexican economy has shown a positive trend on macroeconomic variables, yet most of the country’s population has failed to enjoy the benefits of this growth and stabilization. The number of those living under the poverty line had risen from 52.8 million in 2010 to 53.3 million by the end of 2012, according to data from the country’s National Council of Social Development Policy Evaluation (Coneval). Coneval’s data, however, shows another interesting trend: despite this growth in poverty, extreme poverty decreased from 2.6% to 2.4% in the same period. The dynamics of these figures illustrate a part of Mexican reality, a country in which a huge part of the population still lives under poverty lines but has increased its overall purchasing power. Mexico’s GDP per capita, with a value of $9,741 (current US$) and having grown 2.6% per annum from 2008 to 2012 according to the World Bank, places the country as fifty-seventh; not far behind other major Latin American economies such as Argentina (51) and Brazil (53).

As with other Latin American nations, during the second half of the twentieth century Mexico followed an economic model that aimed to industrialize the country through the substitution of imports. This meant the development of models based upon heavy subsidization, increased taxation, and highly protectionist trade policies, leaving the country dependent upon a handful of industries. In 1982, the system cracked, and Mexican authorities had to look outward for the first time as a way to achieve development.

Nowadays, Mexico is open to international trade, even having ever once held the position as the country with the most Free Trade Agreements in the world. With a privileged geographic location, Mexico has proven to be a true ‘hinge state’, holding strong commercial relations with both cultural and geographical continuums to which it belongs: North America (namely under NAFTA) and Latin America (under various FTAs and multilateral agreements such as the ones held under the umbrella of the Latin American Integration Association, ALADI). But Mexico has also gone far beyond that; it holds 14 FTAs across the globe encompassing partners such as Japan, the European Union and the European Free Trade Association.

With a huge population (surpassed in the region only by Brazil), its geographic location (which has granted access to the US market and has influenced consumption habits), as well as its numerous international agreements (which have eased access to the country), Mexico has become an interesting consumption market for brands from across the globe. Despite this openness, the US remains the country’s biggest trading partner by far, holding more than 50% of its imports and almost 80% of its exports.

Swinging back to the past, looking up for the future

In 2012, Mexico held general elections, which included the ballot for a new President of the Republic. The elections resulted in the return of the PRI (Revolutionary Institutional Party) who had ruled the country without interruption from 1929 to 2000 putting an end to the right wing PAN’s (National Action Party)'s 12-year rule. Incumbent Enrique Peña Nieto’s government inherited a country filled with challenges: an economy which, because of its interdependence with the American market, was hit following the 2009 World Financial Crisis, as well as a society heavily struck by violence after the previous government’s attempts to fight drug cartels, which resulted in more than 50,000 deaths across the country.

Peña Nieto’s campaign platform focused heavily on economic matters and structural challenges in the energy sector, the tax system and labor markets, everything wrapped up under what he called the ‘new-PRI’. The nature of such platforms, as well as the proposed change in the way drug cartels were being confronted, had an effect on the way Mexico is perceived internationally and, has, somehow, renewed a sense of opportunity in the country. Peña Nieto has called for unity against what he has stated was a new threat to the country’s security: crime. The government has had some changes that could potentially boost the country’s competitiveness, though there is still a long way to go before any of such initiatives will be fully felt by the country.

Mexico: A Country of Increasing Contrasts

According to data from every single international entity available, Latin America is the most unequal region in the world in terms of income. Mexico, as a key player, proves to be far from an exception to the rule.

By Fernando Alvarez Kuri, Director, Millward Brown Optimor Mexico

The Mexican economy has shown a positive trend on macroeconomic variables, yet most of the country’s population has failed to enjoy the benefits of this growth and stabilization. The number of those living under the poverty line had risen from 52.8 million in 2010 to 53.3 million by the end of 2012, according to data from the country’s National Council of Social Development Policy Evaluation (Coneval). Coneval’s data, however, shows another interesting trend: despite this growth in poverty, extreme poverty decreased from 2.6% to 2.4% in the same period. The dynamics of these figures illustrate a part of Mexican reality, a country in which a huge part of the population still lives under poverty lines but has increased its overall purchasing power. Mexico’s GDP per capita, with a value of $9,741 (current US$) and having grown 2.6% per annum from 2008 to 2012 according to the World Bank, places the country as fifty-seventh; not far behind other major Latin American economies such as Argentina (51) and Brazil (53).

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The successful ‘defense’ of some local companies

There are many examples of local companies that have managed to maintain a strong position in the local market (despite the presence of some global giants), and are also becoming global themselves.

This raises the question of why the ‘giants’ themselves have not been as successful in this market as in the rest of the countries of this region. The answer is that the Peruvian product breaks through by being supported by local consumers (loyal to the local product) and by globalization; it has its own models, which are now becoming successful abroad.

INTERCITY DIVERSITY

Besides the three strips, (the Coast, the Andes and the Jungle) huge differences are to be seen in the consumption habits among the various cities of this country (together with a certain homogeneity within each of them). Thus, you could conclude that for many categories, the leading actor in one city could be simply irrelevant in a nearby city.

The conducting of continual brand surveys in nearly 20 different cities may be a key to success for companies which do not think of Latin America as a country (with Buenos Aires or Mexico City as its capital) or of Peru as an ‘extension’ of Lima.

THE SPEED OF CHANGES IN BEHAVIOR AND THE IMPORTANCE OF ‘WORD OF MOUTH’

Even in the past, you would see sudden changes in the market share of some categories where the main driver was a word-of-mouth rumor: “It’s not good anymore” or “It seems they changed its flavor” are phrases that could generate significant behavioral changes that were very hard to reverse. This, in a market that is adapting rapidly to digital processes and virtual social networks, is an increasingly important factor.

THE MILLENNIALS IN PERU

Because the economic resurgence happened when today’s youngsters were just babies, the generation gap appears to be even greater. For the first time, Peru faces a transversal generational phenomenon. Young people with a ‘millennial’ attitude have grown up in a society that, despite still being poor, has grown continuously – and this has happened in a context where parents raise their kids trying to forget the past. The effects of this social revolution are just beginning to be seen.

THE NEW SOURCE OF ECONOMIC GROWTH IN PERU

Although the local economy is not growing as quickly as in the previous decade, it remains healthy. A couple of years ago, this growth started to be noticeable in the provinces. Now it is the turn of Arequipa, Huancayo, Trujillo and Piura (among others) and it is clear that consumers in these cities are quite different in regard to their behaviors, values and, a lot of the time, their choice of brands.

What should brands do to engage with such a diverse consumer? What should they do in this era of evolution, as we face the challenge of the digitalization of brand communications? These perhaps are the key questions marketing will have to answer in order to keep brands growing in this society.

By Claudio Ortiz, Managing Director, Millward Brown Peru