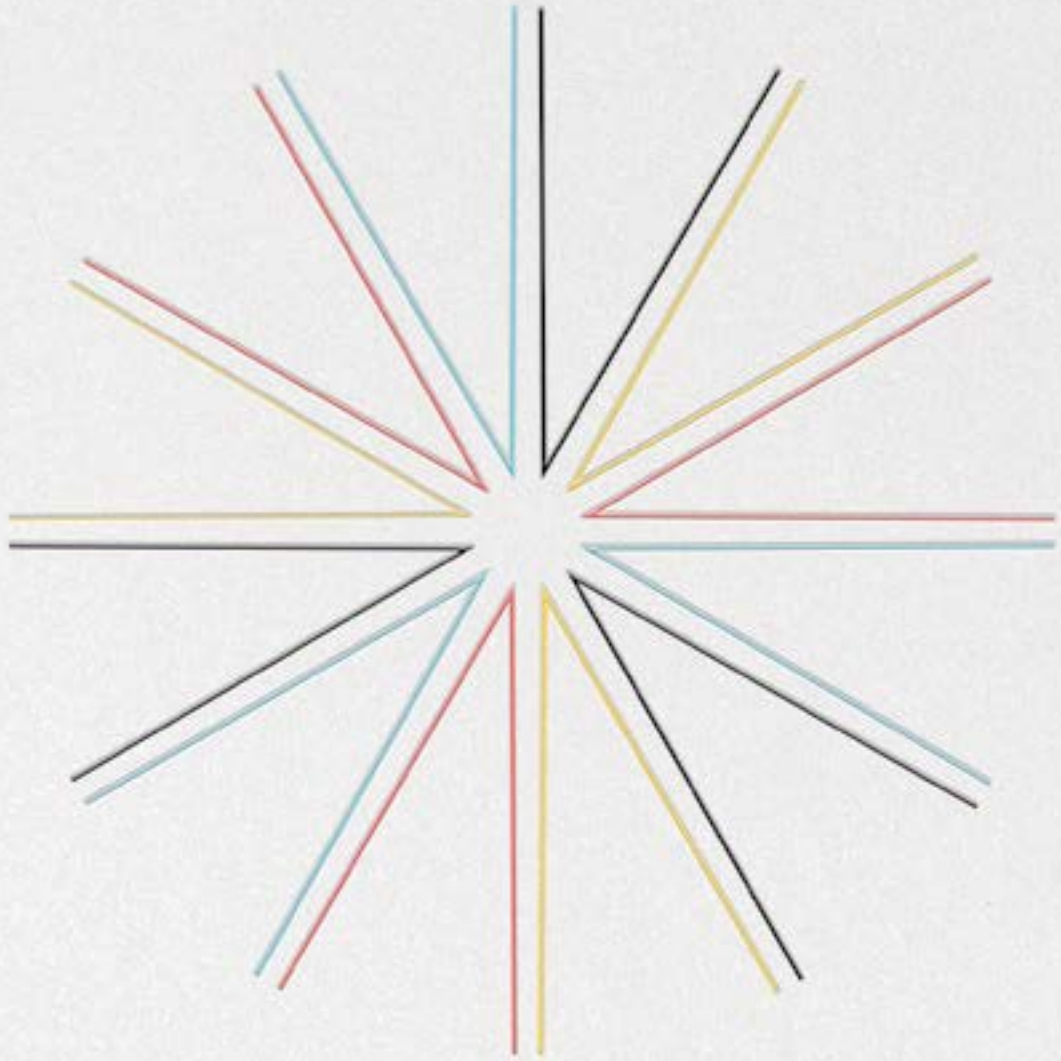


Ogilvy

THE VELOCITY *12 MARKETS*

Reshaping the world view of middle-class growth



12 of the fastest growing middle-class markets – comprising more than half of the world's population – continue to reshape global growth. As they do, they will create a critical tipping point, as the middle class move from a minority to the majority of the local population in most of these markets.

01

VELOCITY 12 MARKETS

- Appreciating the Velocity of Change / 21
- Global Middle Class / 22
- Center of Gravity Shifts to South Asia / 30
- More Equality, but with Differences / 32
- The Intensifying Brand Battle / 42

02

VELOCITY DRIVERS

- Diversity and Drivers / 49
- Gender Velocity: Reshaping Role of Women / 52
- Cultural Velocity: Reshaping of Muslim Futurists / 70
- Urbanization Velocity: Reshaping Middle Class Life / 82
- Technology Velocity: Digital Reshaping of V12 Economies / 98

03

VELOCITY MARKETING PRINCIPLES

- Local Understanding – The Basis for Success / 117
- Velocity Marketing Principles / 124
- Role of Foresight / 126
- Brand Behavior Principles / 134
- Omnichannel Principles / 148
- Conclusion: Succeeding in the Coming Decade / 156



EMERGING MARKETS TRANSFORMING AS VELOCITY MARKETS

If you want to catch a glimpse of the global economic future, then meet Fahima Sarkar. In many ways, Fahima – who lives in Lahore, Pakistan – is typical of her group of friends, and a growing number of women across South Asia. After attending college, Fahima worked in sales for a Karachi-based garment company that was rapidly expanding their business in the region. She eventually left the role because she wanted to start a family.

Fahima is a lot different than her own mother – both in her outlook and her lifestyle. Rather than being solely a stay at home mom, Fahima has used her time raising her child to develop a new career as an “Instapreneur,” someone who uses social media to start her own business. Her online venture (headquartered on her kitchen table): selling high-end picture frames via the Web to parents who want an upscale way to display their children’s photos at home. That was her first taste of entrepreneurship – and she turned a profit almost immediately.

National Day holiday, October 2015, Yangshuo, China.

Now she is on to her next, more ambitious endeavor – an ecommerce start-up that will use local ingredients to create halal (Muslim-sanctioned) beauty products. Fahima is convinced that this will strike a chord with her friends and other female shoppers in the growing urban areas of Pakistan.

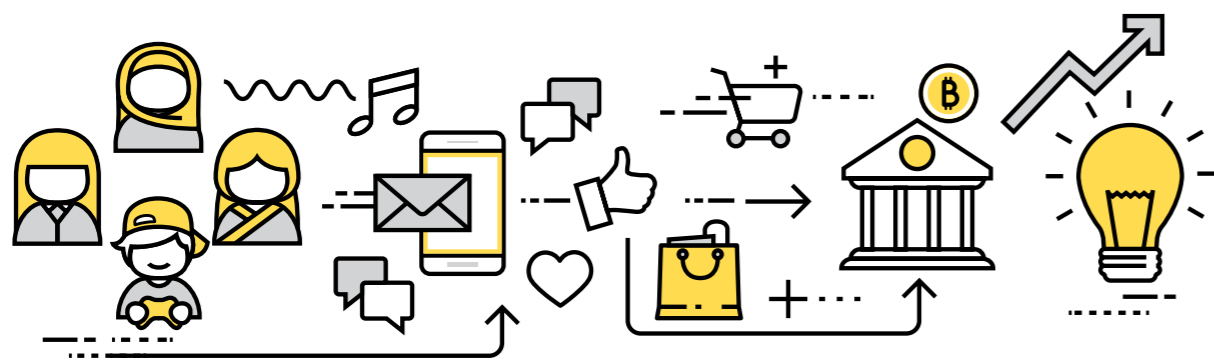
Fahima uses her extra income in a variety of ways. She splurges on cosmetics and home décor products, but also she sends her ten year-old to special tutoring sessions. And with her social media skills, Fahima has become an increasingly active participant in online conversations and activist campaigns concerning Muslim traditions and their role in a modern world; women’s health; evolution of Pakistani politics; and globalization.

Fahima never imagined that she would have such a full life as she does today – nor that her voice would be heard as it is today. But in fact Fahima is one of many, a perfect paradigm for a much larger trend that is

reshaping global growth in extraordinary ways in multiple regions around the world: the rapid expansion in global trade, technology transfers and urbanization combined with favorable demographics has given rise to 2 billion new middle-class consumers like Fahima – predominantly outside the United States

THE IMPLICATIONS OF THIS TREND ARE ENORMOUS.

and Europe. More importantly, a billion additional consumers will join her and the rest of the middle class over the next decade that are even more digitally connected and vocal than the other global middle-class consumers than the prior new middle class.



What will the next billion middle-class look like?



The Pakistani story is compelling and gaining a lot of attention from global economists – who view this type of growth as the next chapter of global growth – as well as multinationals and marketers seeking to expand their revenue stream.

The implications of this trend are enormous and will ultimately affect economic, political, social and cultural maturation in big and small countries across the globe. As the middle class moves from a minority to the majority in individual countries, it will play not only a fundamental economic role, but be a change agent. Middle-class individuals will be influencers of government policy, arbiters of local lifestyles, and empowered consumers in brand attraction and interaction.

Out of the significance of this shift in economic strata and the insight it provides about which countries will thrive as the most vital markets in the not too distant future, Ogilvy produced a new benchmark for categorizing countries, the Velocity 12 (or V12). This comprehensive list ranks the fastest growing middle-class markets, a group that comprises more than half of the world’s population.

The rapid expansion in global trade, technology transfers and urbanization combined with favorable demographics has given rise to 2 billion new middle-class consumers.

Our impetus for the Velocity 12 is the critical need for a fresh view of economic development around the world, one that looks at the speed as well as the size of growth; sees a vastly expanding middle class managing volatility by the sheer force of its demands; is resistant or resilient to currency fluctuation; and offers a consumer marketing perspective to complement economist and banking studies. Our purpose is to go beyond indices that focus only on the largest growth markets – and to instead also recognize smaller and mid-size velocity markets that are transforming radically and will be the next to gain influence as key markets for global brands.

NEW MIDDLE-CLASS CONSUMERS (MILLIONS)

2015-2025

2015 2025 NET GAIN (MILLIONS)



Source: Bhalla, Surjit S: *Second Among Equals - The Middle Class Kingdoms of India and China*; 2007; revised and data updated till 2025.

WHAT WE FOUND

Ogilvy's Velocity 12 is eye-opening for a variety of reasons. Among them is the southward gravitational pull of future growth: the Velocity 12 forms a wide arc across the high growth markets of Southeast Asia, Africa and parts of Latin America. And equally meaningful is the social tapestry of the countries in the V12. Complex and varied, Velocity 12 countries contain greater ethnic, linguistic, cultural and religious diversity than previous generations of middle-class consumers in the West.

Our research did not solely rely on quantified data. Rather, we conducted a first of its kind survey of middle-class attitudes across the V12. Based on the many responses to our questions, a compelling portrait of the next billion middle class – how it will look and behave – emerges.

Over the next decade, this expanding middle-class group will:

- > Be increasingly defined by women and youth as the change agents, with purchasing power crossing cultural, religious and demographic divides.
- > Comprise the largest block of newly connected consumers on the internet, globally connected as never before – with global connectivity that is projected to double in the next five years.
- > Rapidly increase its social engagement, and brands discussion, as marketers compete in the digital marketplace for greater share of the new middle-class prize.
- > Urbanize faster than other parts of the world, dominating the future list of megacities, while creating a new “urbangea” that connects large swathes of these countries into a virtual trading zone.
- > Propel cities, more than countries, to become the unit of invention, entrepreneurship and investment.



Xian, China: According to a 2012 report by the EIU, it was recently named as one of the 13 emerging megacities in China.

A DIFFERENTIATED POINT OF VIEW

This Ogilvy Report from the V12 is intended as a guide for CEOs seeking the most promising growth markets along the next trajectory of consumer concentration.

It provides business leaders and influencers with a point of view that comes directly from the field and highlights four drivers of growth and opportunity in the V12: gender, culture, urbanization and technology.

We also present concrete marketing strategies and programs, with best practice client examples that can be adapted and leveraged. Throughout, the Report is grounded in both quantitative research and the results of a first, middle class attitude survey across the V12. More than an economic outlook, the Report takes into account a range of V12 social, cultural, technological and lifestyle trends that companies planning to do business in V12 countries must know, both to seize the prize for their brands and figure out how to capture it.



Jalan Sudirman, Business district, Jakarta, Indonesia.

EMERGING MARKETS: A TERM PAST ITS SHELF LIFE

In compiling the V12 rankings, we were forced to challenge certain outdated categorizations of global economic development. For one, the idea of “emerging markets.” Given current conditions, the term “emerging” is too gradualist and even colonial. When we look at global trade from a macroeconomic point of view, the changes are staggering. “Emerging markets” accounted for only 10% of global trade in 1970; today they hold a 30% share, a number that is expected to grow to over 40% by 2050. In addition, many of the V12 – China, India, Brazil, Mexico, and Indonesia among them – have long since emerged to become significant forces in the world economy.

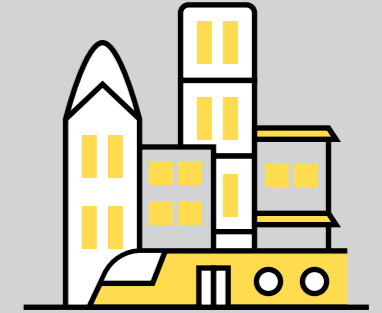
The term “emerging” is also inadequate to describe the speed at which these markets are moving, and the limited timeframe that marketers have to stake out advantageous positions. Indonesia, for example, which has a trillion dollar plus economy as well as consumer spending at 61% of GDP, approaches the levels of “developed” economies. In fact, using a Purchase Power Parity (PPP) measure, which reconciles currency differences to accurately compare national economies, V12 countries include nearly half of the world’s top GDPs.

The so-called BRIC index is also no longer useful or satisfactory. The four countries in this group – Brazil, Russia, India, and China – have evolved in dramatically different directions. Russia has been mired in recession, while Brazil is beset by government corruption and inflation. Meanwhile India’s economic development has kept pace and China’s has slowed compared to its recent growth rates. The fraying of the BRIC index exposes

the problem of excluding smaller markets from global growth rankings. While Brazil walked down the yellow BRIC’s road, Mexico did not, in spite of the fact that it developed G20 status, saw exponential expansion of its educated, consumer middle class, and exceeded forecasts for foreign direct investment (FDI); and all of this in a challenged political environment.

Intense economic growth has been a driving force throughout the V12.

Intense economic growth has been a driving force throughout the V12. Many of these countries have seen doubling (or in some cases tripling) of exports during the last decade. India’s export numbers have grown by 614% and China’s by 590% between 2001 and 2011. And this is no longer a strictly West-East phenomenon: today, intra-Asia trade is already at the same level as the combined levels of trade Asia conducts with North America and Europe. Additionally, there has been a surge in trade between the Asia Pacific (APAC) countries and Africa (up 576%) and with Latin America (up 429%). Viewed from the flipside, Latin America has logged an 800% rise in trade with Asia.



Velocity Defined

Throughout this report, we refer to “velocity”. We use this term in a broad sense, to signify more than just economic growth (though the expansion of middle-income consumers is the basis of it). “Velocity” also refers to the pace at which daily life, social structures, and public sentiment amongst the next billion middle-class consumers in the Velocity 12 markets will continue to accelerate in the decade ahead. This social velocity will increasingly have its own swift pace as middle-class lifestyles grow out of middle-class incomes.

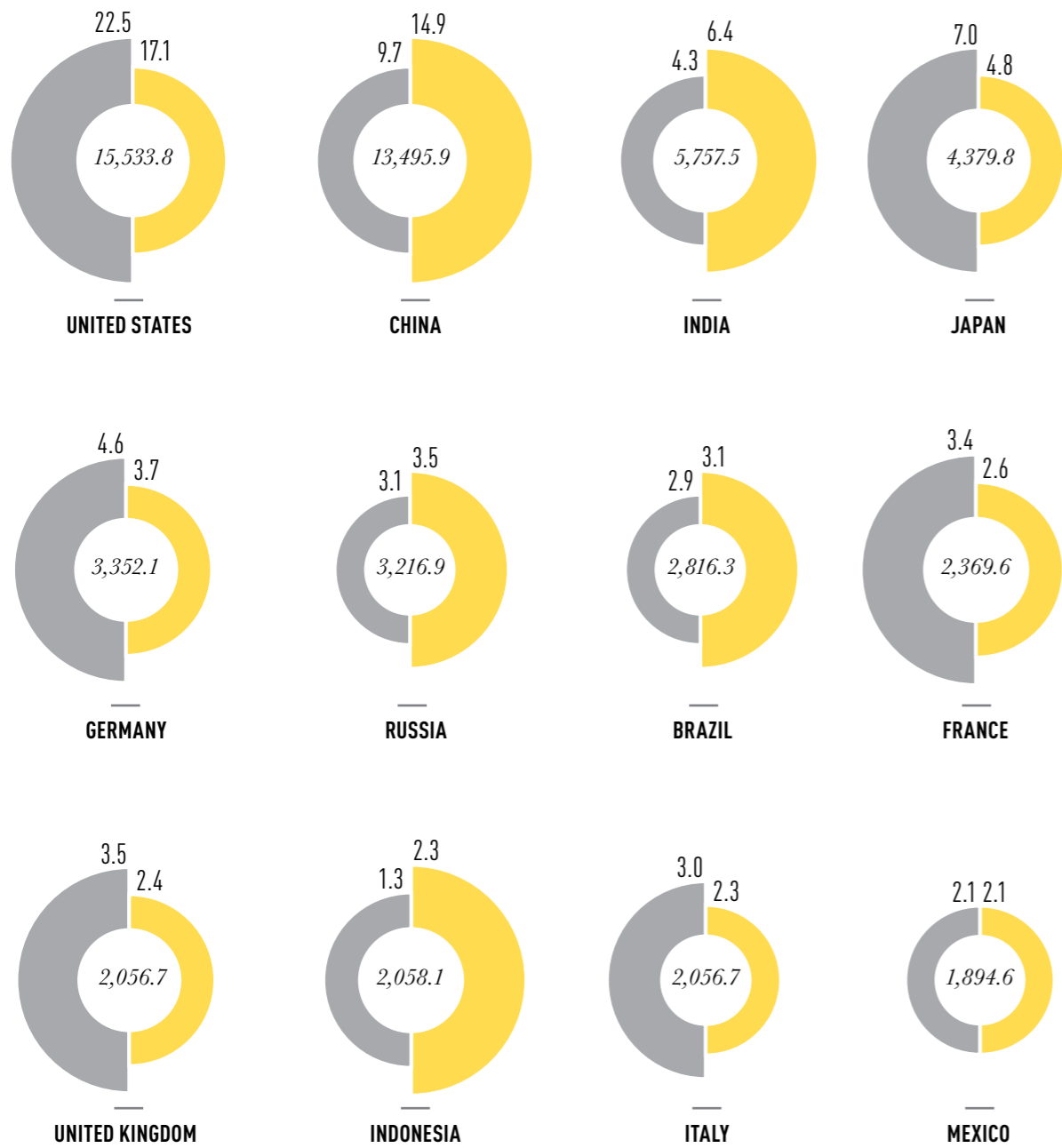
LARGEST ECONOMIES BY SHARE OF WORLD GDP (PPP-BASED)

Countries in order of ranking by GDP. Figures within circle represent expenditure (US\$ billion).

■ 2005
■ 2011

SHARE OF THE WORLD GDP (WORLD-100)

2005-2011



Source: International Comparison Program (ICP).



Kolkata (Calcutta), West Bengal, India.

WHY COMPANIES CARE – THE LONG-TERM VIEW AND ISSUES OF TODAY

Business leaders around the world are searching for ways to find sustainable gains in a global low growth environment. Over the long term, the V12 represents the best opportunities for companies with foresight to turn to for marketing in dynamic economies buoyed by a growing middle class. But some companies are deterred or intimidated by a couple of key issues involving V12 countries that they must navigate today.

The first involves currency volatility. Recent weakness in the foreign exchange market has dramatically lessened the contribution of V12 countries to some multinational corporations' profits. Related factors, such as commodity costs, wages and inflationary

pressures – both in the home country and overseas markets – can also make it difficult to isolate the impact on a company's strategy from currency.

Many investors would rather see companies look at growth markets through a long-term lens and ride the waves of currency volatility, unless it is signaling a deeper long term structural problem such as hyperinflation, sovereign risk, and other issues that won't get solved in the near-term. But to do this while delivering revenue growth, companies will need smart short and long-term investment strategies, which fully factor in the effect of currency movements and simultaneously recognize that all markets face cycles that usually don't alter their fundamentals. >

In this Report, we are focused specifically at the fundamental growth variable of a rising and exploding middle class across the Velocity markets. As a result, we have analyzed the foreign exchange question through this viewpoint: whether currency fluctuation that impacts corporate bottom-line revenue also downgrades middle-class income, even temporarily. Based on a Purchasing Power Parity analysis, we have found that currency volatility has no material impact on income, which means that middle-class growth is insulated from the revenue hit of devaluation.

Another immediate issue that companies are wrestling with involves local competition, an ever more urgent concern that will be a facet of the V12 landscape for years to come. The environment in the V12 countries is highly competitive, not just with other regional and international corporations, but with the rapid rise of more aggressive and capable local players, including new e-players aiming to disrupt traditional business models. Local companies are increasingly savvy and sophisticated, they can access the gold standard and knowledge transfer of global brands, and they are able to both generate and capitalize on innovation faster than ever before. Consequently, they enjoy a speed and agility that many multinationals are seeking to emulate. And they are increasingly focused on building effective and enduring brands.

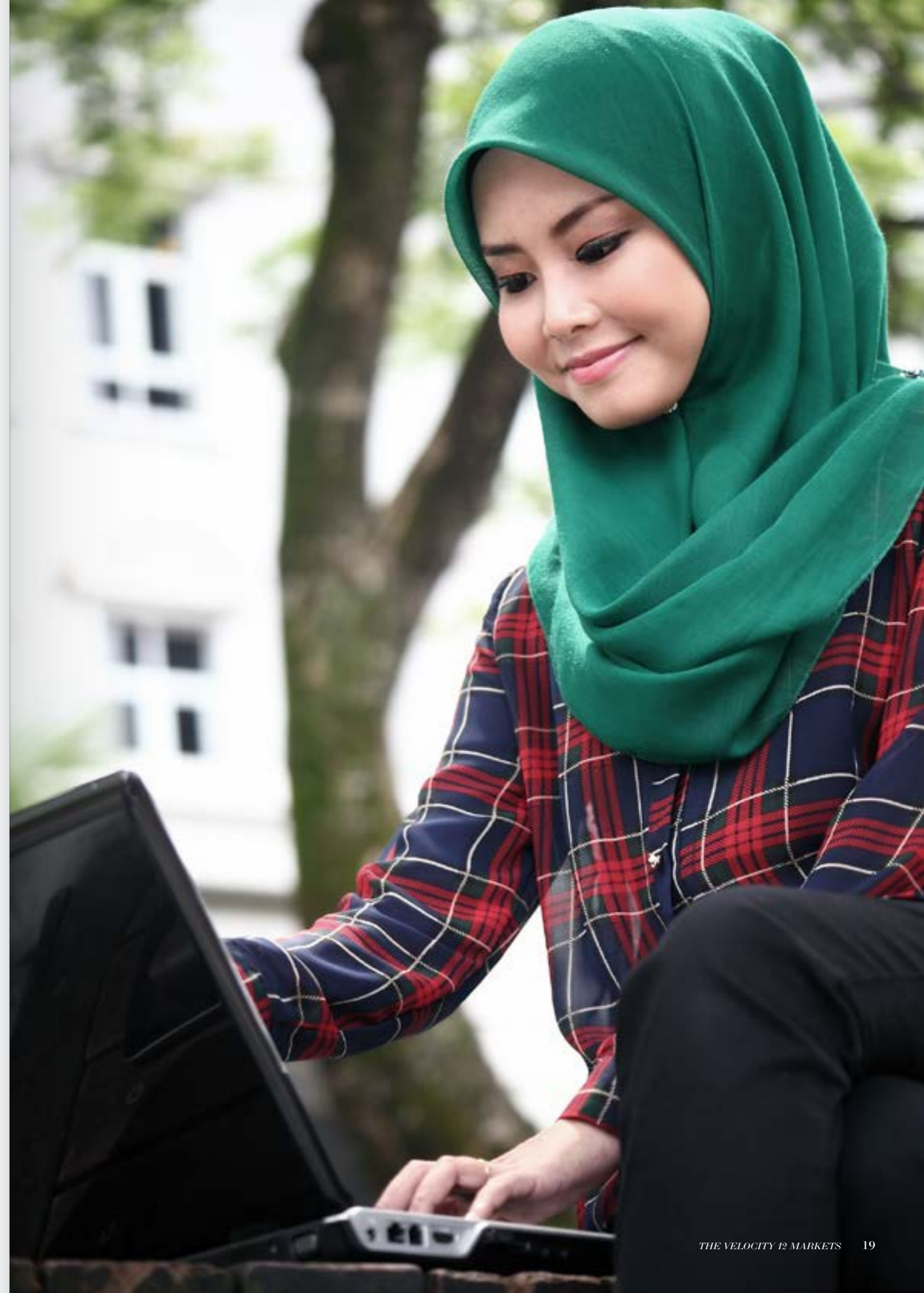
Consequently, companies and marketers will need to adjust quickly if they wish to capture their share of revenue from V12 countries. They will need the combination of flexibility, foresight, and the ability to rapidly tune their efforts to local cultures, with content and relations programs (government, consumer, employees) that truly resonate locally. The next billion middle-class consumers will provide substantial opportunities – but only for the most inventive, nimble, and consumer-centric companies.

V12 CONSUMER RESEARCH

A UNIQUE PERSPECTIVE ON CONSUMERS VIEWS AND ATTITUDES

The best way to understand a market is to speak to the people consuming and doing business in it. We did exactly that, conducting proprietary consumer lifestyle research in all of the V12 markets. The research, the first of its kind across the V12 markets, was conducted among 3,600 consumer respondents. The respondents comprise both genders, a range of education levels, and people from 18 to over 60 years old.

The research delves into a number of aspects of the consumers' rapidly changing lifestyles, including their views on family dynamics and culture, shopping, technology, and issues such as gender discrimination and the downsides of social change and urbanization.



01

THE VELOCITY 12 MARKETS



APPRECIATING THE VELOCITY OF CHANGE

The term velocity describes both the rate of real change in the size of the middle class as well as a priority for companies as they consider business investment and marketing in V12 countries. In many of the V12 nations, marketing involves leapfrogging traditional forms: sophisticated mobile and social media solutions have become vital to reaching consumers. Companies will need to recalibrate to the new reality of growing global middle-class demands. Most of all, companies will need a deep understanding of this multi-polar, multi-channel world in order to compete effectively – and to avoid being left behind by the velocity of change.

“

*The world is moving
towards greater equality,
not inequality.*



GLOBAL MIDDLE CLASS

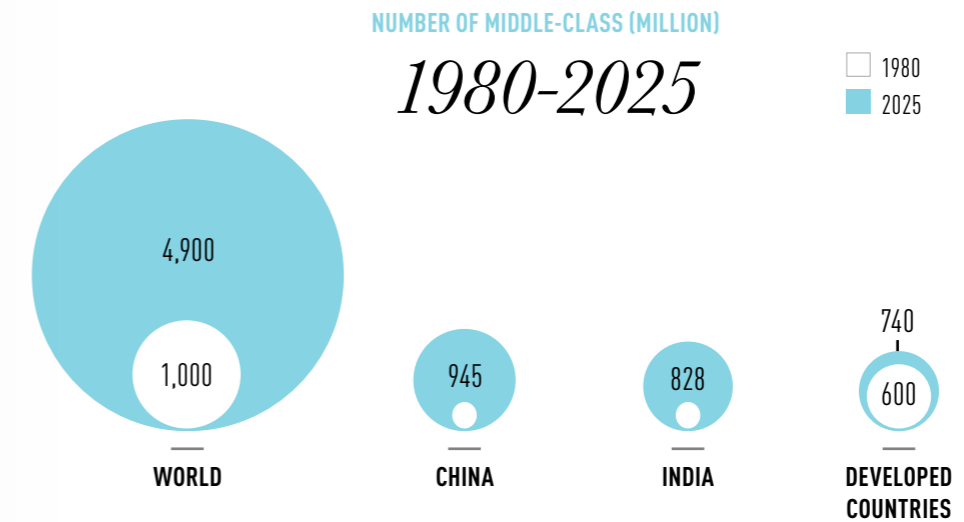
Throughout this Report we use the term the global middle class to represent the growing transnational consumer base in both developing and younger developed markets, who will soon become the most pivotal global audience for brands and marketers alike. They will shape the commercial landscape and brands will be tailored to their feature preferences and product choices. They are, quite literally, the personification of the explosion of economic growth that will propel Velocity 12 markets to the forefront of global consumer activity.

PURCHASING POWER PARITY

This study measures middle-class growth in terms of income, rather than assets, using a Purchasing Power Parity methodology. PPP was developed in 1970 by a team of distinguished economists, sponsored by the UN's International Comparison of Prices Program (ICP), to compare and reconcile differing exchange rates in terms of consumer spending and purchasing power. ICP exchange rates are now the benchmark for comparing income levels across countries and years. This study defines the middle class as those with per capita income between c. \$4,000 and \$40,000 per annum, according to latest 2011 base estimates adjusted for cross-market PPP.

Based on PPP, what had been a steady but modest rise of the global middle class is accelerating. By 2025, the middle class will have grown by 35%, meaning that in shortly over a decade, it will include 4.6 billion people – a staggering 58% of the world's population vs. only 25% in 1995. At that time in the “developing” world, about 14% of residents was in the middle class – in India, about 3.5% and in China, about 1%. Today, on a PPP basis, more than half (54 %) of China's population can be called middle class and in India, 27%. These startling statistics underscore the importance of understanding velocity in key growth markets. Anyone questioning the size and location of the middle class, sitting between the 1% majority wealth holders and the moving (for the better) poverty line, need only look at income shifts in the V12.

NEW MIDDLE CLASS INCREASES

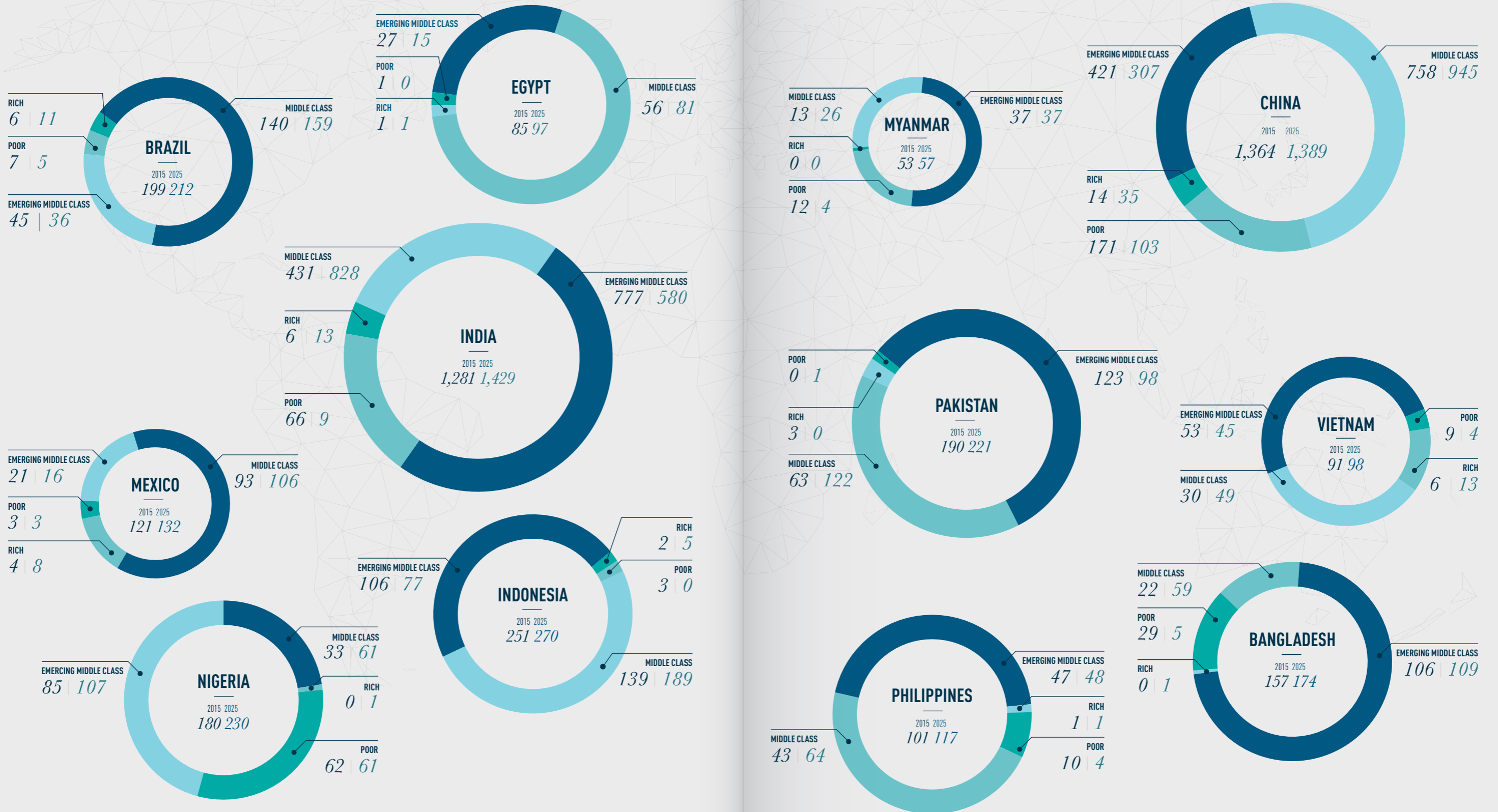


Source: Bhalla, Surjit S: *Second Among Equals – The Middle Class Kingdoms of India and China*; 2007; revised and data updated till 2025.

POPULATION AND STRUCTURE OF POPULATION (MILLIONS)

Based on PPP, what had been a steady but modest rise of the global middle class is accelerating.

■ 2015
■ 2025



IDENTIFYING THE VELOCITY 12

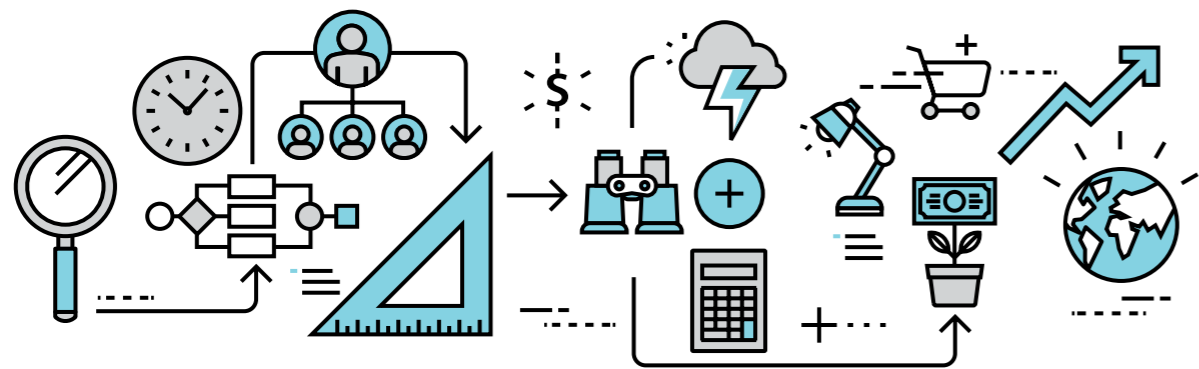
In order to identify the most promising growth markets, we examined markets using two primary indicators: first, a country's share of middle-class consumption in the world; and second, the projected rate of growth (or velocity) of this consumption, adjusted for PPP. The velocity of growth and change is a noteworthy factor that many companies have grossly underestimated so far in their global growth plans. Using these two indicators – size and growth of middle-class spending – we analyzed 27 markets, all with an ample middle-class; from these, we derived the V12 markets which account for 73% of the world's middle class.

One way of looking at the Velocity 12 is as a futurist index with significant bottom-line impact.

But it's also critical to look beyond the purely financial aspects of velocity. As noted global investor Ray Dalio of Bridgewater Associates wrote in a paper about why

countries succeed and fail economically, the two most vital forces in the shifts of relative income and power are war and the psychology that drives people's desires to work, borrow, and consume.¹ In this regard, consumer self-perception and confidence about the positive impact of change is a key factor generating market velocity. Middle-class growth is not a guaranteed one-way street or an absolute. Newly minted middle-class consumers can see their fortunes fall back in times of downturn. Thus confidence is critical, since middle classes are often defined by expectations of a better future.

While various markets (such as Iran, Turkey, Iraq, South Africa, Ghana, Angola and others) will also enjoy an increase in middle-class consumers, they do not qualify as V12 markets in terms of size, scale, and velocity of change. While these other markets haven't made the list, we recognize that they will contribute growth in the future. Our focus here, though, is on markets that will contribute most to the continued reshaping of the global middle class in the next decade.



Which markets expect positive change in the next decade?

EXPECTING A BETTER FUTURE V12 Consumer Research

Large scale social change doesn't go unnoticed. That's as true now as it was in the 1960s or the early 1900s. Consumers in the V12 today are keenly aware that they are living in a time of consequence. In fact, a large majority (77%) of them see their lifestyles changing faster than ever before, proving that velocity is visible from outside and inside the V12 markets. But that data would have little consequence if it were limited to just one small segment of the population. In fact, the internal perception of velocity extends across the spectrum of nations and their societies, with little variation by gender, and only a slight increase in agreement depending upon higher education and income levels. Intriguingly, the V12 consumers most likely to perceive the velocity happening around them also happen to live in the countries with the highest contributions to the next billion middle-class consumers: China, India, Bangladesh, Pakistan, and Indonesia. The changing circumstances of huge masses of people are something that people go through with their eyes open, and that affects the way these consumers think.

There is a famous curse, "May you live in interesting times," misidentified as coming from Chinese, despite the lack of any evidence. It turns out that the tenor of the quote is as inaccurate as its provenance, at least as

far as V12 consumers are concerned. In excess of two-thirds of V12 respondents look at the social change surrounding them as a good thing. The next decade, these consumers believe, will bring notable lifestyle improvements to their countries. In other words, it isn't just the velocity of change that is increasing; the velocity of optimism is growing as well. Greater buoyancy is shown in expectations for positive changes in the next ten years compared to the prior ten years. Every V12 country except one (Egypt) expects tangible improvement during that time. Nigeria, Mexico, and Myanmar in particular have significantly higher positive outlooks for the next ten years than they did for the last decade.

Positivity about the future runs right through the V12. China, which has been the source of global hand-wringing about its growth rate, might be presumed to have pessimistic consumers. The opposite is true. China's consumers lead all the V12 countries in their positive expectations for the future. 91% of Chinese respondents expect real improvement in the next decade. Myanmar is next, with nearly 9 in 10 respondents anticipating positive change. Bangladesh and India hover around 80%, while Nigeria and Indonesia are just over 70%—still remarkably consistent in their expectation of good things to come.



Daily life – bazaar, Tehran, Iran.

IRAN – THE NEXT VELOCITY MARKET?

If one market merits a deeper look, it is Iran – call it the 13th velocity market. Despite the longstanding trade embargo – which is, in part, being lifted – already Iran exhibits many of the main demographic and lifestyle traits that are common among the V12:

A large economy with a robust middle class.

The size of France, Germany, Spain and the United Kingdom combined, Iran is the second-largest economy in the Middle East after Saudi Arabia, with a GDP of

\$400bn. Iran already has a well-educated middle class of 59 million people, 70% of whom are under 35. An additional 13 million consumers will join their ranks by 2025. This projection reflects an enormous, ongoing shift in the middle class from over half of the country (51.9%) in 1990 to 86.3% of the population in ten years.

Rapid rise in female education levels.

Consistent with V12 markets, Iranian fertility rates have dropped substantially over the past few decades – from 4.8 children in 1990 to fewer than 2 children in 2013. Because of this decline in fertility rates, girls are staying in school longer: in 1990, girls averaged two years less schooling than boys, but by 2011 their education levels had evened out. And by 2025 girls are expected to leapfrog to 2.7 more years of schooling than boys.²

Middle-class spending patterns.

Iran also exhibits middle-class spending patterns. Urban Iranian women pay a lot of attention to their appearance; after Saudi Arabia, Iran is the highest consumer of cosmetics in the region, holding seventh place globally. Plus, after decades of austerity following the Islamic Revolution, middle-class Iranians too have a taste for high-end designer goods. Many shop for designer goods at shopping centers that look the same as retail outlets anywhere in the world.

Iran is the second-largest economy in the Middle East after Saudi Arabia, with a GDP of \$400bn.

An increased interspersing of local and international brands and culture.

In Iran, the national love for culture is the domain of the masses. Last year more than 1,500 billboards in Tehran displayed about 700 works by renowned local and foreign artists, transforming Tehran into an amazing open air art gallery. At the same time, cafés and restaurants are destinations for young Iranians socializing and meeting up with friends. Fast food restaurants have multiplied, copying the concepts of such companies as McDonald's, Kentucky Fried Chicken and Burger King.

Digital reshaping daily life.

Iran connected to the internet in 1993, the second country in the Middle East to do so. Internet penetration has grown to 58% of the population; 28% of internet users have broadband access, with new users mostly accessing the Web via mobile devices and favoring social media, including Facebook, WhatsApp and Integra.³ Although cash payments are still dominant in the country, internet banking and online payment systems are quickly maturing.

An important difference with the V12 markets.

One area where Iran diverges from V12 trends is the low female participation rate in the economy – a key factor in both economic and social velocity. Only 13% of the workforce is female – far below the global and V12 average.⁴ This figure is possibly deceptive; given social pressures, many Iranian women participate in the informal economy via jobs in their homes.

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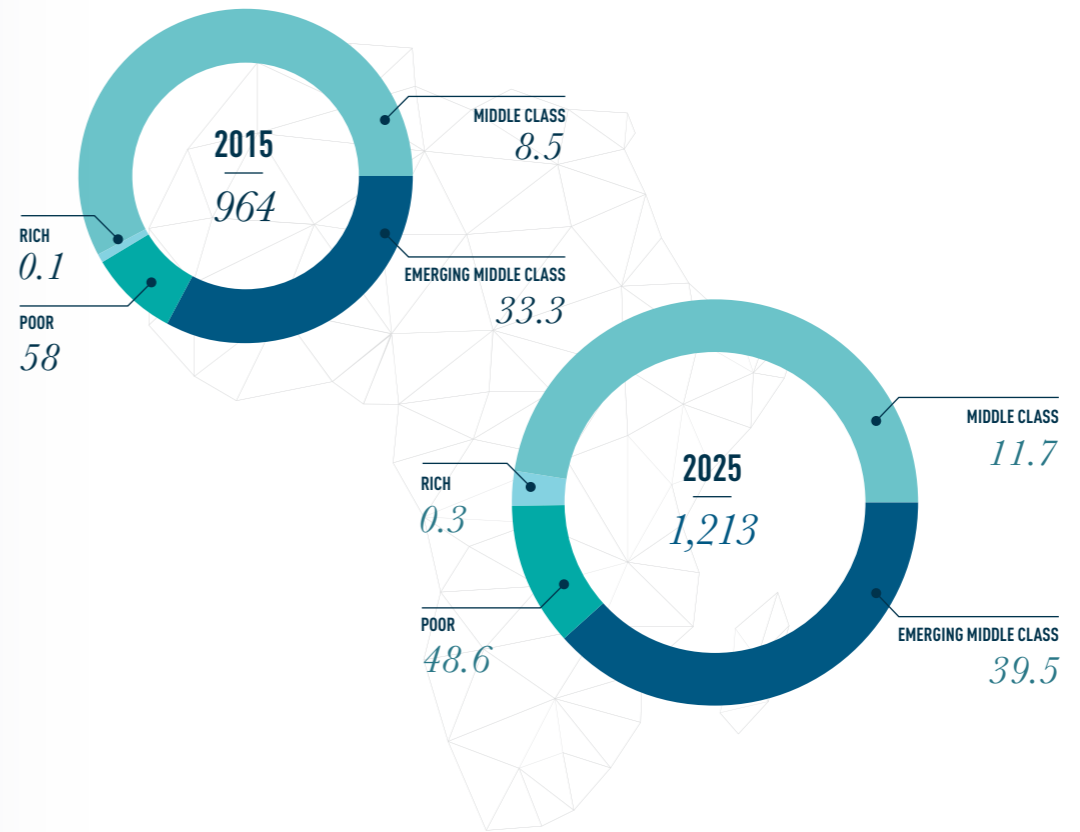
*For the last two decades,
economic growth in Asia has been
propelled by China.*



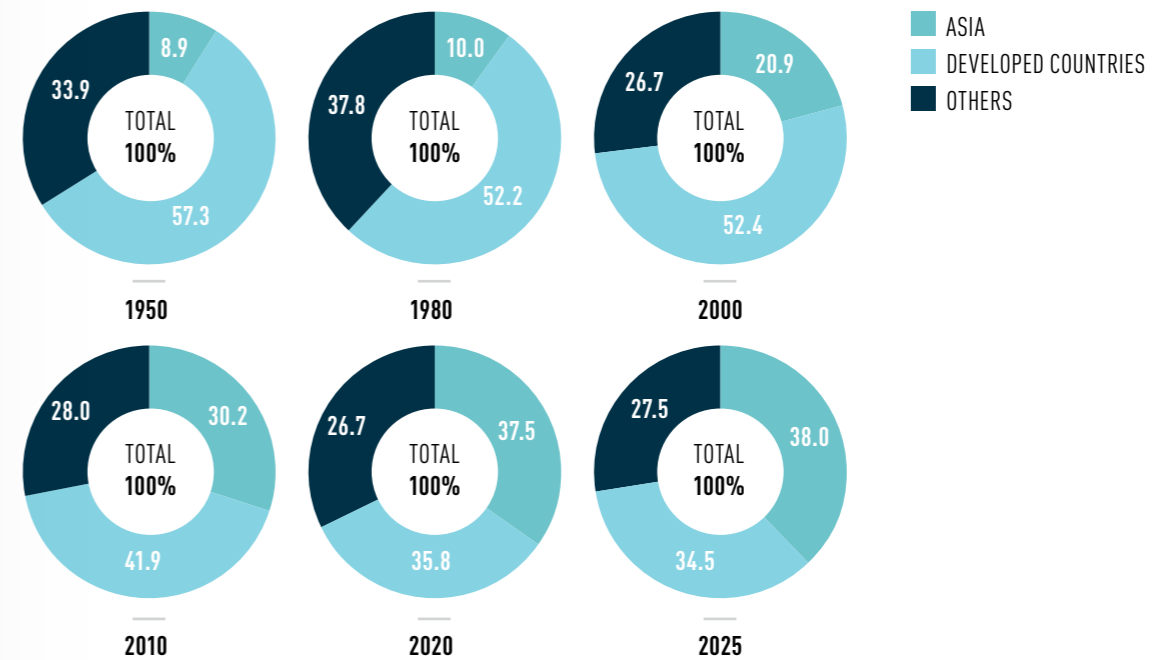
CENTER OF GRAVITY SHIFTS TO SOUTH ASIA

The center of gravity in world production and growth is moving from the high productivity and low population base of Western Europe and North America, to the high population and lower productivity base of Asia (except for Japan). For the last two decades, economic growth in Asia has been propelled by China. In the next two decades, China's economy will likely slow down. But India, the other population giant, will probably take up the slack. With eight of the V12 markets, Asia won't just be an emerging player in the next decade – it will be the dominant one. ➤

AFRICA – LEAPFROGGING INTO THE MIDDLE CLASS



SHARE OF OUTPUT BY REGION (%)



Source: World Bank, IMF, Oxus-Research Database.

MORE EQUALITY, BUT WITH DIFFERENCES

Today, much discussion centers on rising wage inequality and stagnation for middle-income workers as well as wealth inequity with 1% of the population owning the lion's share of global assets. Clearly, by these measures, the world is not equal. And campaigns focused on eliminating poverty and balancing wages and wealth must be pursued.

The growth of the middle class is a reflection of the world becoming more equal. (Dr. Bhalla)

Yet when viewed from the perspective of the middle class' portion of the 99% majority population, and measured by income distribution rather than wealth, the world is more equal than ever before (WIDER, Luxembourg Income Study Database). Driven by higher than average income growth in the two most populous countries of the world, China and India, inequality is giving way to equality. In the rich, "developed" world – population of about 900 million people – income has grown at the rate of 1.6% for the last 35 years; but in China and India, with nearly 3 billion residents combined (and with per capita incomes less than one-tenth of the West in 1980), wages have grown at an average rate about 6.3% – four times that of the West.

As reported in a recent Washington Post feature, there has been "a vast reduction in poverty and income inequality worldwide over the past quarter-century." Specifically, the world's Gini coefficient—the most commonly used measure of income distribution—has fallen from 0.69 in 1988 to 0.63 in 2011. A higher Gini coefficient connotes greater inequality, up to a maximum of 1.0. That may seem modest until you consider that the estimate's author, former World Bank economist Branko Milanovic, thinks we may be witnessing the first period of declining global inequality since the Industrial Revolution. (Source: Dr. Bhalla)

To recapitulate, the class distribution is defined as follows (in PPP 2011 base year prices):

CLASS	INCOME PER PERSON PER DAY
ABSOLUTE POOR IN THE POOREST COUNTRIES	<= PPP \$1.6
ABSOLUTE POOR IN MIDDLE-INCOME POOR COUNTRIES	<= PPP \$3.2
ABSOLUTE POOR IN DEVELOPED ECONOMIES	<= PPP \$ 2.0
EMERGING MIDDLE CLASS	> PPP \$3.2 AND <= PPP \$12
MIDDLE CLASS IN DEVELOPED ECONOMIES	> PPP \$12.0 AND <= PPP \$120
RICH	> PPP \$ 120

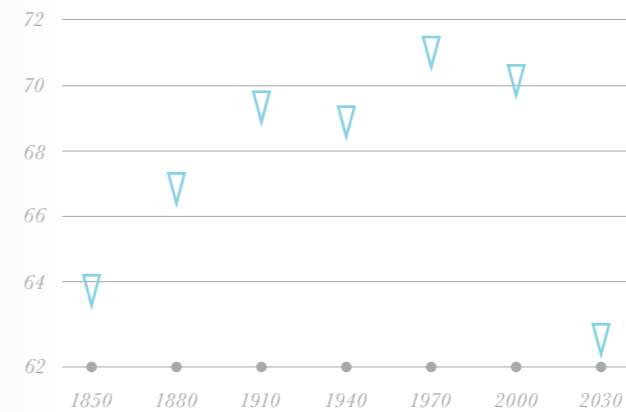
Source: WIDER, Bhalla, Washington Post.

"The global middle class expanded, as real income went up between 70 percent and 80 percent for those around the world who were already earning at or near the global median, including some 200 million Chinese, 90 million Indians and 30 million people each in Indonesia, Egypt and Brazil," Milanovic reports. Those in the bottom third of the global income distribution registered real income gains between 40 percent and 70 percent.

The share of the world's population living on \$1.25 or less per day—what the World Bank defines as "absolute poverty"—fell from 44 percent to 23 percent." *Washington Post, The Sanders-Pope Francis 'moral economy' could hurt the income inequality fight. Charles Lane, Opinion Writer, April 16, 2016.*

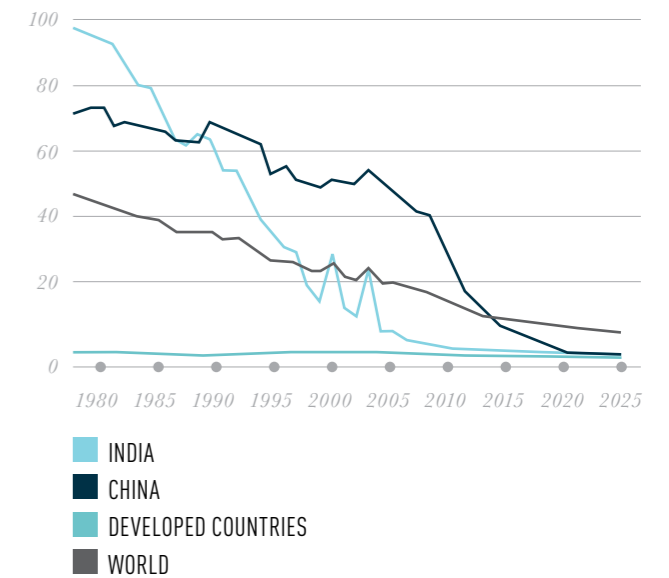
INEQUALITY TRENDS IN WORLD

INCOME – NATIONAL ACCOUNTS (GINI COEFFICIENT)



Source: World Bank, IMF, and Oxus Research Database.

POOR – 1980-2025 (%)



Source: Bhalla, Surjit S: *Second Among Equals - The Middle Class Kingdoms of India and China*; 2007; revised and data updated till 2025.



AYMAN ELSHAAMA

Heliopolis, Cairo, Egypt

Intra-V12 trade will be a central factor in creating economic velocity in the coming decade, and driving more global economic equality. While V12 trade with the OECD will remain significant, it will be the increased trade among these markets that will create a variety of new opportunities, both on a macro level and for individual small businesses. And at the center of this trade bonanza is China, and its One Belt, One Road policy that is spurring new economic relations with a variety of countries around world. Already, China is the largest trading partner for important V12 markets such as Brazil and India.

Ayman Elshaama, a businessman from Cairo, personifies this increasing shift to intra-V12 trade. In 2006, Ayman visited China and was inspired to start importing furniture to Egypt to sell to friends working in the hotel industry. Ayman is keenly aware that successful intra-V12 trading will be dependent upon better understanding of local cultures and practice. As a result, Ayman visits China up to a half dozen times a year to inspect supplier factories and hunt for new product lines. But even with his frequent presence in China, Ayman concedes that he struggles to build close business relationships forged on trust and understanding there. “The difference between Chinese and Egyptian businesspeople is exactly the difference between the bicycle and the rocket,” Ayman says. “No comparison: they are very different, the lifestyle, the culture, the communication and their underlying motivation – money.”

The Chinese and Egyptian governments established a Special Economic Zone (SEZ) in Suez that began construction in 2009. As part of China’s ‘Go Global’ strategy, 50 such zones were planned across Africa to encourage Chinese companies to target new markets, build global brands, and invest abroad. For the Chinese, the zones serve several strategic objectives, including increasing the demand for Chinese-made machinery and equipment and helping Chinese companies avoid trade barriers imposed on their exports, particularly in countries with preferential trade agreements with other nations.⁵ The Suez agreement gives China access to a canal zone that is the center of Middle Eastern commerce and the main shipping route for Chinese exports to Europe – the nation’s largest trading bloc. Egypt hopes that the deal will help forge closer ties with China and counterbalance its long-term reliance on the United States.

China is now Africa’s largest trade partner, exchanging \$222 billion in goods and services with the continent in 2015. Chinese firms are building roads and railways across the continent, often in exchange for resources.⁶ But other V12 countries are also creating their own SEZ to similarly encourage trade, investment and the establishment of industrial hubs.

The impact of China’s geopolitical-economic moves in Africa and the Middle East have raised some concerns about the rising hegemony of China in the region, but it is a clear sign that intra-V12 trade is redrawing commercial and political world maps.





New Graduates in South Asia.

EDUCATION AS THE CRITICAL BASIS FOR GROWTH

Access to education is a fundamental aspect of an expanding middle class, better jobs and higher wages – as well as a way for women to play a more dominant role in consumer activities. In the V12, there has been a meaningful increase in children attending secondary schools and women have made enormous leaps in school enrollment at all levels.

Women in several Asian growth markets already outnumber men in universities, although in most countries girls still lag behind boys in access to primary public education. Family and community values, religion, discrimination, school fees all play a role in holding girls back. A notable exception is the Philippines, where the widespread acceptance of girls and women in education

has radically altered the makeup of the nation’s academic world. In the Philippines, women hold the majority of academic research positions and in 2011 accounted for 39% of the leadership in 2,100 higher education institutions, including university presidents. (*New York Times, Nov 25, 2012*).

Mexico presents a more complicated picture. While middle-class women with advanced degrees, often earned in the US, find professional growth in Mexico’s service industries, technology, communications and government sectors, the majority of Mexican working women, including high school graduates, lost their jobs in the last recession in the two sectors they dominated – manufacturing (some of these jobs went to China) and retail sales. Despite solid long-term indicators and robust Foreign Direct Investment flows, the failure of Mexico’s recent economic reforms and privatization have stalled

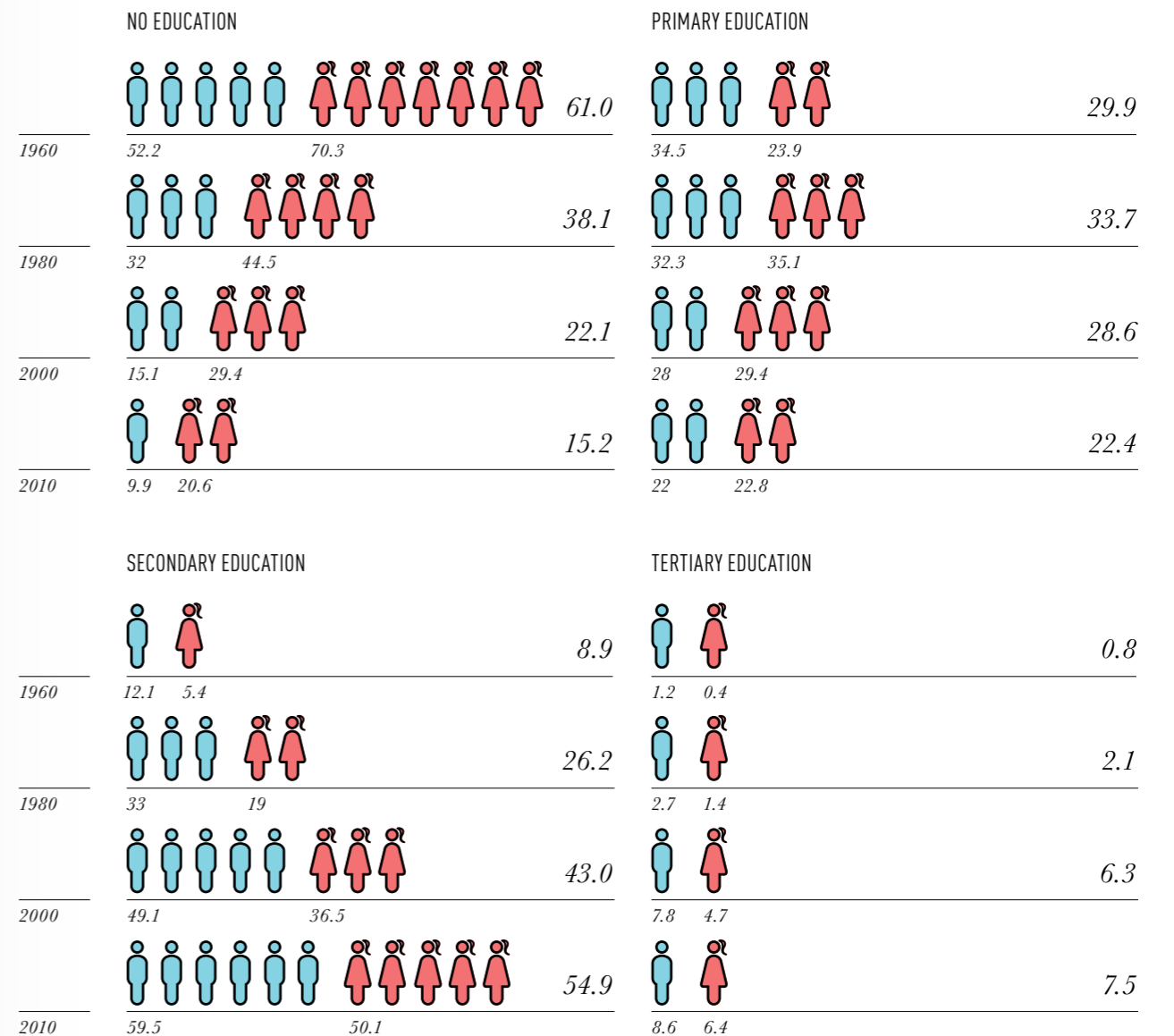
the economy’s rebound from the downturn. Hurt by this are more recent female graduates, who are having a difficult time finding jobs. Many of them are turning to entrepreneurship and innovating via start-ups.

In Nigeria 92% of middle-class women have studied at an institution of higher learning. And since 25% of the women in sub-Saharan Africa are Nigerian, they

represent a significant economic and social force. Educating their own children well, at home and abroad, has become a top priority for educated Nigerian women. Taken together, social and economic velocity in Nigeria is converging to provide new employment opportunities in services, telecommunications and entertainment (including Nigeria’s fast-growing film industry).

THE HIGHEST LEVEL OF EDUCATIONAL ATTAINMENT EDUCATION FOR V12 COUNTRIES

PERCENT OF POPULATION (15-64) WITH EDUCATION (%)



Note: This calculation excludes Nigeria. Source: Barro-Lee Dataset.

GLOBAL MIDDLE CLASS WITH DIFFERENCES. WHAT IT MEANS TO BRANDS.

A more equal world with more uniform income distribution and a growing middle class does not necessitate a homogeneous one. Technology has enabled worldwide consumers to connect with each other and with a vast array of content providers more than ever and simultaneously to gain control of their relationship with marketers. With the mass migration to cities, there has been a loss of nuclear family and village customs – and many people trying to hold on to the best aspects of them more tightly as their living conditions change. Consequently, large swathes of the global population are more tied into the planet’s activities and more engaged in social and global issues; yet still fiercely proud and connected to their culture and family traditions.

The rising middle class in V12 countries is generally a first-generation group, raised by less than affluent parents. Coming from a relatively low-income background, this new middle class, particularly people in their twenties and thirties, view brands as strong social signifiers that confer status.

Moreover, marketing to middle-class consumers has long been focused on reflecting their growing aspirations. However, today’s global middle class has more brand sophistication than prior generations; they are savvy, well-informed, clear about their aspirations and entrepreneurial.

For example, the old notion that emerging middle-class consumers would prioritize their spending on home goods has been upended by greater thirst for technology, entertainment, and social media. More consumers are opting to make a smart phone or other device an essential purchase, which immediately puts them on a level playing field with other consumers around the globe, including active social media participation and involvement in a range of consumer debates and forums. Travel and entertainment are also taking up more of their new disposable income.

Foreign brands have traditionally enjoyed some degree of cachet, particularly in luxury segments. However, in many V12 markets more consumers prefer to buy domestic products, assuming similar price and quality. A McKinsey report (Understanding the Diversity of Indonesian Consumers) noted that 60% of Indonesian consumers chose local brands over imports and as more of them move abroad, they want to see Indonesian brands and products do well internationally. Baktik, for example, has had a huge revival in Indonesia and is incorporated into more goods, including sporting goods. Our V12 research confirms that similar preferences for local brands can be found across many V12 markets.

PART OF A GLOBAL SOCIETY *V12 Consumer Research*

The billion-member middle class emerging in the V12 is fundamentally unlike any preceding it. Not only is this new middle class centered in a different part of the world, it is linking into both the local consumer culture and an international one. The velocity of this change is vividly alive to the consumers themselves: nearly three-quarters of V12 respondents across all markets indicate that they feel more connected with the rest of the world than ever before.

This response was echoed by a majority of respondents in each of the individual V12 markets as well. As is the case in most of the world today, this connection is driven by digital access and the concomitant participation in social media and the ability to surf websites in other parts of the world. For example, respondents from Vietnam, Indonesia and the Philippines pointed to the availability of a wide array of digital devices and channels as the reason for feeling more connected. By contrast, Myanmar and Bangladesh could not make the same claim, having far fewer opportunities for digital activities. Nonetheless, 80% of respondents in Myanmar said they feel more connected to the world, among the highest percentage in the V12 – no doubt a reflection of the opening of the country after years of isolation. And despite the great China firewall, China ranks second (81% of respondents) in feeling more connected to the world now than before.

The lesson here is that this newly connected middle class is born worldly. Older notions of consumer evolution no longer apply in a world that is now flat and wired.

LOCAL BRANDS PREFERRED IN NUMEROUS LOCAL MARKETS

V12 Consumer Research

A majority of V12 consumers – virtually two out of three respondents – buy a combination of local and international brands. However, in some markets, local brands have a distinct advantage. In fact, the proportion of V12 consumers preferring local brands is twice as large as those that prefer international brands (24% vs. 13% respectively).

Preference for local brands is strongest amongst Indonesians, Brazilians, Filipinos, Bangladeshis and Indians, with Indonesians and Bangladeshis displaying the strongest penchant for domestic products.

PREFERENCE OF LOCAL VS. INTERNATIONAL BRANDS WHEN PURCHASING PRODUCTS

MARKET	INTERNATIONAL	LOCAL
INDONESIA	3%	31%
BRAZIL	5%	37%
PHILIPPINES	5%	17%
BANGLADESH	6%	29%
INDIA	6%	22%

Source: V12 research, July 2014.

Overall, amongst V12 consumers, 45% buy mostly local products and a further 39% say their purchases are roughly split between local and international.

However, international brands do enjoy a strong following in some V12 markets, and in certain categories and areas of performance. Burmese, Nigerians and Egyptians (in that order) express the strongest preference for non-domestic brands in their weekly purchases, with consumers in these markets tending to prefer international products across most product categories. Myanmar holds the top spot probably because the market has opened up to global companies after years of sanctions.

An overwhelming majority of V12 respondents believe that international products are of higher quality and more innovative than their local rivals. V12 respondents' strongest preference for international brands is reserved for technology hardware, like smartphones and computers, while software and search engines also rank high. However, the preference for international technology products in China is notably low because domestic suppliers have emerged to grab considerable market share. Further, while Pakistanis, Indonesians and Bangladeshis are more likely to prefer non-domestic technology brands, they opt for local products for medicine, clothing, hotels, household products and food.



Trang Tien Plaza, Hang Bai Street, Hanoi, Vietnam.

There are also new areas of disagreement forming for international and local brands. Among the more important, V12 consumers are divided about the environmentally-friendly credentials of international products. Chinese, Egyptian, Vietnamese and Burmese respondents say that international brands were stronger on this attribute than domestic products, while Brazilian, Filipino, Mexican, Indonesian, Indian and Nigerian respondents are more likely to hold that local brands were better in this regard.

There are also a few, meaningful research results regarding the difference that age, gender, and nationality make in regard to brand preference and purchasing. In many V12 countries, the preference for international brands decreases with age and/or is low among those aged over 50. Generally, income is not a factor in choosing foreign or local products. The only exception is China, where the preference for international brands increases with income. Plus, Chinese women are more likely than Chinese men to have a preference for non-domestic products.



THE INTENSIFYING BRAND BATTLE

The battle between brands in the V12 nations will heat up in the coming years, due to continued product proliferation supported by increased media spending across these markets. As both international and domestic companies seek growth, they will need to fully leverage their traditional strengths – for domestic brands, an innate closeness to local consumers and for international brands, quality, innovation and pedigree. But brand-builders of all stripes will also need to create new advantages. This essentially will mean local brands adopting and exploiting approaches that were previously primarily accessible to international companies operating at scale, while international companies will need to act with the speed and agility that has previously been the hallmark of local brands.

Just a decade of two ago, international companies with mainframe technology had a distinct advantage in managing customer data. But today, through cloud technology, even small local players can access powerful data and analytics and customer management programs.

...through cloud technology, even small local players can access powerful data and analytics...

Meanwhile, international brand-builders continue to experiment with different ways to cluster markets and organize themselves in order to move more quickly to unearth and capitalize on evolving local consumer needs. Overall, the increased pace and breadth of competition will push both local and international companies to find new ways to ensure that they can satisfy rapidly evolving consumer needs in the various V12 markets.



Hongqi Automobiles, China.

HONGQI AUTOMOBILES – BUILDING A PREMIUM LOCAL BRAND IN CHINA

Local brands in China struggled for years to break into the premium segment of the domestic car market, which had long been dominated by imported brands. However, in 2012, Chinese car manufacturer FAW Group launched the luxury Hongqi H7 sedan to compete with international nameplates. And it leveraged one of the potential strengths of a local brand: national patriotism, which in the case of Hongqi, was connected with China's growing ambitions about its role in the world.

Hongqi, which literally means “red flag”, was established in 1958 as the first Chinese car brand. It was the official choice of Chinese leaders at public events, present when they received international guests, such as Richard Nixon during his 1972 visit to Beijing. So Hongqi has long enjoyed a role as a standard bearer for China.

Still, it was a daunting task to try to match international competitors' product quality and compete with their brand stature in the luxury segment. To succeed, Hongqi needed a new angle to enable it to extend beyond its heritage as the government car and become more aspirational to modern Chinese consumers. Hongqi found its opening when Chinese President Xi Jinping began to promote the “China dream” of becoming a leading world power as modernized China.

In a series of marketing efforts, Hongqi linked itself to important historic moments, invoking the proud memories of what Hongqi represented. But the campaign's tagline “Hongqi, let ambition fly” was more forward looking, resonating with Chinese consumers as a theme of ambition. Importantly, these promotions piqued the Chinese public's interest in local luxury cars, and served as the platform for Hongqi to reveal plans to develop more innovative technology that would help fully realize the China dream. The campaign buoyed Hongqi to the number three spot in luxury vehicle sales in China.



Normal life of locals in a poor residential area, Dhaka, Bangladesh.

A WORLD OF MORE SOCIAL INFLUENCE AND RELATIONS

Technology is a great leveler, enfranchising people through social participation. As the V12 shift from minority to majority middle-class societies, a new class of socially engaged V12 consumers is emerging that will participate more broadly than ever in “net lobbying” to pressure their government’s agenda on environmental issues, child health, product and industrial safety, and other issues that drive an improved quality of life.

This social velocity – once created – has its own weight and momentum. To a degree, it grows and changes independent of economic cycles. For example, while incomes have stagnated or declined during Brazil’s recent economic turmoil, the middle class that had developed in past decades accelerated their vocal reach through social media.

This very engaged and public middle class could be called “social consumers” – and they are altering our understanding of how consumers think, behave, interact, and buy. To reach this audience, companies must transform, especially in the velocity markets of Asia, Africa and Latin America, where cultural values converge with global access. The one-for-all middle-class business game plan of yesterday will no longer suffice: leading companies today need to deploy a range of fresh approaches that represent the future of brands and marketing to this globalizing middle class. ➤

MIXED VIEWS ABOUT THE PAST DECADE

V12 Consumer Research

While V12 consumers are overwhelmingly optimistic about the future and the changes it is bringing, they have decidedly more uneven views about the impact of lifestyle changes over the past ten years. Consumers’ perception of the past decade varies substantially by country.

Three groupings of countries can be seen: those identifying considerably positive changes (China, Bangladesh and India); those identifying more moderate benefits (Myanmar, Indonesia, Vietnam and the Philippines) and those who on balance see net negative changes over the last decade (Nigeria, Pakistan, Brazil, Mexico and particularly Egypt, where the last decade is seen as particularly problematic). This seems to be reasonably uniform across age, income, education or class in these countries.

An explanation can be found in an examination of the economic, social, and political trends of the last 10 years. China, Bangladesh, and India have enjoyed stability and robust growth. Those in the second grouping have had a more mixed recent history while those in the final grouping have lived through a volatile decade, particularly in matters of social and political stability. However, this generally hasn’t dampened their enthusiasm for the future.

A BROAD AGENDA OF SOCIAL PRIORITIES

V12 Consumer Research

V12 consumers identify a wide variety of societal issues as priorities for change in the coming decade. Topping the list overall are quality of life issues, such as child health and the environment – a topic of great and growing importance to the V12 than perhaps some might assume. However, urgent issues for them also include creating better economic conditions, attracting investment, and addressing economic inequality.

PRIORITIES FOR THE COUNTRY'S FUTURE (ALL V12 RESPONSES)	
IMPROVING CHILD HEALTH AND SAFETY	89%
THE ENVIRONMENT – CLEANING UP POLLUTION	88%
CREATING BETTER ECONOMIC CONDITIONS	87%
IMPROVING WORKER HEALTH AND SAFETY	85%
INCREASING ACCESS TO HIGHER EDUCATION	84%
ATTRACTING MORE INVESTMENT TO THE COUNTRY	80%
ADDRESSING FINANCIAL INEQUALITY	77%
ENDING ETHNIC DISCRIMINATION	74%

These social issues ranked particularly high for the Bangladeshis, Brazilians, Indonesians and Pakistanis taking part in the study, with Chinese and Burmese respondents consistently less likely to see these issues as important. Contrary to popular perception, generally and across most countries, younger respondents are less likely to rate these issues as extremely important for the future – perhaps a reflection of a more disinterested millennial generation or because middle-income, middle-age consumers are focused on bettering the lives for their children.



Popular commerce region, Sao Paulo, Brazil.

As a result, “velocity marketing” – an evolving approach to marketing that leverages more digital channels, consumer data, points of location, and more socialized media in order to connect continuously with willing consumers – will be key to success in the V12. Indeed, many of the key steps that marketers need to take today apply not only to middle-class consumers in the velocity markets but also to a variety of major-market consumers, who are recasting their relationship with brands. The implication for multinationals hoping to be successful in V12 countries: the need for more forward-looking public and local relations programs.

It’s important to point out that V12 consumers are not singularly positive about change to date. In fact, our consumer research suggests a mixed picture about the impact of change over the past decade.

In many cases, middle-income growth leads to a greater awareness and concern about social issues. And consumer research also suggests that the “new advocates” of the V12 recognize a myriad of problems and social ills that still plague many of their markets.

As we will see in the following section, “Social Velocity” – the convergence of issues, cities, infrastructure, aspiration and values – is as much a driver of growth as Economic Velocity. In the V12, the two are inseparable.

02

THE VELOCITY DRIVERS



DIVERSITY AND DRIVERS

To succeed in the V12 markets, companies must navigate a highly diverse topography that stems from disparate cultures, histories, linguistics, and geography. Yet – these extrinsic factors notwithstanding – the key to capitalizing on the long-term growth prospects in Velocity 12 countries is less daunting than it would at first seem: Focus on the critical drivers that are giving the V12 markets their unique shape and development curve. They include positive demographic trends, a growing female work force and burgeoning technological innovation. The drivers are inter-related and symbiotic, with market advancements often feeding off of each other, sometimes spurring exponential leaps in lifestyles or attitudes. >

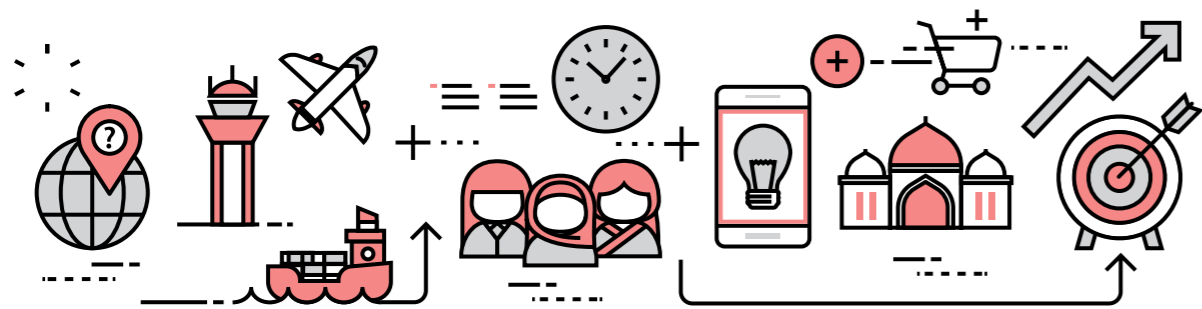
Some of the drivers and features are highly visible, such as the substantial increase in urbanization. For many V12 markets, the most obvious signs of growth can be found in new airports, office towers, ports, and other infrastructure projects that crisscross the regions. One global consultancy estimates that, in the next 20 years, urban areas in emergent economies will account for about two-thirds of worldwide infrastructure spending. Most will go on building homes; China and India together will add 16 trillion square meters of housing over this period, to accommodate half a billion extra people.⁷

Less visible – but equally important – are the social and lifestyle drivers that both stem from and contribute to velocity. For example, since several V12 markets have majority or large minority Muslim populations, practices related to Halal or Muslim marketing will be a critical driver. The increased role and influence of female consumers in the V12, as they eventually overtake men in terms of education and consumer spending, is another key driver. So too is the role of connectivity and technology in spurring new forms of commerce and mobile lifestyles.

Across all V12 countries, the growing role of technology and the ubiquity of shopping malls are seen as the two greatest lifestyle changes (with the exception of Chinese respondents who chose the growing role of technology and more ecommerce).

WE BELIEVE THAT BRANDS MUST START BY UNDERSTANDING THEMSELVES.

Too often, companies underestimate the velocity of change in consumer, social and cultural attitudes that accompany economic advancement. This occurs in large part because companies fail to clearly identify the fundamental drivers that propel growth in a region. In the V12 countries, these growth drivers can best be understood and harnessed by viewing them through the lens of four categories: Gender Velocity, Urbanization Velocity, Cultural Velocity and Technology Velocity.



What is the key to successfully capitalize on V12 growth?



BROAD-BASED CHANGES IN V12 LIFESTYLES

V12 Consumer Research

V12 consumers have seen changes that cut across commercial, physical, and social aspects of their lives – with the role of technology and new ways to shop predominating. The top eight changes that V12 consumers identified touched upon a variety of important themes for V12 markets—technology, urbanization, shopping, and female emancipation.

Egypt and Myanmar respondents are less likely to identify significant change in 13 of the 16 areas tested than those from other countries. Conversely, Indonesians, Pakistanis and Vietnamese are more likely to point to significant change.

BIGGEST CHANGES SEEN IN THEIR LIFETIME	
TECHNOLOGY PLAYING A BIGGER ROLE IN DAILY LIVES	87%
> WITH MORE PEOPLE SHOPPING MORE ON THE INTERNET	71%
SIGNIFICANT GROWTH OF URBANIZATION	
73%	
NEW APPROACHES TO SHOPPING AND LEISURE, WITH THE	
> RISE OF SHOPPING MALLS	82%
> EMERGENCE OF ADDITIONAL ENTERTAINMENT AND LEISURE OPTIONS	70%
> AND MORE CONSUMERS FLOCKING TO MODERN STORES	69%
NEW OPPORTUNITIES FOR WOMEN	
> TO HAVE A PROFESSION	70%
> FOR EDUCATION	70%

“

The reshaping role of women as entrepreneurs and activists.



GENDER VELOCITY

Some argue that women are the great global growth market. After all, their worldwide income will account for \$18 trillion by 2018.⁸ More and more, women will drive growth as they increase their participation in the economy in forms old and new. Women in the V12 are taking more direct financial control of their lives and the lives of their families than ever. Eventually, they will eclipse men in making the majority of direct and indirect spending decisions – a fact that marketing strategies at most companies have not yet adequately embraced. ➤

Yet even as women emerge as an economic force, fulfill new aspirations and reshape their identities, multiple societal issues and challenges remain that affect their lives and their families. In response, women are using social media to shift mainstream opinions on childcare, healthcare, workplace opportunities and the like. As a result, V12 women will be a potent source of social change in the next decade and more connected to the internet and other new media than men. As well, they are becoming better educated than men. With all of this, women increasingly represent a potent combination of economic, technological, and educational empowerment. For that reason, V12 women are the critical starting point for companies to identify future opportunities.

FEMALE ENTREPRENEURSHIP RESHAPING ECONOMIC ACTIVITY

The growth in female participation in the workforce is a key driver in the global economy. Women now account for 40% of the formal workforce and 43% of the agricultural workforce. Men, by contrast, saw their participation rate reduced from 88% to 71% in the same time period.⁹

China has a longstanding Communist doctrine of gender equality and as its economy has opened, women have taken advantage of the opportunities. Today women account for a quarter of all entrepreneurs in China, and about 55 percent of new internet businesses

are founded by women.¹⁰ Similarly, women in Myanmar are allowed to enter any profession; maternity policies are written into employment legislation. Consequently, as Myanmar opens up economically after years of isolation, women are heading major corporations, including the domestic conglomerate KBZ, and CityMart, the largest retail group in the country.

Today women account for a quarter of all entrepreneurs in China, and about 55% of new internet businesses are being founded by women.

Other V12 markets, such as Bangladesh, Pakistan, Indonesia, and India have different starting points for change. These markets, which form the critical South Asian epicenter of future middle-class growth, have a more traditional view of the role of women; even so, change is coming—particularly in the middle and higher-income brackets. Female entrepreneurs such as Jehan Ara, an IT entrepreneur in Pakistan, or Meena Bindra, founder of Biba, India’s largest readymade ethnic wear brand, are both breaking traditional molds and acting as role models for other female entrepreneurs. Senior female corporate leaders from these markets are taking up global roles as well. And Asia mints new female billionaires far faster than male ones – seven times faster, in fact.¹¹

FEMALE OPTIMISM FOR CAREERS AND BUSINESS

V12 Consumer Research

The history of the second half of the 20th century in the developed world is, in no small part, the story of women rising. Judging by the opinions of women in the V12 markets, that story is about to be told again—this time in a different setting. The vast majority of V12 women contacted anticipate improved career and business opportunities in the coming decade. So strong is this sense that it is one of the most definitive results in research. Eighty-five percent of the V12 women – with spikes to 94% in Pakistan, 92% in Bangladesh, and 91% in India – believe that there are more career opportunities than before. Similarly, 83% of V12 women say that more women have opportunities to start their own business.

Positive prospects like that bleed over into other areas, particularly economic confidence. Seventy-nine percent of V12 women indicate that they have more money to buy things than ever before, 74% of them believe that there are more middle-class women than before, and over half of them think there are more educated women than men. These views hold sway over the whole V12, except for Egypt, where women rank lowest in their positive views on these issues.

CAREER OPPORTUNITIES FOR WOMEN	
> V12 WOMEN	85%
> PAKISTAN	94%
> BANGLADESH	92%
> INDIA	91%
START THEIR OWN BUSINESS	
> V12 WOMEN	83%
V12 WOMEN POSITIVE FUTURE PROSPECTS	
> MORE MONEY TO BUY THINGS THAN EVER BEFORE	79%
> MORE MIDDLE-CLASS WOMEN THAN BEFORE	74%
> MORE EDUCATED WOMEN THAN MEN	50%



MICRO ENTREPRENEURSHIP AND SOCIAL SELLING

Grassroots entrepreneurship that is shaped around women’s needs and lifestyles has a big impact on the lives and prospects of V12 women. Some of these entrepreneurs are successful because they have capitalized on their own life experiences to create businesses tailored to the needs of other women. One such entrepreneur is Mexico’s Martha Debayle. A radio presenter and businesswoman, she targets content to women through an online baby care platform called BBMUNDO; a radio talk show; and, most recently, MOI, a magazine that has grown exponentially since its launch a couple of years ago.

Debayle’s story isn’t common. Most female entrepreneurship occurs at a smaller scale. At least 30% of women worldwide in the non-agricultural labor force are self-employed in the informal sector according to the World Bank; in Africa, that figure is 63%. Women-owned businesses tend to be home-based and concentrated in the areas of small-scale entrepreneurship and such traditional sectors as retail and service.¹¹ >



AYU KUSUMAYANTHI

Jakarta, Indonesia

It is hard to overstate the velocity that V12 women will contribute. Women in the V12 are on the rise—in education, in gender equality, in social activism, and, crucially, in entrepreneurship. Digital tools and social networks have liberated economic activity from the market, the office tower, and the high street. Women, often attending to household work, no longer have to make a choice between raising a family and participating in economic activity. Ayu Kusumayanthi of Jakarta is a perfect illustration. Her story reflects the lives of millions of V12 women who are driving increased economic velocity in their countries through new forms of micro business and entrepreneurship.

Ayu never imagined that she would become the entrepreneur she is today. A resident of Jakarta, the capital city of Indonesia, she lives with her husband and her daughter, who is currently in the third grade of elementary school. For Ayu, resigning from her position at a large multinational company was a tough decision. Although Ayu had been offered a promotion to manager, she felt a duty to comply with her husband's desire for her to stay at home and focus on their young family. For them, looking after their two-year-old daughter took precedence over Ayu's career aspirations.

"After three years of marriage, finally I gave up my career in 2009, though I still didn't have any idea what to do after that. I was confused at first. But the desire to be active and productive pushed me to do something."

Digital connectivity boosted Ayu's own economic velocity, enabling her to fulfil a traditional caregiving role in the family while feeding her aspirations for herself. This reconciliation, among other shifts, is the nature of gender roles in the V12. For Ayu, it happened like this. She began to notice how the people around her were becoming increasingly avid online shoppers, though it was not as hyped as it is today. She started to resell baby clothing online via Blackberry Messenger (BBM)—a dominant platform in Indonesia. Surprisingly to her, the endeavor turned out quite well. Although profits were meagre at around US\$1/unit, she built a healthy customer base. >





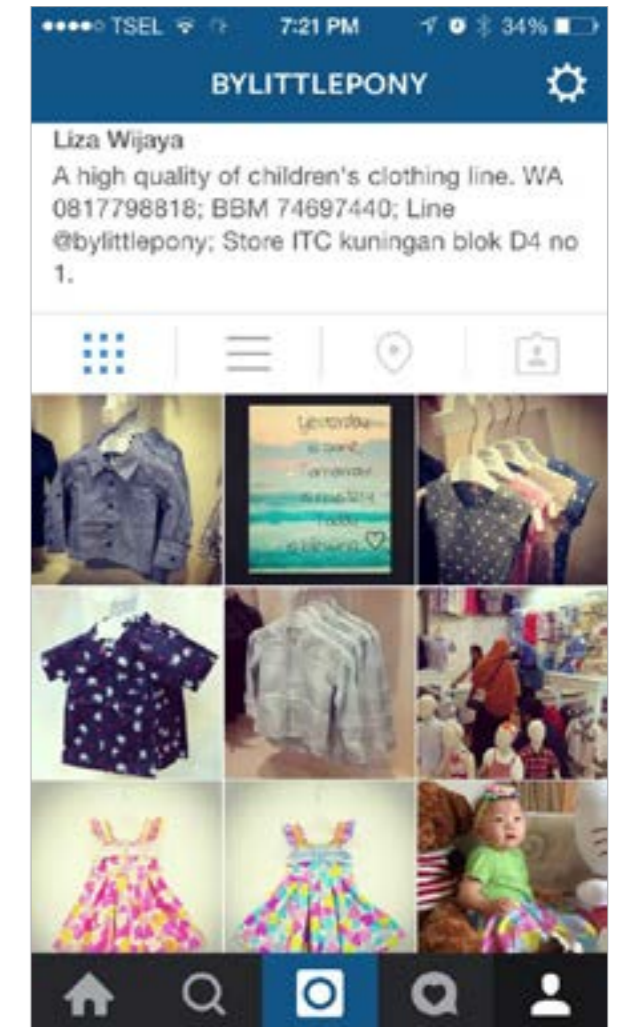
Watching Ayu's interest in online commerce, her husband suggested she consider expanding her entrepreneurial activities into reselling organic rice. Although she at first found the idea a bit dubious, she nonetheless gave it a try in 2012. She's fortunate that she did. Through BBM, WhatsApp, and Facebook, Ayu has grown her rice business so much that it has expanded to serve customers outside Java. Committed to maintaining consumer satisfaction and strong word of mouth, Ayu spends many hours on her social media channels answering every question her customers ask of her.

What began as a trade-off for Ayu—leaving her career to care for her family—has turned into an opportunity to grow in a new way. While her husband's salary allows their little family to live comfortably, her extra income provides her with greater independence and to spend

guilt-free money on small luxuries like designer clothes, trips to a beauty salon and treats with her daughter. Ayu finds her dual roles—housewife and entrepreneur—rewarding, but she's not the only one. Millions of female social and micro-entrepreneurs are a growing and influential new segment for international and local brands to understand and better serve in the coming years. Their income is growing along with their independence. Traditional choices for the family are no longer either/or. Women like Ayu live in a world of “and”.

One emerging form of micro entrepreneurship is the growth of Instapreneurs – women who use Instagram to sell goods in Africa, Southeast Asia, and Latin America. Instagram's visual format is ideal for online window shopping through mobile devices. This logical extension of the door-to-door selling model that women around the world have conducted for years enables them to use their same personal selling techniques digitally for cosmetics, insurance, and other items. Digital social networks and cheap smart phones provide women with a safer, more convenient way to conduct this tried-and-true form of micro-entrepreneurship. And technology will continue to boost the efficiency and reach of women who operate in the informal economy.

In the Philippines, there are 7 million female online sellers, meaning that fully 35% of internet users in the country are also micro-entrepreneurs. In Indonesia, 18 million females are involved in online selling providing an average 33% of their weekly income. 7.9 million Thai women earn a similar income online.¹² This same trend repeats all over the V12. This digital route to entrepreneurship provides smart, easy market access.¹³ The extra money derived from these businesses allows women to upgrade their consumption choices. While some women use this extra income for personal items for themselves, others use it to buy new or better items for their children, including online education that furthers the female education cycle. ■



Online Social Selling in Indonesia.



FEMALE ACTIVISM RESHAPING GENDER ROLES

As their education and career opportunities grow, women face a tension between new and traditional roles. On the one hand, they continue to play a significant role in meeting the needs of their families and households, especially in countries where traditional values are deeply rooted. On the other, they seek the fulfillment of a career, empowerment, social participation—areas not defined by the boundaries of mother or daughter. As a result, many women are aiming to recast their roles, assuming modern identities while still inhabiting their traditional roles in the family.

Women, at the center of most families, generally have complex roles – as wives, mothers, grandmothers, daughters, daughters-in-law, and, increasingly, as single mothers and caregivers. When a woman redefines her role, it affects many others, creating far-reaching social change.

The reshaping of a woman's identity starts with marriage. According to the United Nations, globally both genders marry a year later than two decades ago. The youngest average marrying ages are still in Southern Asia and sub-Saharan Africa – key markets of the V12 crescent of growth. Typically, higher education levels, greater participation in the labor force, and increased economic independence of women raises the average marrying age. Markets with the youngest brides are the ones most likely to have the largest shifts in the future—at least for middle-class women.¹⁴

Today many women are aiming to recast their roles, assuming modern identities while still inhabiting their traditional roles in the family.

Marriage is only one of many options for V12 women today. Some younger women are opting not to accept a traditional role. The U.N. report on women, for example, found that the global divorce rate is rising as is the >

INTER-GENERATIONAL CHANGE ACCELERATING

V12 Consumer Study

Inter-generational issues are no less an issue in the V12 than they are in the rest of the world. The dynamic between generations—particularly parents and children—is always delicate, especially once new families are built. However, what was for years a stable status quo has begun to change rapidly. Societal change often starts at home, which can be seen clearly in the changing dynamics amongst family members, many of whom share the same household in the V12 markets. It should come as no surprise then that a majority of V12 women say that they differ in some way from their mothers in terms of their views and lifestyles.

This finding is less uniform than some of the others in the study. For example, Brazilian women are likely to say that their attitudes do not differ from those of their mothers. Burmese, on the other hand, are notable for the proportion (91%) who say that their attitudes do in fact differ from those of their mothers. Pakistani and Bangladeshi women fall on the Burmese side of the equation while Chinese women are significantly less likely to say the same. Interestingly, the same patterns hold for not only what women said directly about their relationship with their mothers, but also for the changes that many husbands see in regard to their wives and their mothers. Attitudes toward changing economic and educational opportunity lead these familial alterations, which makes sense. Traditional family structures can be among the most durable of institutions.



SariWangi

IN INDONESIA

Decades ago SariWangi, Indonesia's leading tea brand, introduced a new way – the teabag – of preparing tea. To remain relevant as the market leader, SariWangi needed to differentiate itself from its soggy competitors.

More recently, the company decided to change the role that tea played in gender stereotypes. Recognizing that womens' position in Indonesia was changing, if slowly, the brand tapped into the desire of young, modern Indonesian housewives to have an equal relationship with their husbands—not an easy feat in this conservative Islamic culture. Rather than reflect the idyllic view of the past, the brand chose to be a subtle but potent advocate for the desires of modern Indonesian women. In “Let's Talk,” SariWangi urged women to share tea rather than just serve it, and in so doing, redefined the relationship between husband and wife.

percentage of informal unions. While these relationships may give young women more freedom, they may also result in larger numbers of single mothers.

V12 women are reshaping motherhood. Relationships with mothers, mothers-in-law—a key relationship for many traditional societies—and children are being gradually recast, particularly by younger women setting a more self-directed course and breaking free of old stereotypes. These women don't aspire to follow their mothers' examples. The social tensions surrounding this shift are complex. Mothers still play a key role as support for young women, despite the generational differences in their ambitions. This is particularly true in rapid-growth markets where, in the absence of government support and services, grandmothers or aunts traditionally care for young children. V12 mothers are looking for new forms of support as they revise parenting styles and seek new advantages for their children. Brands have an enormous opportunity here – both to reflect the velocity of change in societal norms and to empower young women seeking guidance and information as they raise the new generation of children. ■



Titan Raga IN INDIA

Brand saliency is a key part of the international and local brand battle of the V12. And local brands are as poised as international ones to set a progressive tone for their communications.

While conversations around feminism have sparked much debate across the world, the contemporary Indian woman has also been grappling with conflict about her identity and her femininity. By questioning a patriarchal culture that defines a woman by her relationship with a man, she is beginning to re-define her identity by charting a new relationship with herself – as a confident, ambitious, independent and assertive woman.

Titan Raga, a brand of watches that was the flag-bearer of Indian sensuality and femininity, had to re-evaluate its positioning to mirror this systemic change that is beginning to unfold.

Titan Raga's philosophy on femininity thus evolved from "A beautiful relationship" (Ek khoobsurat rishta) – that is, to the man in her life – to "A new relationship with myself" (Khud se naya rishta).

The ad campaign presented this woman's progressive point-of-view on her career and marriage, manifested in both her attitude and her sensibilities.



Dancow Parenting Center in Indonesia.

TRANSITION MOMS

The Transition Mom is the first generation of women experimenting with new and modern ways of raising her kids. She is changing the parameters of what was considered right and wrong. As a result, she often seeks information to validate her decisions. As the first change maker, she wants to prove herself to the world. Still, while having no role model may be liberating, it can be frightening too. The online sisterhood is immensely helpful to mothers seeking others in the same position to build their bank of expertise, make new connections and seek guidance.

While women are moving ahead, some are experiencing a sense of loss. With middle-class lives becoming more cosmopolitan today, mothers may feel they are losing touch with their heritage, age-old customs and rituals. They want to ensure that their children, while modern, rediscover and connect with their roots as they move forward.

Still, while middle-class women in the V12 may believe in traditional practices, they won't let them get in the way of empirical, scientific evidence about proper nutrition, healthcare and other lifestyle issues. Although they may have grown up hearing about the superiority of traditional medicine, food, and rituals they are not willing to follow them blindly.

Consider Himalaya, a company producing healthcare products in India that contemporize the traditional Indian healthcare practices known as Ayurveda through modern scientific research. To a degree, this reflects the growing influence of Western education and critical reasoning and challenges to traditional ideologies and belief systems.

20 AMAZING SCIENTIFIC REASONS BEHIND HINDU TRADITIONS



Henna

Mehndi is a very powerful medicinal herb, and its application on hands and feet can prevent stress during weddings. It cools the body and keeps the nerves from becoming tense.



Toe Rings

Indian women normally wear toe rings on the second toe. A particular nerve from this connects the uterus and passes to heart. Thus, a toe ring on this toe strengthens the uterus, keeping it healthy by regulating the blood flow to it. Moreover, a woman's menstrual cycle is said to be regularized.



Tapal Family Mixture IN PAKISTAN

Tapal Family Mixture tea is a traditional brand centered on family values. It has long focused on young housewives, often showing a middle-class girl getting married and making a place in her in-laws' home. Tapal's focus on family values is enduring, but what constitutes family values is undergoing change in Pakistan today.

Rather than cling to a singular definition of the Pakistani family, the brand realized that it could express its devotion to family values while still adapting with the times. Tapal did so by recognizing an underserved market in unmarried girls. This was a woman few brands understood. She was not waiting to get married; she wanted to create her own identity first. These women sought to balance independence with family values, the brand learned, so that they lived up not only to their family's expectations but to their own as well.

Tapal's campaign, "The blend of ambition and warmth," reflected how young Pakistani women are changing and yearn to be portrayed. They want to be celebrated as being at the center of the home, while also pursuing their ambitions in the world outside.



South Africa Fashion Week, collection by Mantsho "Boko Halaal", March 15, 2015.

FEMALE ACTIVISM RESHAPING SOCIAL CONVERSATIONS

As women in the V12 experience increased financial participation and control, they are using their newfound voices in social media to press for change on a host of topics, from women's issues to the environment. As a result, gender velocity is being experienced in realms beyond home and family.

A recent U.N. report found that over one third of women worldwide have been victims of physical and/or sexual violence.¹⁵ Social media—such as Egypt's HarassMap platform—helps women to share their experiences of sexual violence, keeping international attention focused on events that might have otherwise

gone unnoticed. The #BringBackOurGirls campaign, launched in 2014 after the abduction of more than 300 schoolgirls in Chibok, Nigeria, brought sustained international attention to the Boko Haram kidnapping.¹⁶

More women are taking the lead as social activists. This includes Wasfia Nazreen, a Bangladeshi mountaineer and activist known for her campaigns to raise awareness of sex workers and minority groups. Nazreen dedicated her successful Everest climb to the women of Bangladesh.¹⁷ In China, Li Tingting, better known as Li Maizi, took part in an "Occupy the Men's Toilets" campaign to demonstrate the inadequacy of women's facilities; she has also paraded through the streets in a wedding dress splashed with blood to increase awareness of domestic violence.¹⁸ >

V12 OPTIMISM FOR POSITIVE CHANGE

V12 Consumer Research

Societal change is rarely smooth. As V12 women grow positive about their opportunities in the future, they are also keenly aware of that which holds them back. There are more educational and career opportunities for women to be sure. But there is also discrimination. The majority of female respondents report experiencing that scourge in virtually every setting in their lives. Doubtless, this form of discrimination has deep roots in society, but it becomes harder to ignore when it starts to block V12 women from visible, newly-obtainable opportunities. As a result, the majority of V12 women report that they

regularly or occasionally experience some form of unfair treatment – most often out of home or at work, though over 40% admitted having experienced it at school or at home too.

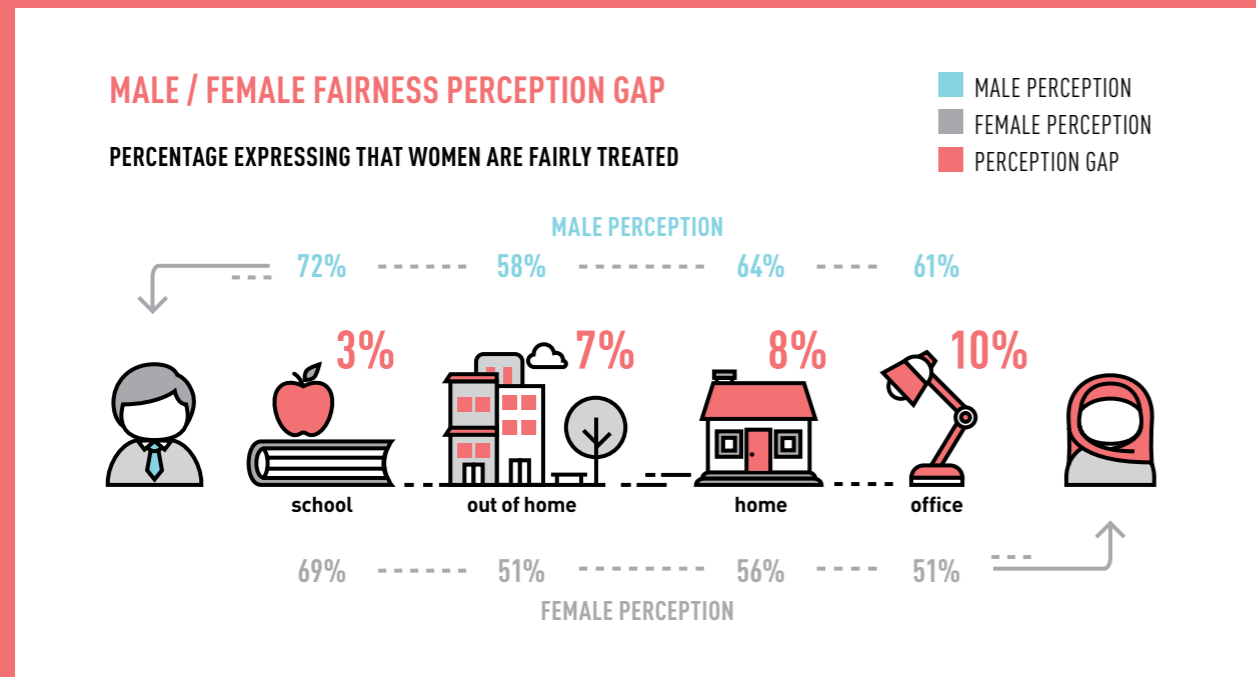
In particular, Mexican, Brazilian, and Egyptian women represented the largest percentage of women feeling unfairly treated both at work and out of home. For Vietnamese women, unfair treatment was felt most keenly at home. Across all markets, 69% of women indicated that the school environment is where they are most fairly treated.

Interestingly, this also appears to be the one place where the male view of how women are treated was fairly similar, with 72% of men saying they thought women were fairly treated at school. Unsurprisingly, men tend to see less of a problem in how women are treated:

The female-male perception gap is most pronounced in Egypt, where across most measures, there is a 20% or larger gap. The standout market in the opposite direction is Pakistan, where on all measures women felt they are better treated than men feel they are treated.

The majority of V12 women report that they regularly or occasionally experience some form of unfair treatment

The treatment of women—and the gap between male and female perceptions of it—will be an issue of great importance for the decade ahead. With more women taking on professional careers, becoming entrepreneurs, and pursuing greater education, societal tolerance for unfair treatment is sure to diminish. Though the V12 markets are similar in many respects, this one included, the individual countries start from vastly different social places when it comes to how women are treated. Understanding that valance will be crucial for brands trying to make headway.



The Pink Chaddi Campaign IN INDIA

The unfair treatment of women is often expressed in language, tacit discrimination, the tyranny of expectations, or even closed off opportunities. However, sometimes it is alarmingly bold, as was the case in 2009. Forty men from a conservative and right-wing political group, acting as moral police, attacked a group of women in a pub on the grounds of preserving traditional Indian culture. The group's leader threatened to force unmarried couples found together on Valentine's Day to get married. In response, Nisha Susan of Tehelka Magazine launched the Pink Chaddi Campaign (Pink Underwear Campaign). This nonviolent protest movement urged Indian women to deliver pink underwear to the conservative party's local office on Valentine's Day. Thousands of women responded, and the resultant pile of pink panties was a silent, yet effective protest.



Asian Paints IN INDIA

Women as the key purchase decision makers. Changing social patterns sometimes enable an existing gender dynamic to rise to the surface. That was the case when Asian Paints, India's largest industrial paint manufacturer, decided to reposition its brand from paint to be seen as India's home and décor expert. In researching decision making about home décor, Asian Paints discovered that women were responsible for most of these choices. This led to a change in Asian Paints' strategy since it had traditionally focused on men and husbands. Instead, the brand created a series of color experiences designed to attract the whole family, but aimed at inspiring and educating women about home décor.

As a result of these efforts, Asian Paints has become the No.1 home décor brand in India according to WPP's BrandZ study.

Khalida Brohdi's campaign to stop honor killings celebrated the skills of the craftswomen at the heart of traditional communities, using them as a key driver of sales—and awareness—in small villages. Indian activist Kavita Ramdas, a former CEO of the Global Fund for Women, has given TED Talks on the importance of raising funds to support women-led organizations that promote economic security, health, safety, education, and leadership for women and girls.

This new generation of empowered women is proud of its ability to instigate social conversations. Businesses seeking to connect with V12 consumers would do well to reach out to women about important social issues of the day.

ADDRESSING THE FEMALE OPPORTUNITY GAP

Women in the V12 are carving out new roles, yet many brands are failing to connect with them. At first, companies in the V12 markets ignored or stereotyped women. In the next wave, they learned to recognize female consumers. Now, in the third wave, V12 companies are seeing that empowering female consumers can be good business. Companies with foresight are keeping a close watch on the behavior, desires, and aspirations of this uniquely dynamic set of consumers.

Even so, brands in many categories still speak predominantly to males. This is completely out of sync. Brands must recognize that V12 women control the majority of the purchase decisions in the V12 and are social shapers, employees, and brand advocates.



“

*The reshaping role of generation M
– the Muslim Futurists.*



CULTURAL VELOCITY

By bringing faith and modern life together, **Muslim Futurists** are reshaping the direction of business growth, brands and social change. Unabashedly proud of their religion, Futurists manage to combine consumerism and faith, uniting individual self-expression with strong community concern and adherence to their connections in ummah – the global Muslim nation. They pair eco-concern and social activism with a love of luxury premium brands. Inevitably they will, through sheer numbers and impetus, shape wider consumer demands.

The countries with the largest young Muslim populations are among those nations that are leading global economic growth. For marketers, embracing Muslim Futurists in the V12 is of critical importance.

FAITH AND MODERNITY

According to original research by Ogilvy Noor, the Muslim Futurists make up 42 percent of the Muslim population, yet command disproportionate influence in the community. These movers and shakers tend to be young – under 30. They are increasingly educated, entrepreneurial, and keen to live in the modern world, while also upholding Islamic principles. Because Muslim women are staying in education longer, delaying marriage and children, they are transforming social and familial gender dynamics. As a group, Muslim Futurists are disproportionately influential, shaping the culture of the world's 1.8 billion Muslims and, by extension, global consumer trends.

The countries with the largest young Muslim populations are among those nations that are leading global economic growth.

Brands for this consumer group must work hard to meet Muslim needs, meeting requirements for halal – or permitted foods and actions – and tayyab, wholesomeness or purity. Concepts such as ummah are present across both minority and majority Muslim countries, although

they may be presented in slightly different ways. In countries where Muslims are in the minority, for example, products and brands might use the language of ‘universal values’ rather than strict Islamic terminology. While the specific message will be determined by the social context, the overarching one will combine faith and modernity.

Faith affects everything for the Muslim Futurists, which is what sets them apart from their non-Muslim peers. They believe in asking questions, entering into dialogue with authority, and crossing geographies and cultures to connect with other Muslims around the world. They embrace technology and education and believe that, inspired by their faith, they can make the world a better place. They are defined more by their attitude than their age. Futurists are proudly individualistic. They are driven by success and progression, believing in Islam as a tool to bring about positive change.

MUSLIM CONSUMERS AND INTERNATIONAL BRAND GAP

V12 Consumer Research

There are nearly 2 billion Muslims in the world, and many of them reside in the V12 countries. Despite the pull of those astounding numbers, international brands haven't succeeded in connecting with them. Nearly 60% of the Muslim respondents across the V12 indicated that international brands either don't or barely understand or cater to their needs. This view was largely consistent across the biggest V12 Muslim markets – Indonesia, Egypt, Bangladesh, and Pakistan.

The gap between those consumers and the remaining third of Muslims across the V12 is significant. That group finds that international brands understand their needs very well. Multiple factors must underlie this divergence of opinion, but further research will be needed to uncover it. Nevertheless, international brands have a problem in Muslim markets—the ongoing, unmet needs among a large group of consumers.



TV Series *Burka Avenger* **IN PAKISTAN**

Pakistani cartoon superhero Burka Avenger depicts a teacher by day who at night tackles Taliban-esque villains trying to shut down her school, fighting them with a mixture of books, pens and martial arts. The cartoon's revolutionary, high-quality content brings together multiple threads of Muslim culture through its vision of female empowerment via faith and learning. Accordingly, it has reached beyond Pakistan and has been successfully launched in Afghanistan and India. Using local talent, its creators produced content for a market hungry for material reflecting its own culture.



Coffee street vendor, Ho Chi Minh city, Vietnam.

HALAL

Living according to halal, the Muslim law that describes both food and a way of comportment, is a badge of identity for the Futurists, allowing them to wear their Muslim credentials with pride. Halal consumption has also ensured that the idea of an “Islamic economy” has gained traction over the last decade. The brand choices made by Muslim Futurists deliver a sense of belonging, pride and spiritual fulfillment.

The concept of halal is an anchor to any practicing Muslim. In the Quran the term has a straightforward meaning: “permitted.” Haram, its opposite, means ‘forbidden.’ Halal products, services and actions are said to have a positive effect on the body, increasing one’s devotion and purity. As these grow ever stronger, the will to consume halal products and engage in halal acts does, too. So the virtuous circle turns.

The Quran talks about any food that is consumed being both ‘halal’ – permitted – and ‘tayyab’ – wholesome. While the traditional focus has been on halal, the Futurists believe that wholesomeness is needed, too.

Enforcing this requirement raises philosophical questions about the nature of the product itself. Just as mainstream consumers are clamoring for organic, ethical, eco-friendly food, Muslim Futurists demand that halal products meet the same standards. Many see themselves as part of an ethical consumer movement inspired by Islamic teachings on tayyab.

The halal brand is bigger, more widespread, and worth more than any other brand, even Apple, Google, Nestlé or McDonald’s. Its food and beverage sector alone is estimated at over \$1 trillion.



Wardah in Indonesia.

LIFESTYLE AND CULTURE

Muslim Futurists have started to apply halal rules to all parts of their activities, creating a Muslim lifestyle. The desire to imbue every aspect of their lives with Muslim values means that everything for this generation, from clothes to music to travel to food, is an expression of their religious identity. Their choices as consumers demonstrate these values, both their sense of being Muslim and being part of a modern world, where consumerism is a key factor in self-definition.

Over 90% of Muslims researched by Ogilvy Noor said that their faith affected their purchases. The imperative to live a Muslim lifestyle is unleashing a new creative energy, leading to a whole range of new products and services in four main categories – known as the Four Fs (if not quite literally): food, finance, pharmaceuticals and fun.

Food is the most well-known of the four F's; the halal requirement is non-negotiable. With shifting gender roles and women taking a more active public and professional role, ready-made meals that meet the Muslim lifestyle are in the offing. On the other end of the spectrum, there are such luxury offerings as halal foie gras and, even, halal Christmas dinners. Non-alcoholic drinks are a growing category, too, from beer to champagne and mocktails.

In the realm of finance, Islamic banking and investing offers interesting new options to both businesses and consumers, because it is centered on the notion that interest-based systems are not permitted. Consequently, Islamic mortgages create a co-ownership between the bank and the property purchaser; both risks and profits are shared between the lender and the borrower.

Other approaches, such as crowdfunding, give Islamic entrepreneurs the chance to start new brands through sheer ummah goodwill. ➤

The Islamic finance industry has an image problem: Muslim consumers are confused by banks offering both Islamic and conventional finance products. How, they wonder, can the same institution be structured to both avoid interest and charge it? Consumers are suspicious of the terminology of Islamic finance products, and consider them to be expensive. Yet the affluent Futurist is looking for ways to invest, and the size and growth rate of the market is tantalizing for financial services firms.

The third F is, well, Ph – as in pharmaceuticals. Healthcare is a key concern in these developing markets. Some physical and holistic elements are under increasing scrutiny. Many medicines contain non-halal ingredients; the number of halal pharmacopeias – which can suggest which ingredients are permitted and produce new alternatives – is growing.

The demand for Muslim healthcare goes beyond medication, of course. Gender sensitivity in treating patients, along with extended family and visitors, and spiritual guidance and support will be increasingly in demand by Muslim Futurists.

If Muslim Futurists are about anything, it's about fun – the last of the Four Fs. Their lifestyle includes fashion, films, arts and travel, to name just a few. While rooted in Islamic principles, such as modesty and halal, these elements embody a new worldview, one that is deeply faith based. And they demand ethics across the supply chain, from production to consumption to marketing.

All four Fs are underpinned by a new Muslim cool, a vibrant cultural expression spanning music, art, fashion, and visual identity that is developing new outlets to establish its own social capital. There are Muslim boy bands, reality TV shows, and superheroes – every element of culture is rapidly becoming a channel for Futurists to express their faithful modernity. ■



Imam Muda REALITY TV SHOW

The reality TV show “Imam Muda” uses the X Factor format to bring Islam to a wider audience. It aims to find the next young religious leader by putting ten sharply dressed young men through their paces on such tasks as leading prayers, among other pastoral requirements. This popular series ran through several seasons with over 1,000 applicants from all over Southeast Asia applying for each round. Winners received such prizes as scholarships to study in Saudi Arabia and pilgrimage trips. Imam Muda epitomizes the many ways that faith and modernity are being reconciled in the Muslim world.

Wardah IN INDONESIA

A local brand speaking to progressive Muslim needs. Wardah – an Indonesian cosmetics and face care brand – exemplifies the potential for local products to connect with progressive Muslim consumers through deep, local understanding, an appreciation of shared values, and the creative use of new communications channels. It also demonstrates how local brands can distinguish themselves against international competitors by combining culturally-relevant product formulation and smart brand positioning.

Wardah's beauty products are made in keeping with Halal rules – in other words, permissible under Muslim dietary and religious restrictions. But while targeting the desire of Indonesian women to abide by their faith, Wardah simultaneously taps into the aspirations among modern, Indonesian women to play a bigger role in society. One of Wardah's content campaigns is called "Inspiring Women" and features a number of hijab-wearing brand ambassadors who possess both beauty and personal character. Through their personal stories of success, and personal beauty tips, these women both reflect their target audience and serve as natural role models.

A key part of Wardah's connection with local consumers comes through their social media activities. To cement the brand's rapport with its prospective customers, Wardah leverages Indonesia's rapidly growing social media scene to link users with brand ambassadors and online influencers. This includes using #Wahdahselalumenemani (#Wardahalwayswithyou), a digital engagement approach that involves displaying consumers' Twitter or Instagram posts on Wardah's

website, which provides a feedback loop for consumers to see other, real Wardah users who reflect their skincare needs and personal lifestyle.

Wardah is continuing to broaden its market presence and appeal with an active teen brand, promoted by a young girl who doesn't wear the hijab. And it has maintained close ties to local mainstream culture by signing on as a spokesperson the popular Indonesian singer Tulus, who had a hit song that inspired Indonesian women with its positive message. Plus, Wardah has linked its site to Lazada – Indonesia's biggest ecommerce company.

To celebrate its 20th anniversary, Wardah launched #StartAGoodThing – a campaign inviting Indonesian women to inspire each other and do something good every day. The effort features successful modern Muslim women like a fashion designer and a social activist who helps bring electricity to remote villages.

In total, Wardah demonstrates that more local brands will begin to crack the code of combining Muslim halal formulations with cultural flexibility, progressive brand messages, and digital channel usage to build an effective brand.

Halal Hospital IN CHENNAI

Certified halal in May, 2012, this hospital is the first in India, and one of just a few in the world, to receive this certification. About 75% of its patients come from the Middle East and Southeast Asia, for whom the hospital's halal status provides reassurance and comfort. The goal is to position India as a preferred destination for Muslim medical tourism.¹⁹



UMMAH – DIGITAL AND REAL WORLD

Community is the underpinning of Muslim life. Even as Muslim Futurist velocity increases, it will continue as a defining factor. The concept of a global Muslim nation, called ummah, gives Muslim Futurists a sense of solidarity with others of the same religion around the world. This has important cultural ramifications: lifestyle and fashion are quickly transmitted, and products and brands that meet Muslim aspirations are rapidly promoted through word of mouth, almost as a religious duty. Information about products that don't meet Muslim ideals spreads equally fast.

Building community spaces reinforces the identity of Muslim Futurists. With young Muslims often feeling excluded by traditional attitudes in mosques, these virtual spaces are growing in number as places to explore their new Futurist identity, and the tensions it can contain. TwoCircles.net in India, MuslimGirl.net, MuslimMediaWatch and VirtualMosque are all examples of spaces where new ideas can be explored (even if some are not based in the V12, they cover ideas and values common to the Muslim Futurist population). These sites use social media to build momentum for political and social protest, share humor and engage in debate. Hashtags like #AsAMuslimWoman and #MuslimValentines demonstrate the humor and passion of this segment. Online interactions increase during Ramadan, according to studies in Indonesia and the Middle East. >



Hijabers Community IN INDONESIA

Across Indonesia, chapters of the Hijabers community are proliferating, providing spaces where young Muslim professional women who choose to wear the headscarf can come together with like-minded others to share their aspirations for empowerment, ummah, professional and social success. Hijabers is not only a potent social and networking force, it also provides tangible evidence that faith and shifting gender roles can coexist.

The spirit of ummah requires proactive participation in these public spaces, whether as civic duty or to build social relationships with those of other faiths. Working in partnership for civic improvement is one time-honored way for brands to demonstrate long-term commitment in these societies, while also sharing in their growth. In this spirit, Pril and Persil were on the scene to support young people, and provide them with cleaning products, as they volunteered to clean up Cairo's Tahrir Square after the early days of the Arab Spring.

Muslim Futurists expect brands to take an active and equal role in social investment and improvement. As they do, brands are welcomed into a circle of respect and trust. Corporate social responsibility is vital, but it must meet the requirements of local communities, be sincere and have beneficial long-term goals. ■

MIDDLE-CLASS AND LUXURY

Definitions of the size, income and spread of the global middle class vary, but this much is clear: it is growing year by year, and Muslims make up a sizeable proportion of it. According to some estimates, the global Muslim middle class, now about 300 million people, will triple in size by 2030.

This affluent middle-class Muslim market is critically important to brands; its ideas and taste will set the trend for the wider marketplace. Some of these, from high end abayas by Dolce & Gabbana to luxury cows purchased in pristine showrooms in Indonesia, are already apparent.

There's a tension at the heart of Muslim Futurist life between the temptation to spend on the finer things in life and adhering to religious dictates concerned with avoiding extravagance and waste. Muslim Futurists easily reconcile the two. Like their millennial peers, they define themselves, in part, by the brands they choose. Their halal consumption allows them entry into the Muslim club; their love of premium goods doesn't threaten this status.

Futurists are increasingly seeking end-to-end supply chains that deliver ethical, organic and tayyab products. Inevitably, these will lead to more expensive goods and services.



Buying Luxury Cows for Eid IN INDONESIA

Wanting to flex their new found affluent muscle, Indonesians are now buying the cows for slaughter for the annual Eid ul Adha sacrifice not from pop up stalls on the street but from converted car showrooms. There, a top-quality cow, costing up to \$25,000, can be selected with a sales assistant and paid for by credit card. Such purchases typify the kind of shopping experiences being sought by affluent Muslim Futurists, who place pecuniary value on delivering their faith principles.²⁰



MUSLIM FUTURISTS IN SOCIETY

Young liberal Muslims in V12 markets are not exclusionary. Raised in metropolitan environments, they have friends and confidants of different faiths. Even so, their adherence to Islam means that they frequently find themselves with limited consumption options in social settings. Anticipating this, one Indonesian beer company launched Bintang Zero in 2004 – the first non-alcoholic malt beverage in that country. The brand promotes itself as “best served cold with friends. Bintang Zero. 100% Freedom. 0% Alcohol.” Interestingly, the imagery created by alcohol advertising also affects Muslim consumers. This cohort desires the same experience as other consumers – only, minus the alcohol.

Liberal Muslims push back against prejudice in artful ways. When Dolce & Gabbana launched its luxury hijab collection in January, 2016, it seemed to make perfect

business sense. Globally, Muslims spent \$266 billion on clothing and footwear in 2013, according to a recent report by Thomson Reuters; that spending is expected to reach \$484 billion by 2019. This high fashion hijab launch generated many conversations around the stereotyping of Muslim women.²¹ People did not just see these garments as only another luxury collection for Muslim women – they went further, escalating the brand as a leader of social change.

To address Muslim Futurists, speak to their social communities, which include people of many faiths. For Muslim Futurists their faith guides a way of living, but doesn't make them intolerant. Their solution to anti-Muslim prejudice is not to become mainstream, but to remain themselves.

PIONEERS – WATCH OUT FOR THE OUTSIDE INTO THE MAINSTREAM

With their aspiration to adhere to Islamic principles, Muslim Futurists are promoting burgeoning consumer movements. Eco activism, which builds on the Islamic ideal of meticulous stewardship of the Earth and an ethical end-to-end supply chain, is one example. Investing back in the community – another Islamic priority – dovetails with such trends as crowdfunding and social enterprise. The rigorous halal supply chain parallels a wider consumer concern about the provenance and purity of food.

Muslim Futurist velocity will have an impact beyond Muslim societies. Its pioneering of consumer-led movements should have global influence. Companies, brands and organizations must meet both the ethos and prescriptive requirements of religions, speaking with authenticity to faith communities and building mutually beneficial partnerships with them. This will ensure strong relationships with Muslim Futurists, as well as wider consumer groups in the V12, many of which are seeking the same authenticity and respect.



A Taste of Togetherness IN INDIA

Cultural tension is rich territory for advertising, but when that tension is vivid and deep, a brand has to tread carefully. Red Label Tea did exactly that, addressing the religious prejudice between Hindus and Muslims directly. Ever since the India-Pakistan partition, Hindu and Muslim communities have viewed each other with fear and distrust. Red Label saw an opportunity for the brand to be a catalyst in melting differences between these communities and bringing people together.

Tea is a welcome drink – and ritual – in many cultures, especially in Indian and Pakistani homes. This Red Label ad, which showed an apprehensive Hindu family becoming good friends with their Muslim neighbors over cups of tea, received accolades for its positive message in bridging the age old religious divide in the Indian subcontinent.

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*Reshaping
middle-class life.*



URBANIZATION VELOCITY

The move to cities is one of the main forces that has reshaped global life in the past 50 years, impacting virtually every corner of the world. Not surprisingly, then, urbanization will play a significant role in the maturation of V12 markets. V12 cities will increasingly dominate the list of world megacities, while contiguous satellite towns around and in between megacities, such as Shanghai and Delhi, will form an increasing “urbangea” that will also have a substantial impact. >

These changes will create a host of challenges and opportunities as more middle-class consumers transition from rural to urban life. Increased urbanization will result in large social and lifestyle shifts for people acclimating to new settings. An accelerated middle-class lifestyle will, for many, lead to new cultural tensions. Technology will need to compensate for the growing strain on infrastructure and public services. For brands, accelerated urbanization will provide new opportunities for services, marketing, and entertainment.

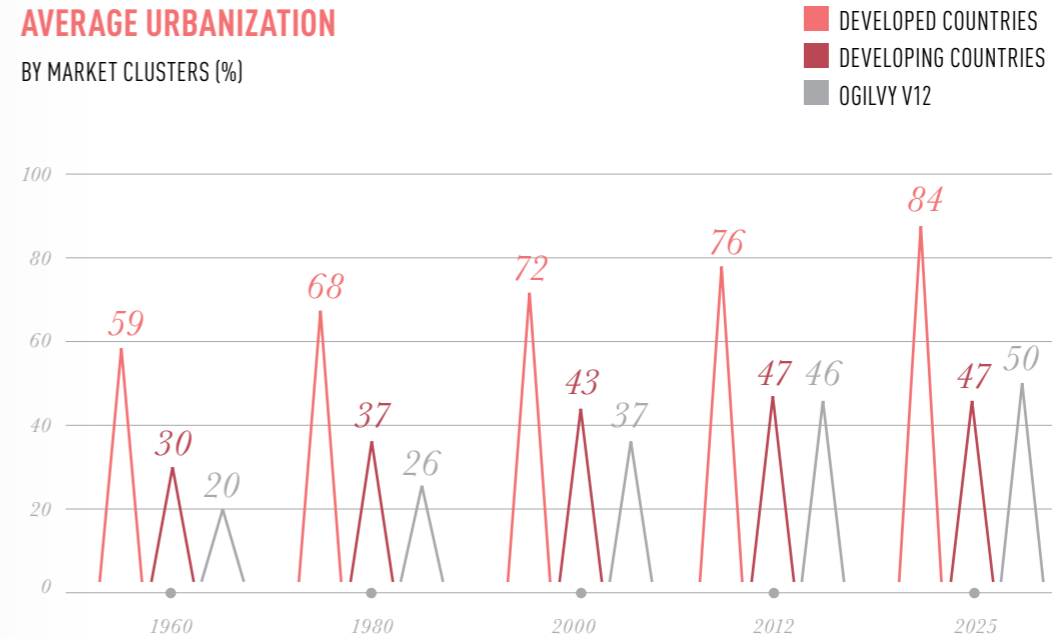
LEADING THE WORLD IN URBANIZATION

The pace of urbanization is increasing faster in the V12 than in other groups of nations. A typical developing economy had a 30% urbanization rate in 1960 and a 47% rate today. The V12 markets, by contrast, have shifted from 20% to 46% in the same period.

Three of the V12 nations lead this rapid change: together, India, China and Nigeria are expected to account for over one-third (37%) of the projected growth of the world’s urban population between 2014 and 2050. India is projected to add 404 million urban dwellers, China 292 million, and Nigeria 212 million.²²

AVERAGE URBANIZATION

BY MARKET CLUSTERS (%)

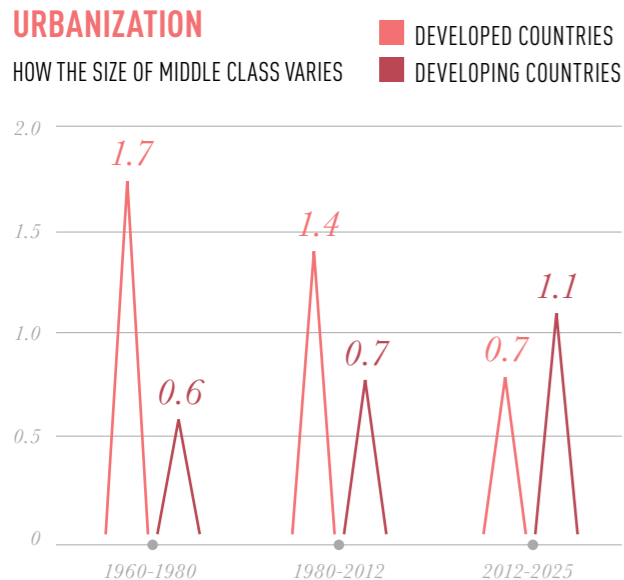


Source: Dr. Surjit Bhalla.

URBANIZATION DRIVES MIDDLE-CLASS GROWTH

In many ways, the story of the rising middle class is one of urbanization – and vice-versa. Approximately 52% of the world’s population now lives in urban areas; by 2025 this number will rise to 60%. Today, these growth-markets city-dwellers account for more than 60% of the world’s GDP growth.²³

The accelerated rate of V12 urbanization is also propelling the rapid rate of middle-class velocity. The chart below documents the link between the two. During the pre-globalization period, 1960-1980, each 10 percentage point change in urbanization was accompanied by a 6% change in the size of the middle class. Within a decade from now, this rate will double: each 10 percentage point rise in urbanization will mean an 11% change in the middle-class. (Note that this association is actually declining for developed economies, as their population moves into the ‘rich’ classification.)



Source: Dr. Surjit Bhalla.

V12 LEADING IN MEGACITIES

This is the age of megacities (those with more than 10 million inhabitants). By 2030, nearly 9% of the world’s population will be living in just 41 megacities. Asia, with 29 megacities this year, will account for over half of these. Delhi, where the population is projected to rise swiftly to 36 million, will become the second most populous city in the world, after Tokyo.²⁴ But in Africa some of the most rapid urbanization will take place: Lagos, Nigeria’s most populous city, will have over 24 million residents by 2030.²⁵

Some cities – such as Shenzhen – are almost overnight springing from nothing into major metropolises, putting a strain on infrastructures and transportation needs – and creating natural resource challenges from pollution to water and energy shortages.

SHENZHEN’S TRANSFORMATION FROM FISHING TO TECHNOLOGY AND DESIGN

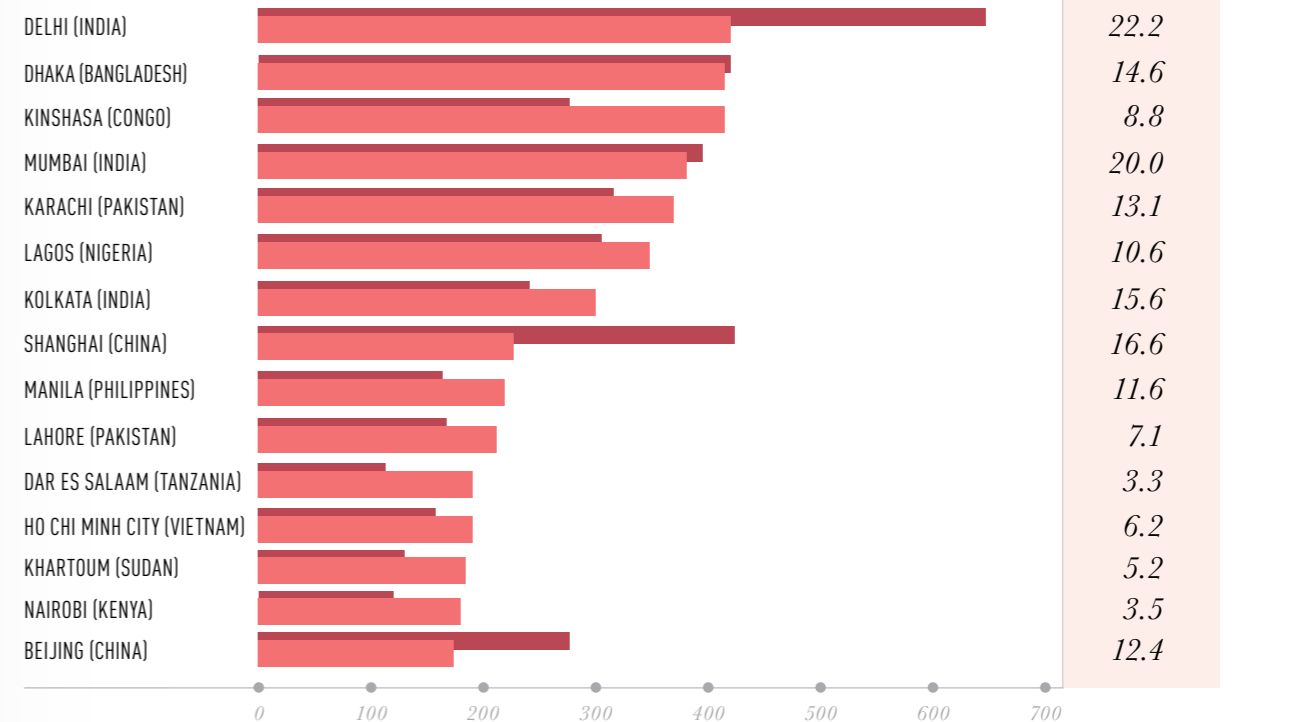
If there is one city that exemplifies the velocity of urbanization, it is Shenzhen. In just 30 years, a fishing town of some 30,000 people was transformed into a glittering, high-tech hub with a population of 12 million – 99% of whom are migrants. Hundreds of thousands of CCTVs equipped with face-recognition software monitor the movement of this fast-growing population.

The city’s transformation was triggered by its designation as China’s first Special Economic Zone, which opened up the city to the rest of the world, attracting foreign direct investment to fuel a labor-intensive, export-based growth. Shenzhen became the 16th member of Unesco’s Creative City network, a designation reserved for urban areas that prioritize cultural industries in their development plans. Shenzhen, the first such Creative City in China, is focused on design, with over 6,000 such firms employing 60,000 designers.

The Chinese government is promoting Shenzhen as a financial center to rival Hong Kong and has designated its Qianhai district as a financial hub with special rights and privileges. The city has also in the last decade evolved to become a center for China’s high-tech boom. Brands, employers and city planners are wrestling with the challenge of meeting the needs of the legions of Chinese technical university graduates that are heading to work in this city, which houses the headquarters of such companies as Huawei, ZTE, Tencent, Skyworth, Gionee and Konka.

MEGACITY GROWTH

CITIES IN EMERGING ECONOMIES: Fastest-growing populations, annual average increase, '000



Source: The Economist, credited to Credit Suisse.



Traffic jam, Kolkata, India.

URBANGEA

The V12 megacity growth model goes beyond the megacity to include urban agglomeration, in which a large city is surrounded by an urbangea – an interconnected network of satellite towns. The Indian capital of New Delhi provides a perfect example. The core modern city, designed by Sir Edwin Lutyens, was carved out of the one-time Mughal capital of old Delhi, then expanded through the development of suburbia and colonies of migrants from other parts of the Indian sub-continent, such as the Bengalis community in Chittaranjan Park and the Punjabis’ home in Kalkaji.

In its next phase, Delhi’s borders expanded in three directions. The incorporation of such neighboring towns of Ghaziabad and Gurgaon led to the creation of a new,

geographic entity called the National Capital Region (NCR). As the influx from other parts of India continued, skyrocketing land prices led to the development of commercial and industrial hubs in the urbangea. As a result, a cosmopolitan, connected middle class has arisen in the Delhi area, drawn to the region by opportunities in the service economy.

This same model of expansion has played out in the megacities of the V12 and other growth markets. Such cities as Jakarta, Mexico City and Bangkok are all experiencing rapid changes around their perimeters – and the addition of ring roads, skytrain systems, and highway networks. In some countries, depending upon urban planning and economic policy, government support has helped drive this economic growth.

SMALL CITY GROWTH

Several decades ago, most large urban agglomerations were found in developed regions. Today’s fastest-growing urban agglomerations are medium-sized cities in Asia and Africa with less than a million inhabitants. Not all urbanization, though, is in megacities or tier 1 markets. Only one in eight people live in one of the 28 megacities with more than 10 million inhabitants. Close to half of the world’s urban dwellers reside in relatively small settlements of less than 500,000 inhabitants.²⁶

In some markets, small city growth has resulted from government policies that encourage or support new investment zones, usually in partnership with private land developers or companies building factories or multi-building complexes. A clear pattern of development – a “Starbucks effect” – emanates from the initial investment. At some point, this development reaches a critical investment mass as areas transition from rural to newly urbanized ones.

There are vast revenue opportunities for brands in the smaller cities. However, their inhabitants tend to be less brand conscious – they are not overwhelmed by competing marketing communications – and they care more about a product experience than its reputation.

Quality plays an important role in winning them over. Food security and environmental safety concerns are rising among these new urban consumers. Like their counterparts in major cities, these consumers are willing to pay a premium for safe products, especially for their children. They don’t necessarily consider international brands to be safer: they only trust imported products over domestic ones when value and brand experience have been demonstrated.

The retail environment in smaller cities is still undeveloped. In these less-regulated channels, genuine products can be sold next to copy-cats or even counterfeits – another reason consumers don’t always trust big brands. To counteract this distrust, some Chinese brands have created their own retail channels. Haier, for example, established Goodaymart, a retail chain that covers 92% of their lower tier city market (more than 9,000 stores). Changhong also plans to build stores (in their case 10,000 of them) to cover this sector.



Coca-Cola expands footprint IN CHINA

All the talk about changing growth patterns in China misses a crucial point: In China, retail sales growth in lower tier cities now outpaces growth in larger cities by a factor of four. In order to tap into that growth, brands must expand regionally and into lower tier cities, which creates challenges of consistency and scale. Coca-Cola uses an extensive network of staff in over 450 cities. The brand's activation program accelerates in summer, when residents of lower tier cities often gather at outdoor public places—proven real estate for a brand like Coca-Cola. Coca-Cola's Happiness Caravans are there to meet the people, having traveled through more than 600 towns and villages in Sichuan, Guangxi, Hunan and Yunnan.

URBAN RETAIL, WITH A BIG DASH OF SOCIALIZING AND ENTERTAINMENT

Convenience store chain 7-Eleven has built a highly successful business in Indonesia by adapting its store format and offerings to the local environment. They've combined the tenets of the international brand with Indonesian values new and old. One of these, just hanging out and doing nothing, is so deeply embedded in Indonesian culture that the local language has a special word for it: *nongkrong*. People gather for *nongkrong* at street markets and roadside food stalls, known as *warungs*, or at such Western food and beverage chains as McDonald's or Starbucks.

After studying Indonesia's culture, habits and tastes, 7-Eleven realized that there was a shortage of places where urban young people could gather, eat, drink and follow their new passion of being online. (The country had an estimated 39 million internet users in 2014, many of them between the ages of 15 and 19.) 7-Eleven adopted a unique business model in Jakarta, adding seating in its small supermarkets, and selling inexpensive ready-made food. It included everything local markets and street vendors offered and more, while offering a hospitable environment, open 24 hours a day, with easy parking, air-conditioning and, perhaps most importantly, wireless connectivity (65% of this franchise's customers are under 30 and love social networking). 7-Eleven also added local artists and live bands to further attract the *nongkrong*-ing crowds.

REGIONALIZATION

Most V12 nations are characterized by a dynamic, ethnolinguistic pluralism. In many places, regional identities are strengthened through political organizations that draw upon local or regional frustration with being, in their view, inadequately represented in the central or federal government. In India today, a majority of the country's 29 states and seven union territories are governed by such regional political parties as Samajwadi Party in Uttar Pradesh and Shiromani Akali Dal in Punjab. Wali Khan, a Pashtun nationalist, expresses this well, when he says, "I have been a Pashtun for 4,000 years, a Muslim for 1,400 years and a Pakistani for 40 years."²⁷

With its 135 ethnic groups and at least 35 spoken languages, Myanmar provides another example of regional diversity, as does Pakistan, with its five distinct sociocultural identities. Inevitably, many ethnic groups in these societies feel marginalized. Nigeria, home to such disparate tribes as Ijo, Kanuri, and Bachama, provides another example of this exceptional diversity.

By aligning themselves with regional traditions, brands forge deeper connections and become vehicles of cultural preservation. Given the resilience of these regional identities, future urbangeas in the V12 will doubtless be a patchwork of many cultures.

REGIONALIZATION AND BEER

In Nigeria's southeast, SAB Miller's Hero beer is what young locals love to drink. They call it "Oh Mpa," meaning "Oh Father," a reflection of regional pride in its homage to Chukwuemeka Odumegwu-Ojuwuku, who tried – and failed – to establish the independent nation of Biafra in the 1960s. The labels on Hero beer bottles even depict the rising sun symbol that appeared on the Biafran flag.

SAB Miller insists that its strategy has no political motivation; its young consumers did not experience the Biafran movement. Instead, what is important is that the rising sun image on Oh Mpa's label has strong local appeal. "Regional tastes, loyalties and traditions inspire the growth of regional brands," as one analyst at Vetiva Capital Management Ltd. in Lagos puts it. "The big brewers eventually have to embrace these (products) to remain competitive."

The same tactic has played out successfully in Brazil's northeast, where AmBev introduced a light brew called Brahma Fresh. The brand's TV commercials are designed for regional appeal, featuring a popular band *Aviões do Forró* performing onstage, as couples dance the *forró*. The brand also sponsors such traditional events as the *Festa Junina* and a local rodeo called the *Vaquejada*. Tastes in Brazil's northeast aren't just geared to lighter beers; they run to sweeter soft drinks, too. That's why Coca-Cola purchased a regional powerhouse brand called *Guarana Jesus*, an electric pink soda that is a particularly regional take on Brazil's national sparkling beverage.



Normal life of locals in a poor residential area, Dhaka, Bangladesh.

URBAN ADAPTATION AND SOCIAL TENSIONS

While modern urbangeas seem highly connected, some populations that have moved into these areas from different regions and backgrounds may feel anything but. They face extremes of wealth and poverty. While there are more jobs in the city, there is also more unemployment. In Egypt, 28% of urban youth are idle (as opposed to 9% of the entire working age population). A quarter of the young in Rio's favelas (slums) do not work or study. As for wages, in China, rural migrants are paid half of what similarly skilled urban workers earn.²⁸ Also, conditions can be substandard. Although many urban areas have newly developed transport systems, they nonetheless struggle to cope with rush hour demand. The bright lights, innovation, vibrant culture and economic opportunity that attract people to the city and its environs also lead to extra pressure on housing and services. And in all regions, migrants face a significant backlash from less recent arrivals.

Most of the urban poor are unable to afford habitable housing or other socio-economic services. The immediate consequence of this is the emergence of slums and squatter settlements, especially in large cities. Nearly 35% of the population of major cities in Bangladesh lives in slums; in Dhaka, that figure is 37%.

Many V12 megacities have high rates of crime and violence; law enforcement is inadequate, and often corrupt. In some cities, citizens are compelled to come up with their own surveillance and services, even as the market for such services explodes. In some countries, women are conflicted by the desire to be more adventurous and pursue new opportunities in a society that simultaneously feels more dangerous. In megacities, people with first-world views increasingly share public spaces with those with very conservative outlooks, perhaps especially when it comes to the role of women. As a result, parents may feel compelled to restrict their daughters' mobility for safety reasons.

URBANIZATION – A POSITIVE FORCE, WITH STRESSES

V12 Consumer Research

Urbanization, though challenging, is seen as largely a positive force in V12 lives, but perceptions are mixed. People in Nigeria, China, and India are the most likely to see the upside. Those three countries will account for the largest proportion of overall urban growth in the decade ahead. On the other hand, Brazilians, Mexicans, and Burmese feel urbanization brings more negatives than positives. And overall, one-in-five respondents throughout the V12 believe that city life is a net negative. The challenges of urbanization—sanitation, housing, infrastructure, jobs—are enormous, and with large-scale migration underway into cities, solving them quickly will be a pressing issue in the V12 throughout the next decade. Yet at the same time, megacities and megacity regions—such as China's Pearl River Delta—will continue to be centers of gravity in the V12 markets, attracting migrants seeking new opportunities. Development may be imperfect, but it is also unstoppable.



Breakthrough – Ring the Bell

IN INDIA

One of the main challenges in urbanization is the erosion of positive social structures. Anonymity, difficult to achieve in rural life, is a major feature of urban living, and it offers very little in the way of social accountability to the community. That means that crime, domestic crime in particular, can take place out of sight and with abandon.

Ring the Bell is helping to make urban women—often silent victims of domestic violence—feel safer. The Indian group's philosophy is a simple idea: if you believe that a neighbor is being abused in her home, ring her doorbell and stop the violence. Social pressure, the group believes, can be an effective deterrent against domestic abuse. In India, witnesses to domestic violence do not come forward; their culture does not permit it. This campaign sought to put pressure on neighbors who could help...but choose not to.

NGUYEN VAN HOA

Ho Chi Minh City, Vietnam



Urbanization in the V12 – one of the largest migrations of people ever – has the double-edge of providing new economic opportunities, but also creating new stresses that are relevant social tensions for brands to understand better. Nguyen Van Hoa is one of the hundreds of thousands of people who move every year from the Vietnamese countryside to Ho Chi Minh City (formerly Saigon) or Hanoi in the north. He is part of one of the largest and fastest urbanizations in Asia. According to the World Bank, an estimated 7.5 million people moved to Vietnam's cities between 2000 and 2010.²⁹

Since 1975, when decades of war ended in Vietnam, the nation has developed rapidly from an impoverished country plagued by food shortages to a middle-income country and World Trade Organization member.

Despite lingering issues in the banking and state-run sectors, Vietnam's gross domestic product is growing faster than expected; according to analysts, Vietnam is one of the only countries in Southeast Asia with rising export rates. With working-age adults heading to major cities or industrial zones, parts of the countryside are inhabited mainly by the elderly and the very young.

About 23 million people now live in Vietnam's cities, making it the sixth most urbanized country in East Asia. Both Ho Chi Minh City and Hanoi have been struggling to build infrastructure to keep up. Their roads, water supplies and drainage can hardly keep pace with growth. Traffic congestion has become a major issue, while schools and hospitals are overloaded.

In Ho Chi Minh City, some 85,000 new pupils enter the educational system each year; in some neighborhoods, up to half of these may be from other provinces.³⁰

Nguyen Van Hoa used to live in a remote village in Quang Nam, a province in central Vietnam, where he and his seven siblings grew up helping their parents farm the land allocated to them by the government. Hoa dropped out of school at the age of 10 after the death of his father and moved to Ho Chi Minh in 2004. He has taken whatever jobs he could find to keep his head above water and is now a full-time taxi motorbike driver earning enough to send his son to school and to return home to his village with his family once a year during the Lunar New Year.

“Life in the countryside was too hard. We could not make much money and we had to work really hard in the fields,” he recalls. “In the area I used to live in, during the rainy season we had nothing to do for more than two months every year, just sitting in the house waiting until the rain stopped. There was no entertainment. For men, they just drank to kill time or even worse; they got involved in gambling.”



He met his wife, who is also from Quang Nam, in Ho Chi Minh City. He could have gone back to his village to look after his family's land but he decided to stay in Ho Chi Minh City. "I think my son will have a better future in the city," he said. "The schools here are better though my son isn't eligible for the best public school in the area we live in because I'm not from here." He nonetheless hopes his son will get the education he never had.

"Sometimes, I miss life back in my village though I don't want to go back to live in the countryside," Hoa said. "Maybe when I'm old I'll go back to spend the last days of my life there. The air is fresher and the house is more spacious there. Ho Chi Minh City is so polluted now." Hoa, his wife and son live in a tiny rented room in one of the central districts in Ho Chi Minh City. "Being a migrant, I've had to move houses a lot. It's difficult to find a landlord who wants to offer you a long-term rent."

"Most of my brothers and sisters have moved to Ho Chi Minh city. Only one stays back to look after my mother. She's been very sick. I try to send as much money as I can to help my brother to take good care of her."

Hoa's dream is to save enough money to buy a piece of land or a small house some day in the exurbs surrounding Ho Chi Minh City so that his family can finally find some stability. "If I can buy a house, it will make my son a Ho Chi Minh City's resident. Also, he will not have to change school every time we move house. But I know there is still a very long way to go."



Yili IN CHINA

Yili, a leading local dairy brand, opened its factories across China for family visits and spread the word via a Chinese reality show that highlighted how memorable visiting a dairy factory could be. That could have once been a foolish idea, since many Chinese families were once rural residents and knew well what a dairy farm looked like. However, urbanization has disconnected more and more Chinese from their rural roots. This provides an opportunity for brands to trade on ideas of purity and pastoral ideals, a potent combination in China today given the frequent food safety scares that have unnerved consumers. Yili approached it this way: Families around the country could sign up to visit one of its more than fifteen factories around China via a one-step process on WeChat. Families experienced farmlands, saw dairy cows up close and took part in activities geared for both parents and kids. The campaign successfully created a way for families to spend quality time together – while of course, learning more about Yili.



Traffic jam with a congestion of scooters and people, Ho Chi Minh city, Vietnam.

ROLE OF TECHNOLOGY IN RESHAPING URBAN LIVING

The growth of urbanization and the middle class are directly linked to each other – and to technology. Urban areas that provide a digital layer will continue to alter the experience of city life, while also spurring the development of economic benefits and activities. Ironically, technology will also obviate the need for physical proximity to cities, which may reverse the urbanization trend for some as they are able to stay connected to urban activities via e-cities.

Internet penetration in V12 cities is growing each year, increasingly via mobile devices. Monthly spending on online shopping is not much lower for consumers in 3rd and 4th tier cities than it is in 1st and 2nd tier ones. Shopping is the second most important recreational activity in 3rd and 4th tier cities, following music. "Retail-tainment" is a powerful tool to engage those consumers, whether in stores or online.

Some V12 nations are launching ambitious smart city initiatives; India recently allocated US\$7.1 billion for the creation of 100 smart cities. There's a significant economic impetus for doing so: IBM's Institute for Business Value has determined that the economic value and competitive differentiation of cities will increasingly be derived from people and their skills, as well as the capacity of the economy to create innovation. To compete in this new environment, cities need to better apply advanced information technology, analytics and systems thinking, developing a more citizen-centric approach to services. The challenges are significant. Take for example, transportation. According to World Bank estimates, traffic congestion creates significant productivity losses in many of V12's major cities: 4.0% in Manila, 2.6% in Mexico City, 2.4% in Sao Paulo, 2.1% in Bangkok, and 1.8% in Kuala Lumpur. ➤

But when New Delhi launched an experimental traffic regulation program for two weeks in 2016, in an effort to clean up its heavily polluted air, the greatest impact was felt on the streets. Traffic congestion at the key bottlenecks was reduced, and commute times fell by up to 30 minutes for many residents. Technology played a role: apps sprung up overnight to enable carpooling and provide service updates about the Delhi Metro. Delhi's car owners also cooperated, agreeing to drive only on alternate days, carpooling with colleagues and co-workers on the others.

China's public hospitals, where waiting times can run for hours, are also getting smarter. Alipay's Future Hospital app allows patients to register for their appointments at participating hospitals; it then alerts patients 15-20 minutes beforehand so that they can leave their homes. The result: less crowded waiting rooms, less inconvenience for patients, and lower exposure to infection. Once the doctor has seen the patient, the assistant or pharmacist can set up alerts for when to take the medication and when the next checkups and appointments are due.

In China, where there tends to be low trust in healthcare services in smaller towns, patients often travel to bigger cities for consultation and treatment. Not surprisingly, telehealth services, which connect hospitals to remote facilities for consultation, diagnosis, and sometimes training, are gaining in popularity. In Chongqing, southwest China, two hospitals in the Shapingba district have implemented telemedicine solutions, connecting with other participating hospitals in smaller towns.

The real value of technology will be in connecting people with public institutions, corporations, government and entrepreneurs. Until recently, urbanization was synonymous with a shift in responsibility: control and power was in the hands of city officials; citizens were reduced to consumers. This lack of balance cannot, and should not, be sustained. The trend is towards a more collaborative city-to-citizen partnership. ■



Akanksha Classroom IN INDIA

Burgeoning urban centers don't just need physical infrastructure; they need human capital, too. Akanksha Foundation is an NGO with a mission to educate urban children who cannot afford to go to school. Located in the cities of Mumbai and Pune, Akanksha sought volunteers in those communities to teach the kids. The goal was to sign up at least 150 people. But few people volunteered, thinking they weren't sufficiently qualified.

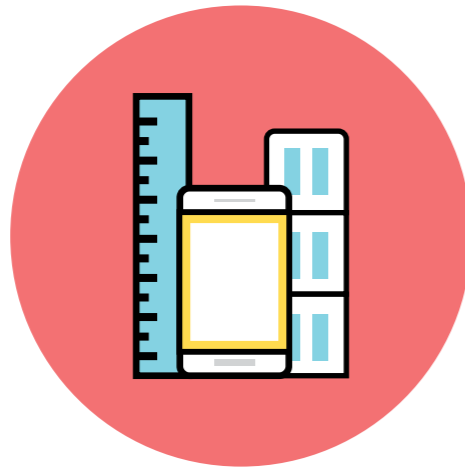
Akanksha disagreed. There is a teacher in all of us, they believe. Since people were not coming to the classrooms, they took the classrooms to the people. On September 5th – Teachers Day in India – Akanksha's kids went out

looking for teachers. Armed with blackboards and benches, they set up booths in both Mumbai and Pune – at the airport, shopping malls, and other places – seeking volunteers.

Soon people – lots of them – stepped forward to teach. Over 600 applications were received – four times the target number. Celebrities, including Shashi Tharoor, a former UN Under Secretary General and Minister of State for Human Resource Development, taught and tweeted. MTV supported Akanksha and a leading local radio station invited the school to hold a live class on air.

“

Digital reshaping of V12 economies and society.



TECHNOLOGY VELOCITY

The fourth velocity factor is the reshaping of V12 economies and society through digital technology. Just as the physical topography of the V12 is undergoing large-scale transition, so too is its digital landscape. In some respects, the impact of this digital transformation will be even more profound than the physical one. The continued reordering of the global digital hierarchy will mean that V12 markets will be increasingly at the center, rather than the periphery, of new digital developments. >

This reshaping can be seen through three main lenses – access, mobility, and commerce innovation. Key facets of this next wave of digital reshaping will happen around the market contours, regulations, and consumer habits of the V12. As a result, more future V12 digital solutions will be shaped to local markets – rather than simply adapting what has worked in Silicon Valley. In many areas, the V12 markets will lead the world, not follow it.

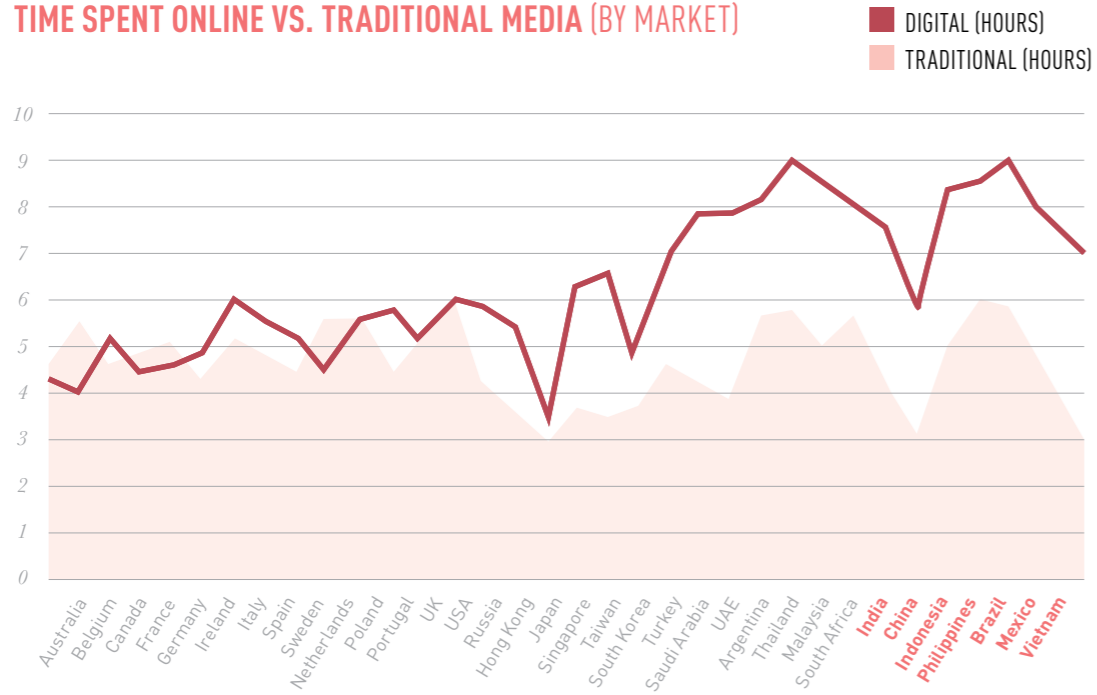
Critically, the combined benefits of mobility, location, data, and increased automation will mean unprecedented power to conduct commerce, as well as aspects of government and society, in new ways. This will change some of the fundamental physics of both, resulting in new solutions that weren't previously economically feasible. Consequently, digital technology will generate changes in the V12 in the coming decade that will amplify the impact it has already had over the past 25 years.

RESHAPING CONNECTIVITY

Connectivity – the essential resource today – is the starting point of the digital reshaping. Internet penetration rates within the V12 still vary greatly, ranging from 57.6% in Brazil to 12.6% in Myanmar.³¹ But the overall connectivity story in the V12 is already fundamentally about scale. China continues to evolve as the world's most widely connected nation, dwarfing any other nation, and even Europe as a whole. India is in hot pursuit, having surpassed the US, both in smartphone sales and as the second-largest population of internet users after China.³² And some of the other V12 markets already rank among the top user bases in the world, in terms of absolute numbers.

Nonetheless, there is a lot more connectivity still to come, as more than half the world lacks internet access. Of those unconnected globally, nearly half reside in China and India, along with some of the other, sizeable V12 markets. So as global connectivity increasingly aligns more with the world's population distribution, further large leaps in Web access will occur in the V12 markets. In fact, some estimates forecast a doubling of the online population in the next five years, enfranchising another three billion consumers – a development which would have a profound impact on many potential entrants to the middle class.³³ >

TIME SPENT ONLINE VS. TRADITIONAL MEDIA (BY MARKET)



Source: Global Web Index 2015.

Consequently, V12 access is continuing to grow at a faster pace than other markets. These markets will lead the world in the next decade in terms of new user growth; six of the V12 markets are already in the top 10 by annual internet user growth rates, with India, Philippines, and Indonesia holding the top three slots.³⁴ While the internet in India took more than a decade to move from 10 million to 100 million users, and then 3 years to go from 100 to 200 million, it took only one year to move from 300 to 400 million users.³⁵ And it's set to grow even more: India's internet population is forecast to leap to 600 million by 2020.³⁶

Content is the subject of the other big rebalancing underway. Historically, there was a disproportionate amount of web content in English. But the continued rise of the internet in India, Indonesia, Brazil, China and other V12 markets points the way to a world of robust local content in local languages. In fact, the majority of content on the internet today is already non-English. Content around the world is increasingly video-based, and in China, Vietnam, and other V12 markets, there is a raft of local viral video stars. In China, these stars on the WeChat platform are akin to YouTube celebrities in other countries. There are also more pan-Asian stars, with K-Pop and J-Pop artists crossing language divides to shape culture in Asian markets. It should be noted, however, that markets such as China and Vietnam censor access to certain types of content, hoping to limit participation in online conversation on sensitive topics. However, this has not yet stopped the pace of technology velocity in these countries.

Once V12 consumers have internet access, they show a propensity to use that access more intensively than others. They are leading, not catching up to, the rest of the world. Consider the amount of time people spend online. One study ranked six of the V12 markets in the top 10 – all ahead of the United States at number 11—in terms of hours spent per day online.

More time is being spent with online media than with traditional media in 26 of 32 countries, according to Global Web Index research. This is not a surprise, given the clear global shift to digital media. But notice that the countries where digital is already in command are the more dynamic V12 markets.

Connectivity, particularly mobile connectivity, has accelerated various forms of social change in the V12. Connected is the default mode of life around the world, driving the desire for more interaction, advocacy, opinions, and opportunities – as much in Manila, Jakarta, Rio or Lagos as in San Francisco, Barcelona, or Sydney. And for many new middle-class consumers, being connected is a sign of their continued economic and social advancement. V12 consumers are consciously and actively harnessing technology to propel their views and position in the world. Connectivity also manifests in a variety of forms through social media, empowering female activism on a range of social issues and playing a role in elections and revolutions throughout the Middle East. Most importantly, connectivity is directly linked with economic growth and velocity. In fact, a report by Deloitte found that extending internet penetration in India to levels enjoyed in more developed countries could more than double the country's growth rate.³⁷

For this reason, governments are playing an increasing role in sponsoring various initiatives to increase internet access and in supporting technology development more broadly, including China's investments to create the world's largest super computer. ■



Virtual Reality IN CHINA

While Chinese platforms Baidu, Alibaba and Tencent (often referred to as BAT) continue to dominate the country's digital scene, young start-ups also abound. Many of these entrepreneurial firms focus on reframing the potential of digital technology in Chinese consumers' lives in fresh ways, particularly in new areas of content. One company – Znanadu – aims to marry the growing business of virtual reality, with the already massive intra-China travel industry, which is expected to generate ¥3.9 trillion (\$615 billion) in annual revenue by 2020. Znanadu is in the process of producing 30 virtual reality travel films, which allow users to enjoy a trip and new experience – all without leaving their flat.



MYANMAR AND BANGLADESH – FOLLOWING FAST

China and India grab the headlines for the sheer scale of their digital markets. Rightly so, since the numbers of connected people in those two countries is astounding. However, brands would be wise to pay close attention to the rapid change taking place in less connected markets, such as Myanmar and Bangladesh. While the numbers may not yet be as impressive, the rate of change is enough to make any brand marketer take notice.

When Myanmar effectively reopened in 2011, only 1% of the population had mobile phones and internet access barely existed. Myanmar had only one mobile phone operator. A SIM card, if you could get one, cost

\$1,500—more than the country’s average annual household income. Then, in 2012, the telecom market opened up, and prices dropped precipitously. SIMs went from \$1500 to \$1.50—a 1000% drop. Recent U.N. research found that Myanmar’s mobile phone penetration rate increased to 13% by 2013 and is expected to reach about 60% in 2015 and balloon to about 80% in 2016.

Myanmar has become a ‘straight to smartphone market’: more than 90% of all internet traffic is via mobile. 99% of all mobile connections are pay-as you-go. This massive acceleration of internet and mobile is transforming the country from a closed to a more open one at a blistering pace. Messaging apps are hugely popular, and there are

some thriving fledgling anonymous discussion apps. All kinds of citizens – street cleaners, tea shop workers, monks and farmers – can be seen with smartphones in hand.

Bangladesh, too, is enjoying rapid changes in internet access. Bangladesh has the eighth largest population in the world, but it still is an up-and-coming digital market. As recently as 2000, there was nearly no internet access in Bangladesh. 15 years later, a third of the country is connected.³⁸ Connections come predominantly through mobile, as they do in Myanmar, enabled by deregulation and the influx of more competitors.

Bangladeshis use their connections for more than just communication and commerce. The Bangladeshi government sees digital communications technology playing a central role in reshaping the country’s future. “Digital Bangladesh” is a key pillar of the government’s “Vision 2021” plan, which aims to have the nation become a majority middle-income nation by that year.

MYANMAR’S SILENT DIGITAL REVOLUTION

Myanmar’s rapidly expanding internet connectivity and growing political freedoms paved the way for the nation’s first free and fair elections in 50 years. So intertwined are the two shifts, that each was fully dependent on the other. Soon after the polls opened on November 8, 2015, photos of ink-stained pinkie fingers emerged on social media pages in Myanmar. In the absence of televised programming or professional websites, people turned to Facebook to exchange opinions. In addition, official apps such as mVoter2015 and Mae Pay Soh (Let’s go vote) provided information on the electoral processes.

Myanmar’s activists and politicians use the growing popularity of social media to expand their influence. Both State Counselor Aung San Suu Kyi and outgoing President Thein Sein posted video messages to voters on their Facebook pages. “One of my friends called it the silent revolution. We don’t have an armed force, but it’s an ideological revolution,” said Suu Kyi, the one-time political prisoner and dissident blogger.



MOBILE AS THE DEFAULT SETTING

For most V12 consumers, digital equals mobile. There are various reasons for this, starting with the simple practicalities of lower cost of entry, lack of space in V12 homes, ease of connection, and the use of technology from remote areas and urbane locations. Today, three quarters of the global population has been enfranchised through some form of mobile device. And the continued decrease of the cost of technology will make access to the internet to mobile devices even more affordable to hundreds of millions of people, enfranchising them for the first time. Demographics show that in the future internet access will grow via mobile devices in Asia, the Middle East, and Africa. For example, mobile comprises 82% of Nigeria's web traffic. That's the highest such percentage in the world, but Indonesia and India are not far behind. Where connectivity is growing the fastest, new middle-class consumers increasingly jump straight to mobile.³⁹

When mobile devices are the primary, often exclusive Web platform, marketing, payments, commerce, social services and government organizations must have robust mobile sites that reflect the entirety of what they do and offer. If there is a primary V12 market that can serve as a possible template for the future, it is China, where 90.1% of the 688 million people on the internet connect through a phone.

Mobile platforms in China have moved rapidly to cross functionality, widening the reach and application of mobility and building-out the mobile life ecosystem. WeChat is an example of this. It is a colossus that combines functions of WhatsApp, Pinterest, Instagram, Uber, PayPal, and more, covering virtually all aspects of a user's day. In 2011, Chinese internet giant Tencent launched WeChat as a smartphone app for people to send free text messages. Five years later, WeChat's hundreds of millions of users in China tap the service to send money to friends, buy shoes, and even book doctors' appointments. >

WeChat has a lot of competition and more is on the way. For example, more than 200 companies now compete in the fast-growing Chinese mobile payment market. Tencent leads the content, gaming, and entertainment niches, and is trying to make inroads in commerce through investments in Jingdong. It is also monetizing its aggregated data from across its ecosystem by offering brands on its platform ever more targeted audience segments. Meanwhile, Alibaba enjoys a dominant position in retail, but through recent investments in Youku and Hollywood-based content companies, it is trying to make inroads as a content player. It also has an e-money line, AliPay, and the ability to monetize its data from both browsing and commerce. >



Didi Zhuanche's blood-sucking overtime game IN CHINA

Didi Zhuanche, China's version of Uber, launched a mobile campaign called the "Blood-Sucking Overtime Building Competition." Targeting workers in tier 1 cities, who often work overtime, Didi called on its audience to vote for the country's Top 100 buildings and have the chance to win a coupon for free car service. The campaign hit a nerve with tier 1 cities' hard-working young people and spawned impressive buzz in social media. It was also a great, cheeky example of a brand harvesting tensions about urbanization, mobile technology, and new business models.



Yihaodian IN CHINA

Yihaodian is an example of the new players in China who are using digital channels to disrupt traditional segments of the economy. Yihaodian is China's leading ecommerce platform for grocery products, but that doesn't mean they reach everyone in the massive Chinese online shopping ecosystem. Food shopping remains something that many people prefer to do in person, but Yihaodian played right into that bias. The brand created 1,000 Yihaodian virtual "pop up" stores overnight in front of iconic landmarks or competitors' supermarkets in major cities in China. Location-based technology combined with mobile devices is changing the physics of marketing to create presence without requiring a permanent physical space.



bKash IN BANGLADESH

Mobile financial services were introduced five years back in Bangladesh, aiming to create financial access for the low income, poor and unbanked population through offering basic financial services via mobile phone. The central bank has given licence to 29 banks in Bangladesh, of which 18 are in operation. bKash Limited, with around 22 million customers, is the largest mobile money provider in Bangladesh. bKash offers mass market mobile financial services for its customers to make person to person fund transfers, top-up mobile airtime, pay bills and shop in-store. Customers can also store the money in their bKash accounts and earn interest on savings. bKash has four shareholders – The BRAC Bank, U.S.-based Money in Motion LLC, International Finance Corporation of World Bank Group, and Bill and Melinda Gates Foundation.

THE ROLE OF MOBILE *V12 Consumer Research*

In many V12 markets, individuals are getting access to the internet for the first time via mobile networks. Nearly half (48%) of all V12 respondents indicated that they used their mobile devices primarily to browse the net. Other uses, such as checking news, sending email, and online purchasing, tend to track to the sophistication of services in their respective market. China has a lead over the rest of the V12. A greater percentage of Chinese consumers use their mobile devices for commerce, banking, and managing their finances. Moreover, 16% of Chinese say that the primary use of their smartphones is for online purchasing. Vietnamese, Burmese, and Mexicans ranked mobile devices “among the most important things I own.”

Mobile social commerce is on the rise, piloted by WeChat, which launched WeStore in 2014 as well as a digital commerce platform integrated in the WeChat app. Any purchase on WeStore can be shared with friends. Given the highly integrated nature of the Chinese mobile ecosystem, the app’s potential is enormous. It’s one of the reasons that, as of 2016, globally China has the third highest percentage of population that has made a purchase using a smartphone. In 2015, 358 million Chinese – or approximately half of the country’s internet users – made payments on their mobile devices.⁴⁰

In other, less advanced V12 markets, social media and telecommunications players are hoping to replicate this merging of social media with lifestyle and commerce. The ascent up the mobility ladder generally starts with mobile transactions, which will increasingly form the backbone of V12 commerce. Kenya’s M-Pesa, the most robust mobile phone-based financing and payment system in the world, is so widespread that it now accounts for 25% of the nation’s GDP. M-Pesa has inspired another business called M-Kopa, which lets people in rural areas pay a small monthly fee wirelessly to have solar lighting and cell phone charging in their homes. Other, alternative payment forms are facilitating commerce in previously unbanked communities, ranging from Bitcoin in Afghanistan, to bKash in Bangladesh and Pay TM in India.

Municipal governments and local services in the V12 countries are investing in mobile systems that can transform daily life as well. For example, in China Neusoft is working with the city of ChongQing to develop a “health cloud” that provides all citizens with their health records and ancillary information everywhere they go. In Bangladesh, mobile services like Aponjon have cropped up to help expectant mothers by educating pregnant women about efficacious neonatal and maternal health and nutrition behavior. ■

Savaree IN PAKISTAN

Pakistan has both a large population and heavy urban congestion. Even though the country has only 8% smartphone penetration, many of Pakistan’s smartphone users live in urban areas. And many of those smartphone users are sitting in terrible traffic because the rate of infrastructure construction hasn’t kept pace with the rate of urbanization—a problem that isn’t limited to Pakistan. Emerging patterns of mobility linked to progressive thinking made a solution possible. Savaree was launched in April 2014 to serve as a carpooling matchmaker. People can register either as drivers (Savaree captains) or passengers and then hook up via mobile devices to travel together to their destination. The service is free to use, although there are plans to monetize it eventually. In the meantime, Savaree is getting additional cars off the road, making the urbanization trend more seamless, and showing the way for other brands to develop new businesses and commercial patterns out of V12 trends. Recently, Careem, a Middle East based on-demand cab service company, acquired Savaree.



RESHAPING OF COMMERCE

Digital commerce is the biggest growth business in marketing and now stands at \$1 trillion in sales globally. More is spent on digital commerce than on all other digital channels combined.⁴¹ And it is growing at 17%^[1]. An increasing proportion of this global growth will be coming from V12 markets. Already, four of the Velocity 12 markets are in the global top 30 ecommerce markets by size.

Digital commerce exposes consumers to a broader range of goods and recalibrates V12 shopping habits and expectations via greater convenience. It also drives new channels of demand, such as China's internet Black Friday and Single's Day. And digital commerce is driving velocity through business-to-business growth and modernized online marketplaces, which create the ecosystem necessary to support even more digital commerce.

Experiences in China suggest that there will be a race to scale in digital commerce. The development of digital commerce infrastructure—logistics, sourcing, security, optimization, payments and other services—ultimately helps the market mature while providing a common platform and standards that foster other businesses. Many small- and medium-sized companies operate on online malls like Taobao or Tmall faster and more efficiently than with their own sites. However, though Tmall still accounts for more than three quarters of digital commerce transactions in China, branded digital commerce sites and other commerce verticals are springing up, showing that some of the smaller and more niche e-tailers are coming of age.

For example, there has been a surge in fresh-commodity commerce sites, a response to rising concerns about food safety especially among China's middle class. Online sellers such as Benlai or Yiguo offer high-quality agricultural produce to families at reasonable costs.

As V12 markets continue to grow, the battle for market position in commerce and services will intensify. But the V12 marketplaces are often complicated by a myriad of laws and regulations, some of which forbid foreign participation in sectors including retail. As a result, a growing web of investments by global players are funding local start-ups and there is more cross border growth of the large digital players in the V12.

Chinese ecommerce giants such as Alibaba and Tencent are riding the momentum of China's well-developed internet infrastructure and rising consumerism to branch out from China into V12 markets. These players have, of course, grown within the walled environment of China, which has restricted international platforms from the domestic market. In Indonesia, Matahari Mall launched as the nationalist answer to Lazada, which currently dominates the Indonesian ecommerce scene. But this didn't stop JD.com – one of China's biggest ecommerce players – from launching JD.id., further adding to the competitiveness of the Indonesian market. The Chinese are not the only aggressive cross-border

digital players. Japan's SoftBank Group Corp. is on course to exceed its planned \$10 billion investment in India over the next decade. The Japanese technology company has already invested \$2 billion in India in the past year and the pace of investments could accelerate in the future.

In India, where a vast array of digital start-ups has emerged, there is a fierce competitive battle to stake out positions in fast-growing areas such as ride sharing applications. India's Tata conglomerate entered into a strategic partnership with Uber, which is trying to play catch-up to rival Ola, backed by foreign investors including Japan's Softbank.

The battle for the V12 market share will not be easy for all companies. Facebook's attempts to promote "Free Basics" in India – a program that gives users free access to Facebook in 36 countries – ran into stiff opposition from activists, several hundred thousand of whom signed petitions against the service, seeing it as a digital land grab.⁴² >



Go-Jek IN INDONESIA

Nadiem Makarim was inspired to help increase the productivity of Indonesians and add convenience to their daily, complex lives. In 2011, his team created a system for ordering called “Go-Jek.” Starting as a telephone based call center, it grew to offer food, personal shopping, and courier services. It is now in 10 cities in Indonesia with expanded services and products.

Thousands of Indonesians, including people with college degrees applied to be Go-Jek drivers. As with any good business innovation, competition has followed quickly with Grab Bike, Blu Jek and other competitors. Similar services are also available now in Vietnam, Thailand, and some African markets. Like Uber or Airbnb, Go-Jek has made more efficient use of idle human and physical capital, showing how the opportunities of digital velocity can solve the challenges associated with rapid urbanization. If the cliché is correct and necessity is the mother of invention, then new businesses and business models like Go-Jek, Savaree, bKash, and others are just the first of a raft of new ideas to come from the V12.

Growth can be complicated. In some V12 markets, the biggest barrier to online shopping is payment and product fraud leading to more cash on delivery and other workarounds. There are also interesting new mobile payment methods, such as TootPay, which doesn’t depend on smartphone technology itself, hence its growing popularity in countries where smartphones are not yet dominant.

Consumer demand for ecommerce services places new pressure on logistics, customer service, and after service that will challenge all companies to provide world-class customer experiences. Logistics in V12 markets have long centered on the movement of large quantities of manufactured goods or commodities between businesses through global supply chains. But rising consumption driven by a growing middle class will require logistics firms to refocus on parcel delivery to consumers in developing countries. Parcel shipments from businesses to consumers will grow nearly 14% a year in the next five years in the Asia-Pacific region, outstripping growth in North America and Western Europe, according to Accenture. By 2020, business-to-consumer parcel shipment volume will surpass business-to-business volume in the region. In China, where domestic shipping infrastructure is still in early stages of development, digital players such as Alibaba have invested in delivery networks to fill the demand that China’s highly segmented logistics industry hasn’t fully met.⁴³ >



Jumia IN NIGERIA

Ecommerce is a significant velocity driver all over the V12, but rapid patterns of migration, social changes, and uneven infrastructure means significant barriers to its acceptance. While China has emerged as a massive ecommerce powerhouse, its success isn’t repeated across the V12. Brands must look to local conditions when assessing the ecommerce environment in individual economies. Fortunately, innovative solutions to ecommerce barriers are being incubated by mobile.

Consider Nigeria, which has great potential as an ecommerce market. Already, the information and computer technology (ICT) sector contributes about 8.4% to Nigeria’s GDP. That’s just the beginning, however. The ecommerce sector has been growing strongly over the past three years and it is expected to contribute about 10% to the GDP by 2018.⁴⁴

The potential of ecommerce in Nigeria has a knock-on effect. Ecommerce contributes significantly in driving the trade sector which has grown to 16.4% of the economy.

But there are real barriers to wider adoption of online shopping: cost of delivery, concern about getting the right product, and worry about the security of online payments. Jumia answered these consumer concerns by building in flexible credit card/debit card payment systems and payment on delivery. Moreover, the brand began with a mobile-first attitude. It has a great mobile user interface and a strong presence in social media (not to mention a couple of high-profile partnerships with mobile providers). It’s become the most trusted ecommerce brand in Nigeria.

RENIE RAVIN

Chennai, India

The growth of digital in the V12 is creating new, home-grown opportunities that even Silicon Valley cannot match. Renie Ravie is a good example of someone with a golden ticket, who opted instead for better opportunities at home.

Renie had a good job as a web architect for a US-based company, and a lucrative job offer to relocate to the United States. But he felt greater prospects awaited him at home in India. Just a little while ago, his story would have followed a very different course, but the combined velocity factors present in India – as well as the other V12 countries – are quickly changing the roads to ultimate success. As one of the founders of IndiBlogger, India's largest blogging and most active blogging forum, Renie is part of a generation of aspiring entrepreneurs turning their backs on Silicon Valley to pursue opportunities at home.

The idea for IndiBlogger came up in conversation among three friends who shared a passion for blogging at a pub in India's answer to Silicon Valley – Bengaluru. For Renie the idea of IndiBlogger was so infectious that “I stayed up all night after the conversation building the beta version of the site and sent it across to my friends the next morning.”

Renie says that IndiBlogger was “created with the aim of helping bloggers in India find a larger audience, one that went beyond the closely knit circle of bloggers community in India.” The company developed Indirank, an algorithm that for the first time ever ranked bloggers in India.

“From our first blogger meet in Bangalore which was attended by 60 people, IndiBlogger today has [grown to] 38,956 active bloggers. IndiBloggers's blogger meets now happen across Delhi, Mumbai, Pune, Bengaluru and Chennai” says Renie. “Not only have they become an integral part of the blogging scene in India, they have also become the main way through which some of the biggest brands in the country engage with the blogging community in India” he continues. The company's client roster today spans a diverse portfolio of local and international clients including Dove, Colgate, Tata Motors, HP, Domex and Flipkart, India's answer to Amazon.

Renie believes that things are moving as fast, if not faster, in India as the rest of the world, and he can well imagine new opportunities beyond IndiBlogger. Sites like Blogger and WordPress, for example, began from similar roots, and they now define the global blog landscape. IndiBlogger may have a similarly bright and international future, but at least for now, Renie says, he's happy to take on the world from here.



Small companies can gain access to consumers and resources that can match the reach of much larger corporations. Smart social media amplification, cloud computing, big data analytics, search technology, plus the impact of mobility and location-based services means small companies no longer suffer the huge disadvantages of scale. Not only that but many big companies are trying to learn how to act like small ones, with greater consumer intimacy, more one-to-one communication, and more social media persuasion.

These trends will have a big impact on small business innovation – both in business to consumer and business to business. The importance of small business velocity cannot be under-estimated. A World Bank Group study suggests there are up to 445 million micro, small and medium enterprises (MSMEs) in “emerging markets,” 25-30 million are SMEs and 55-70 million are micro enterprises. Further, the study indicates formal SMEs

contribute up to 45% of total employment and up to 33% of national income (GDP) in fast growth economies. These numbers are significantly higher when informal SMEs are included. Technology – at a big scale and on a micro scale too – will be the key to further economic take-off of the V12 markets.

Increasingly, new applications of technology in the V12 will drive both financial and social velocity. The ability of companies and governments to successfully master a core and inter-connected set of competencies will determine the winners in the next phases of this next era of growth. But with this expanded reach will come transparency. This imposes very specific demands on companies. Quite literally, there will be no hiding place for them. ■



Juice stall owner selling fresh fruit juices, Delhi, India.

03

VELOCITY MARKETING PRINCIPLES

THE NEW
GUIDEPOSTS
FOR SUCCESS



LOCAL UNDERSTANDING – THE BASIS FOR SUCCESS

For any brands venturing into the V12, the critical issue is how to connect with customers in these countries. Success in the V12 will not be built upon an oversimplified view of a homogenizing world nor a superficial analysis of a group of markets. Instead, companies in the next decade will need foresight and nimbleness – original ideas and creativity – to continually target and retune their products and services to very diverse and still-evolving customer bases across a wide swath of the world. Companies will need to understand new markets, regions, and cities that are perhaps less familiar to them. >

THE CHALLENGES OF EFFECTIVE BRAND BUILDING – CHINESE BRANDS AS AN EXAMPLE

One might assume that the V12 markets could trade with and invest in each other more adroitly than countries outside of this exclusive group. After all, they are each experiencing first-hand an expanding middle class in their midst – and it would seem that there are likely enough similarities to lubricate interactions among these country’s companies and markets. But this natural advantage does not really exist, in large part because V12 nations are a diverse, non-homogeneous group.

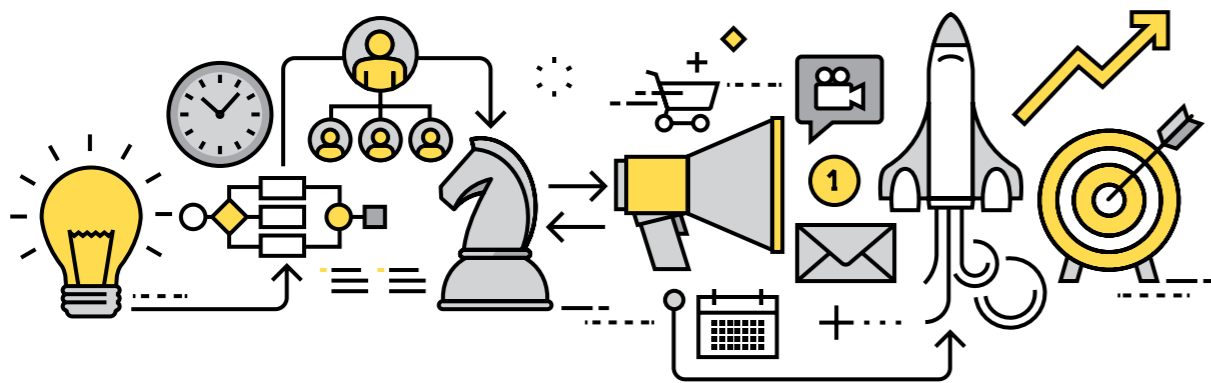
When a V12 company has an edge in other V12 countries it is usually due to common history or traditional ties. For example, Chinese businesses might be able to make inroads with ethnic Chinese in Indonesia because of their shared background. However, these same companies would be at a loss to understand African consumers just as Indonesian companies would struggle to connect in Brazil.

Not surprisingly, Chinese people tend to favor Chinese products. In 2014, local brands enjoyed improved market share in 18 of 26 categories, increasing their position by on average 10%; meanwhile, in the other eight categories, foreign brands’ market share growth averaged only 3%.

COMPANIES ARE CHALLENGED LIKE NEVER BEFORE.

However, the rest of the world does not share China’s feeling about its own brands.

In the FutureBrand ‘Made In’ report, which analyzes global consumer views about products based on country of origin, China ranked 9th.



The key question is what's the best way forward?



Broadly speaking, in the last ten years, China has been very successful in building strong businesses, but less so in building top brands. For instance, there are 106 Chinese companies in the 2015 Global Fortune 500 rankings, but only two in the Interbrand 2015 Best Global Brands ranking. The Interbrand ranking is telling because it measures a product’s hard attributes – for instance, financial value – and its soft characteristics, such as the brand’s influence in consumer purchasing decisions and the loyalty it engenders.

Part of the problem confronting China is its seeming inability to understand different cultures outside of its borders and its apparent disinterest in integrating into the social fabric of other V12 countries that it hopes to do business with. A recent survey by global market analysts IPSOS labeled China the biggest threat to Kenya’s economic and political development, despite the fact that China has invested billions in infrastructure development in Kenya and that Kenya is China’s second-largest trading partner.

In a similar vein, a recent story in the International New York Times was headlined: “Chinese Firm Stumbles Over Indian Culture.” This article concerns the efforts by Beiqi Foton Motor to build a factory in Maharashtra, India, a project that has been stalled by local residents who have condemned Foton for choosing a sacred Hindu site for its proposed plant.

ESCALATING BRAND INVESTMENT

The challenge of effective brand-building starts with local culture, but extends into a variety of other areas as well. Both local and international brands are continuously exploring new approaches to marketing in an attempt to capture share growth among V12 consumers. This includes identifying new and emerging consumer lifestyle and psychographic segments; the push to innovate first in new channels; and the efforts to both create and exploit new retail environments and activation spaces. But it also includes an escalation in one of the traditional battlegrounds for brands: media spending to gain an edge through share of voice.

A brief macro view of global media spending provides some basic context. According to data from GroupM, the past 15 years has seen nearly a doubling of worldwide measured media spending, from around \$274 billion in 2000 to around half a trillion dollars in 2015. Some of this is due to media inflation, but much of this is due to the enormous investments that brands have made in growth markets. This, in turn, has led to a large reshaping of global media spending; while overall media spending in 2000 in Asia (\$67.6 billion) was a bit more than half the size of North American spending (\$108 billion), by 2014 it was estimated to have eclipsed North America (\$175.9 billion in Asia versus \$174.4 billion in North America) as the largest region for media spending in the world. >

GLOBAL MEDIA SPENDING (2015)

COUNTRY	% OF WORLD	NATURAL ALL-AD SHARE (TYNY)	INDEX	FMCG % OF REGIONAL TOTAL
NORTH AMERICA	21	36	57	19
LATIN AMERICA	7	7	97	39
WESTERN EUROPE	16	19	83	25
CENTRAL & EASTERN EUROPE	4	3	145	43
ASIA-PACIFIC (ALL)	48	32	151	57
NORTH ASIA	34	18	191	62
ASEAN	7	3	227	74
AFRICA & MIDDLE EAST	5	4	129	51
WORLD	100	100	100	35

Source: GroupM, Ad Categories 2015.

Driving this shift have been some of the larger V12 markets, particularly China, which witnessed media spending go from \$3.8 billion in 2000 to an estimated \$84 billion in 2015 – vaulting it to a position as one of the largest media markets in the world. Other V12 markets have also seen large percentage rises over the past 15 years, though not at the scale of China. Yet even with this increased spending, most of the V12 markets have relatively low per capita media and marketing spending levels versus more developed and saturated media markets in the U.S., U.K., Hong Kong, or Japan. So, there is a lot more room for growth in the coming decade, which will be the ongoing battleground of local and international brands.

FMCG categories – meaning here the total of Personal Care, Food, Beverage, Pharma, and Household Care – tend to increase in sync with increased consumerism in growth markets. So, it's no surprise that this FMCG super group accounted for 35% of measured global

category spending in 2014, three points up on 2013, driven by velocity markets in ASEAN, other parts of Asia, and Africa/Middle East, which index particularly strongly in FMCG spending.

As local V12 media markets have grown rapidly, top international and local brands have continued to up the ante on spending to build or maintain a dominant presence in the market. In most V12 markets, international brands account for the majority of top brand spending. For example, in markets such as India, China, and Pakistan, international brands account for approximately 75% of the spending of the top 10-20 brands in the country. Further, those top 10-20 brands often account for a sizeable portion of the overall media market. In a country such as Pakistan, the top 10 spenders in the market account for one-third of all media spending in the country, while in a larger media market such as India, the top 10 spenders have accounted for 12-15% of total market spending (Source: GroupM).

The figures and patterns are by no means static, and have fluctuated over the past several years, pending the business strategies and investment timing of various local and international brands. In India, the top local brands have increased their share of voice by 5.5% points versus international brands – reflective of the increased push by local brands. However, in China and Indonesia, the top 10-20 international spenders have gained in share of voice versus the top local spenders over the last five years, as more international brands make both markets an investment priority.

The reality is that with the continued proliferation of communications and engagement channels, share of voice has become a more complicated business. More spending is going through alternative and digital channels. Plus, smaller, local players are exploiting social and new media channels to break through with lower spending levels. Plus, even the large spenders are needing to create campaigns integrating more channels to create effective brand engagement, and are using a wider spread of channels to achieve it. In this environment, media mix models are becoming more critical to help both local and international brands figure out where to get their best bang for their Yuan, Rupiah, or Dong. ■

LOCAL AND INTERNATIONAL BRANDS – COMPETING FOR AN EDGE

As more brands compete in growing consumer segments, identifying a unique edge will be essential. We noted earlier that international and local brands have both traditionally enjoyed some distinct advantages with consumers; our V12 research identified consumers' local brand bias in several of the V12 countries, while consumers also generally recognize international brands' advantages in quality and innovation. However, in category after product category, more is up for grabs between international and local brands, with each seeking to best the others in areas such as satisfying local consumers' tastes; creating meaningful new product formulations and formats; and identifying relevant new areas for innovation. And brands on both sides of the battle are making new types of inroads against each other.

We've seen through the lens of media spending that the FMCG categories are often the turf for intense brand battles in growth markets. Food is one category in which understanding local tastes – including varying regionalized tastes in the V12 countries – is fundamental. Yet large international food players have also enjoyed success over the years by introducing international quality standards and safety measures in a host of items ranging from water to baby foods to premium adult foods. Plus a variety of local and global players have introduced new food categories and formats to various V12 markets, from instant products to luxury ice cream. As a result, consumer food choices and loyalties are increasingly complex.



Crowds passing in front of McDonald's in Delhi, India.

The fast food category, has long been seen as a stronghold of international players. But not in the Philippines, where Jollibee – a local brand that has been expanding in Asia and other international markets – holds a unique position. Jollibee is the leading quick serve restaurant brand in the Philippines, with an estimated 28% share, currently ahead of both McDonald's and KFC. In fact, according to research, Jollibee occupies the same brand needs positioning as McDonald's, which presents a challenge to McDonald's gaining share. One of the key reasons for Jollibee's success is its ability to take the most popular products and formats from the international brands and give them a Pinoy (local Philippine) flavor profile, which is slightly more sweet and sour. As a result, many Filipinos prefer Jollibee's fried chicken – “Chicken Joy” in blind taste tests.

This has led to various attempts by the international brands to make inroads against Jollibee. One example is a campaign that McDonald's ran for their fried chicken in which they took Jollibee's Chicken Joy head on. The campaign included a TV commercial “Anong chicken ni Joy (What is Joy's Chicken)” in which women named Joy confess why McDonald's Chicken McDo is their friend chicken of choice. McDonald's also gave away free chicken meals one afternoon for anyone named “Joy”.

The approach had mixed reactions though, as the day it was launched, it was actually “Chicken Joy” that trended on Twitter. Plus, in response, Jollibee re-aired their 2015 commercial called #ChickenJoyNation, which showed people around the Philippines talking about their love of Chicken Joy. Ironically, for a food category that is not indigenous, the competitive advertising piqued the home town pride of some Jollibee fans.⁴⁵

In India, international players often modify their menus and ingredients to better suit local eating habits and taste buds. In the case of McDonald's, the beef burger became the Aloo Tikki burger. The dominant approach today is “Indianising” international offers to suit local consumers. This is true in the localizing of international products across other V12 markets as well. However there is also huge potential in going the other way around – namely, applying local traditions and ingredients in new product areas and formats that take on international brands. This could be via the product itself, packaging, and communication insights that connect more deeply with consumers, building on existing cultural truths. Home care and personal care are additional categories in which the interplay of local tastes, lifestyles, and product formulations is complex, leading to new areas of innovation and competition. International competitors often bring to these categories science and innovation-based approaches that support claims of superior efficacy. However, in an era when more V12 consumers are concerned about product safety, the natural (and local) ingredient approach of local competitors can resonate in the face of what some see as a more chemically-based approach to product formulation. As a result, brands in both home care and personal care categories – ranging from Himalaya in Indian cosmetics, Marina Cosmetics, and Blue Moon home care products – have developed new innovations around their eco credentials. This includes the use of more non-toxic ingredients, natural essences, indigenous ingredients, and organic certifications. ■



Dabur IN INDIA

Dabur, India's largest Ayurvedic medicine and related products manufacturer, grew to a strong market position through a nuanced understanding of a particularly strong cultural stream in India thought – Ayurveda. Ayurveda has evolved in India over millennia, with very deep roots in therapies and herbal compounds.

But Dabur has not just relied upon its Ayurvedic heritage alone. As the brand has grown, it has become a one-stop beauty solutions stop, using modern communications tools and approaches to socialize its brand positioning. That has meant moving to an always-on online communications approach to challenge international brands. Dabur's MyBeautyNaturally.com is a utility portal that showcases some of the best and easiest hair and skin care tips. The site tapped into international best practice approaches for how-to's, natural beauty tips, and videos. But the brand added its particular, local flavor to it by focusing on Bollywood style and the vivid ingredient stories that can help animate the Ayurvedic movement. Dabur has leveraged its deep cultural and religious roots into ongoing relationships with a sizeable population looking for a connection with a beauty brand that has a more local pedigree and ethos.

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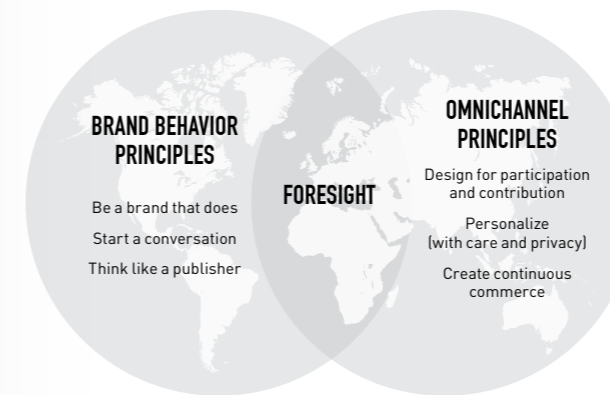
The start of the answer lies in the Velocity Marketing Principles.



VELOCITY MARKETING PRINCIPLES

While there are various best practice examples to turn to, both global and local brands are generally not evolving their marketing techniques or worldview fast enough to fully capitalize on new opportunities. If they wish to succeed in the V12, many will need new game plans to generate brand velocity by leveraging V12 trends. And they must do it fast, since the pace of transformation is increasing. *The key question is what's the best way forward?*

THE ANSWER LIES IN VELOCITY MARKETING PRINCIPLES:



There are two main groups of principles – Brand Behavior and Omnichannel – that stem from Foresight. Foresight primes brand promoters to anticipate coming market behaviors rather than allowing themselves to get stuck on only evaluating existing behaviors. This is particularly important in V12 markets, which move too fast for traditional insights alone to suffice. With Foresight, marketers take into account differences in culture as well as cultural tensions that could be rich areas for companies to analyze and understand so that their brands can be at the crux of change. The purpose of using Foresight is to understand that brands don't always have to mirror reality as it is now: they can spearhead opportunities by anticipating the velocity of change at all levels in consumer markets.

The power of Velocity Marketing Principles lies in the notion that there is no ready-made formula. Global principles don't absolve the marketer from needing intimate knowledge of local consumers, but these principles, when used with creativity and local market understanding, can help companies create more effective marketing approaches and sustainable brands for the V12 in the coming decade. A market's level of development, regulations, and infrastructure will impact how marketers apply these principles. And centering it all must be pervasive creativity—ideas that permeate everything that a company does in product design, communications design, social media, ecommerce, and all other forms of customer service and engagement.

Formulaic, packaged communications once ruled emerging market communications, but the ethos of pervasive creativity rejects that. Pervasive creativity generates ideas that work in an ever-widening variety of channels, which enable—even demand—consumer interaction, fit seamlessly with new technologies, yet still tap into human emotions through age-old storytelling

Here is a deeper dive into the three primary fundamentals of Velocity Marketing Principles.

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Foresight reflects the evolving aspirations of a younger generation driving social change.



ROLE OF FORESIGHT

Foresight—an umbrella principle—focuses on the rapidly changing attitudes and views of consumers in the V12. The tastes and attitudes of the V12 middle class evolve so fast that some brands struggle to adeptly keep up with these changes. By the time a supposed insight is gleaned, it may not be relevant anymore. Simply put, planning by insight alone in V12 nations is a hazardous approach.

Instead, companies need to have and use foresight. This entails predicting and mapping consumers' preferences for the next one to five years, then translating that knowledge into products and campaigns that are focused on the future. Foresight helps brands remain relevant on the local level even as cultural and consumer attitudes shift, a challenging task in a multi-polar world, where generalizations masking as globalization are likely to fall flat. In short, foresight helps brands shape the future.

The emerging middle-class consumer in V12 nations reflects a point of view that in large part clusters around a wide variety of societal and environmental issues with an outsized impact on the quality of life, changing family interactions, and new generational aspirations. Many of these consumers will stretch traditional cultural norms in the next decade, particularly as they are influenced by Muslim Futurists and the changing roles for women.

The power of connectivity to a global grid of commerce, influence, and social interaction means that many velocity market consumers have the same access to information and competitive options as higher income markets. So, while they are diverse in size and rate of velocity, plus locally loyal and culturally proud, they live in a technology environment that has leveled the global marketing playing field. As a result, middle-class consumers of the coming decade will have an accelerated understanding of their options, plus a megaphone for expressing their tastes and opinions.

This, however, does not portend a homogenized, “global” world. In many cases, shifts in consumer attitudes will bear the remnants of locally distinct mores and history. Understanding the link between the future and the past and having foresight about the appetite for social change and the cultural issues that resonate in a particular country in a period of change will be key ingredients for success in the decade ahead.

Foresight reflects the evolving aspirations of a younger generation driving social change.

Foresight will be needed to tap into the issues that revolve around shifting gender roles and relationships. This is reflected in husbands and wives renegotiating the terms of their partnerships and in the shifting role of women in society, increasingly not defined by men's roles.

The transformation in women's roles has a cascading effect on intra-family dynamics. New opportunities for and demands on women are changing the nature of the crucial relationship between daughters-in-law and mothers-in-law, which is a mainstay of many multigenerational V12 households.



Toyota Prius IN MEXICO

When Toyota Prius wanted to solidify its position in the Mexican market, it decided to promote the vehicle with a campaign that went well beyond the benefits of buying and driving a hybrid car. Instead, it landed on an inspirational theme, portraying the Prius as a choice young people can make to change the world for the better.

In a series of TV spots, well-known celebrities relayed how Mexican life is changing for the better, emphasizing the importance of acting differently, rather than following the crowd.



Cadbury Dairy Milk IN INDIA

***Badhti Dosti ke naam'* (to growing friendships).** Cadbury Dairy Milk demonstrated foresight in the Indian market with a campaign that touched upon significant changes in one of the most important relationships in Indian culture. The cold, formal character of the mother-in-law/daughter-in-law relationship in India is so widespread as to be a cliché. As a result, Cadbury decided to depict how a spontaneous unleashing of joy could warm this frosty relationship, in essence contending that as gender roles and social mores change the way these women interact is ripe for re-evaluation, even if it is not yet visible to the culture at large.

The brand's campaign shows the awkwardness of the classical mother-in-law and daughter-in-law relationship melting away as they both dance with abandon on the streets to the tune of a popular, classic Bollywood song from the 1980s. This is just another example of how using 'foresight' helps brands create a unique bond with their audience.

IMPORTANCE OF CULTURE *V12 Consumer Research*

The importance of local culture, defined as family traditions, is strong in the V12, but varies considerably by market. Indeed, a plurality of respondents to our surveys indicated that as time goes by, their culture is becoming increasingly important to them. However, a significant minority has the opposite point of view and considers local culture as becoming less important.

Cultural ties are highly localized, of course, and it stands to reason that respondents' affinity for local culture would vary more by nation than by age or class. Culture plays a strong role to Brazilians, Indians, Mexicans and Nigerians, who are notable for believing more strongly that their culture matters more to them as time goes by. Meanwhile Filipinos, Egyptians and Vietnamese are distinctive in indicating that culture in fact matters less to them over time.

MORE IMPORTANT	
BRAZIL	66%
INDIA	65%
MEXICO	66%
NIGERIA	63%
LESS IMPORTANT	
PHILIPPINES	45%
EGYPT	46%
VIETNAM	50%

Foresight is needed for brands confronting shifting sexual boundaries, a complicated social and religious issue in V12 nations. While some brands consider this a no-go zone, others are embracing the topic as a way to demonstrate a contemporary stance.

For the first time in history, the middle class in velocity markets has joined its counterpart in more advanced economies to create a global middle class with diverse interests and passions. In some cases, the middle class is opting for spiritual pursuit or entertainment over material abundance. Other consumers are showing a desire for experiences, offering the recreational and leisure industry an opportunity to grow at GDP-plus rates in V12 countries. And more women seek to indulge themselves as part self-exploration and part self-fulfillment.

In the consumables category, localized products with global standards are increasingly important for V12 consumers, in part because of rapid urbanization and industrialization in some of these countries has resulted in tainted food supplies (China is a prominent example). ■

Orijin IN NIGERIA

Introduced in 2013, Orijin, is a new ready-to-drink bitters for the Nigerian market. In developing this product, Guinness Nigeria looked at two emerging forces in the local market: an increasing appreciation of herbs as sources of health and the growing popularity of artisanal products.

The brand's marketing communication promotes African fruits, natural herbs and alcohol. Only two years old, Orijin already has 50 percent market share of alcoholic, non-beer bottled drinks. Its success rests on its local branding ideas and Guinness' international muscle and perceived quality. This is a powerful example of how an international player can leverage local knowledge and its global reputation to dominate a market quickly.



Anouk Clothing IN INDIA

Brands have a long history of tearing down unjust social strictures. Benneton's famous Pieta ad didn't just make formally invisible AIDS patients visible, it sanctified them. Similarly, IKEA broke ground by featuring a gay couple shopping for furniture. Indeed, cross-cultural understanding has become table stakes in many OECD markets.

In India, Anouk Clothing is taking a similar approach, encouraging a new cultural narrative. In a recent commercial – a three-minute filmed entitled "The Visit," – Anouk Ethnic apparel showed a lesbian couple preparing to meet their parents. The ad, which went viral immediately after it was posted, was the first Indian advertisement to feature gay partners. In a country where some types of sexuality are still illegal and punished, Anouk's creative effort didn't just challenge stereotypes, it also helped reflect cultural changes that are already underway.

LUO SHUYANG

Guangzhou, China



One of the defining cultural tensions in the V12 is the concern over environmental destruction that often accompanies rapid economic development. Activists like Luo Shuyang are hoping to slow down the effects of this very serious problem.

The urbangia of the Pearl River Delta cities is the economic engine that powers Guangdong Province in southeastern China and also much of the rest of China. Home to around 60,000 factories, Guangdong produces everything from shoes to iPhones. A reported 45 million people have moved to Guangdong since the 1980s, with many of them now working in manufacturing.⁴⁶

Luo Shuyang, who was born in a small regional city but moved to Guangzhou when she was 18 years old, has watched the region and much of China become more and more polluted as industrialization dug in. As part of the growing legion of New Advocates, Luo seeks to raise awareness about this issue. Luo says, “Since I was a child, the pollution problem has become obvious from simply looking in the sky. It has changed a lot since I was a child, and my friends from Beijing say it is even worse there. In the north they wear masks sometimes when they go outside, in the south we think that this is not necessary, but sometimes I worry we need them too.”

While China has signed on to take part in the international effort against global warming, for many, including Luo, the change can't come quickly enough. As they see it, the effects of pollution and global warming are likely to be felt in economic terms, not just quality of life. That's also the position of the World Bank's Development Committee, which wrote: “Climate change and natural disasters put hard-earned development gains at risk, particularly for the poor and vulnerable.”⁴⁷

Luo's environmental consciousness has been awake for a while, but it was spurred into action by a sensational media event that highlighted the challenges of political advocacy in China. Luo was one of the reportedly 150 million Chinese who, within the first three days of its release, watched *Under the Dome* – a 2015 documentary film concerning air pollution in China. The self-financed film was made by Chai Jing, a former China Central Television journalist, who had become pregnant and feared for the health of her unborn child due to the extreme levels of air pollution. The film shows how regulations over emissions are being ignored in China's industrial expansion, with factories exceeding their limits.⁴⁸

Chai is no dissident, and at the film's launch event the Chinese Environmental Protection Minister, Chen Jining, compared the film to *Silent Spring*, which helped launch the environmental movement in the West. But despite Chen's comments, the film eventually proved too embarrassing for the government – so it was blocked on social media.





However, for Luo and many of her friends, the genie was already out of the bottle. The intertwined issues of pollution, food contamination, and global warming have become a clear impediment to daily life in some Chinese cities, and threatens sustained economic growth in China.

She says the film raised mixed emotions in her: “I was shocked but, at the same time, I am so proud of and very much inspired by responsible Chinese journalists such as Ms Chai.” It has had a lasting impact on her: “The first thing I do now every day when I wake up is check the air pollution on my phone.”

Still, Luo feels that there is little she can change in her daily life to help the efforts. “It’s really a matter of the factories here,” she says “I take public transport where I can. I do not like to complain, but I don’t want to be indifferent either.”

The countries of the V12 have a fraught relationship with climate change. They are growing economically at the same moment that heedless carbon emitting is no longer feasible, but that form of cheap energy is exactly what these economies need to grow rapidly. Moreover, some V12 countries such as Bangladesh are particularly vulnerable to flooding if sea levels rise. The solutions are yet to be found, but when they are, they will offer an opportunity of tremendous scope—one the V12 nations are particularly well suited to develop and exploit.

*Guangzhou, Guangdong Province, China
October 12, 2006: Air pollution in city of Guangzhou.*



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V12 consumers want brands that do things that matter to them.



BRAND BEHAVIOR PRINCIPLES

These principles reflect the ongoing evolution of the purpose of brands and their impact on people's lives. They focus on what brands do, how they behave, and what matters to people. These principles embed brands in society – and in social discussion. They create brands that do, which communicate with rapidly-changing V12 consumers via ongoing demonstrations of their values. While these principles apply to brands anywhere in the world, they are critical for the V12 markets, where brands must keep up with, and reflect, rapidly changing consumer values. Perhaps more than elsewhere, V12 consumers want brands that do things that matter to them.

BE A BRAND THAT DOES

Brands must start by understanding themselves – and defining the values that they want to impart. This is critical, as every brand faces the challenge of understanding how the brand consumer sees the world and how the world sees the brand. Any gap that exists between the two, particularly due to cultural misunderstandings, becomes a key issue that must be addressed. Great global brands like IBM, Coca-Cola and Dove tend to be built on ideals that inform all aspects of brand and company activity. These ideals need to then be expressed, activated, and manifested through a variety of ways that resonate with local consumers.

Purpose-driven companies have a vision of how they fit in and can help the world. Purpose and values are more credibly brought to life through behavior, action, and creation than they are through generic internal statements of values. In fact, tangible action can be a vivid, credible demonstration of a company's purpose or product's value proposition to its customers.

Brands have fully embraced the fact that they don't create themselves. Customers have significant impact on how brands are built, and brands cannot abstain from ongoing interaction. Realizing this is one thing. Adapting to it requires a shift in thinking and behavior. That shift is called Behavior Branding. Behavior Branding asks brands to do, not just say. Marketers need to employ Behavior Branding in V12 markets in order to outpace their local and international competitors. >



Tang Recyclass IN THE PHILIPPINES

Pollution isn't just found in carbon emissions and smog. It is also a problem on land as garbage – which Tang's Recyclass addressed by reducing waste. Pollution of all sorts is a keenly important issue for middle-class individuals who are helping forge a future for their countries and their children.

Recyclass launched a recycling drive that encouraged Filipino children to collect recyclable foil packs, which were then used to make flood-proof plastic school chairs. Tang donated 10,000 of these chairs to selected underprivileged public schools across the country. Many trees were saved, since it takes three full-grown trees to create a single conventional chair.



Bank Alfalah IN PAKISTAN

Bank Alfalah, a young challenger brand in Pakistan, wants to be the bank for individuals who carve out their own paths. The brand is an example of a local product that deepens its connection to the population by supporting the people's ambitions.

In order to illustrate that commitment, Alfalah launched "Rising Talent," a program that transforms ideas into reality for those who have the talent, creativity, and will to succeed.

Rising Talent's first project was to support Adnan Sarwar, who wanted to tell the story of the Pakistani boxing hero Hussain Shah – the only boxer who won a medal for Pakistan in the Olympics. The bank sponsored Adnan – who had no filmmaking experience nor a superstar cast – in making his movie, "Shah," and distributing it to cinemas nationwide.

Around the world, including in the V12, more consumers are choosing to give their business to brands that provide a higher promise and purpose. V12 consumers are growing up in a global age of transparency: companies and institutions are being held accountable as never before.

The increase in middle-class wealth is bringing a growing awareness of social issues along with it. These issues vary by V12 market, but they include the environment, child labor, gender equality, and a host of other important topics. These social issues – and the actions brands take in response – are critical as drivers of change in V12 societies. >

Coca-Cola Sari-Saring Happiness IN THE PHILIPPINES

Coca-Cola unified several themes in one campaign in the Philippines. The brand discerned that the spirit of the holiday season was under threat as Philippine society changed. Moreover, environmental consciousness is never far from a priority for a brand that relies on plastic bottle packaging. To reanimate the holiday spirit of Filipinos, Coca-Cola designed a creative effort to lead consumers back to a simpler idea of happiness during the Christmas season. Happiness, Coca-Cola inferred in its campaign, relies not on expensive gifts but on ordinary everyday actions. To spread this concept, the brand asked people to share bite-sized ideas that could have a big impact on society. Out of this Coke supported efforts to make inexpensive Christmas lanterns with Coke bottles. More than 100,000 Coke PET bottles were recycled, enough to light up every urban district in the Philippines.



Health and nutrition are central issues in the V12 markets. Some of the V12 countries still have substantial portions of their population suffering from malnutrition, primarily people who have not yet reached middle-class status. On the other hand, rising incomes have also led to increased obesity, which is highlighted in this next case from Mexico.

Brands that do will promote the development of ambitious young people looking for opportunities in growing V12 markets. These human interest stories will play an increasingly important role in reflecting the ambitions of a rising V12 middle-class consumer base.

Increasing wealth in V12 markets and concomitant social change will often lead to a consumer backlash against the potential problems that emerge from new social values. Brands that do can address that increasing social tension by supporting traditional and important social values often through new media. ■



United for Healthier Kids Program IN MEXICO

Mexico now has the most obese population in the world. For the first time, young people will have a shorter life span than their parents. To address this problem, Nestlé created United for Healthier Kids. The company had already designed a similar campaign for the Philippines, but since the problem was different in Mexico, the solution had to be, too.

In Mexico, Nestlé chose a playful approach, including the creation of products that make healthier living fun for children; among them, maracas to shake away fat and plates that control portions. The company also produced a primetime TV show called "Hermosa Esperanza (Beautiful Hope)," which followed four real families as they adopt a healthier way of life.



Dove in China, Messages from Unborn Babies.

START A CONVERSATION

Consumers in the V12 are building communities of conversation and trust with each other more readily than with marketers. Companies wanting to tap into the rapidly changing lives of V12 consumers must both prompt and take part in dialogues with them instead of hurling messages at them.

V12 middle-class consumers are increasingly social natives, growing up with social networks at the center of their media and channel worlds. As a result, they are not just populating the growing global social megalopolises such as Facebook, Twitter, and WeChat; they are fundamentally incorporating social media into the way they interact, live, shop, buy and discuss important issues in their lives.

There's a new collective view of brands, generated by consumers. This large scale incorporation of social media into more aspects of peoples' lives leads to a change in the relationship of consumers and brands. Brands have long enjoyed a "collective view" among a core of believers and enthusiasts that supported the credence of the brand. That view was largely formed and guided by marketers. These days, brands must win attention, along with respect and affection, to engender loyalty.

This shift from the age of interruption to the age of engagement requires a reorientation for all types of marketers from just selling to staking out a more expansive, active view of a brand in a wider context of society. This creates a need for an "earn-in" view of consumers' social conversations. This earned influence is deeper and more resonant than what results from buying reach and interruption through traditional advertising spaces. >

Dove IN CHINA

Chinese women are subjected to a lot of harsh criticism about their appearance. For Dove, long an advocate for women, this injustice needed to be called out and the notion of changing gender ideas needed to be addressed. Dove achieved this through a campaign that gave voice to three unborn girls, via body paint on their mother's pregnant belly. They said:

- > I'm a girl who has not been born. If I grow up with a flat nose, will you still embrace me?
- > I'm a girl who is yet to join the world. If I grow up to weigh 70kg or more, will you still welcome me?
- > I'm a girl who is yet to breathe. If I grow up with A-cup breasts, will you tease me?

If the metric for success, is "Why should they care?" then Dove achieved its aims. Faced with those crushing fears delivered on the most fecund canvas imaginable, consumers had no choice but to deeply engage and care.

These voices had a ripple effect, inspiring female opinion leaders to share their personal stories, call for an end to harsh criticism, and celebrate female beauty.



361° Sportswear IN CHINA

361° is one of a growing group of Chinese sportswear brands. In 2011, 361° became an official sponsor of The Asia Games to help drive brand recognition. For this event, 361 developed a unique campaign designed to instigate social conversations about its star athlete – Chinese swimmer, Sun Yang. For example, in a series of tongue-in-cheek ads, "The Verbal Duel of Two Swimmers" (隔空约战), Sun Yang politely trash talked his rival, South Korean superstar swimmer Tae Hwan Park.

While the campaign led with traditional media, the real heat happened on social media, where impassioned discussion on the nature of sportsmanship and competition took place. The brand repositioned itself by making itself the originator and facilitator of a pent-up social debate. It was a shrewd effort by 361, successful primarily because the company knew the local market well and did not make a cultural faux pas. Leading or even participating in a social discussion without understanding the nuances, taboos and sensitivities of the local market can be a recipe for disaster for multinational brands. For 361°, the gamble paid off, evolving the brand's image and presence.



WENDY FIGUEROA

Mexico City, Mexico

Wendy Figueroa is a living example of how middle-class lifestyles are supporting heightened participation in social advocacy. Born and raised in Mexico City in a middle class family, Figueroa studied psychology at the Universidad Nacional Autónoma de México with a keen interest in vulnerable groups, especially indigenous people. In her first job as a psychology consultant for a 24-hour emergency phone line, Figueroa had to deal directly with gender violence for the very first time: “A 16-year-old girl called one night because she was thinking about killing herself. Her stepfather had raped her some time ago and since then she decided to willingly stay in the house in order to protect her little siblings aged four, eight and 12 from the same abuse. The pain, desperation and inner struggle of this girl opened my eyes to what I felt I was being called to do with the rest of my life: I was going to choose life and give the possibility of life to as many women as I could,” Figueroa recalls.

Today, Figueroa is the director of Red Nacional de Refugios, an NGO devoted to offering shelter and assistance to women victims of violence and their children in more than 47 centers around the country.

According to the Mexican national statistics institute (INEGI) 63% of women over 15 years of age⁴⁹ (roughly 30 million people) have experienced some form of gender violence, which could include physical, sexual, emotional, or psychological violence.

“Mexican culture is permeated with negative attitudes about gender that allow violence to prosper,” says Figueroa. “Among these stubborn stereotypes about the role of men and women you find patriarchy, traditional practices that facilitate human trafficking and child marriage, sexist assumptions the media help disseminate, as well as a structural lack of commitment from the government to include the gender perspective in its public agenda.” An impunity rate of more than 95% in femicide cases fuels the idea that the Mexican government is not interested in putting an end to gender violence: with more than 44,000 women murdered in the past three decades, only a fraction of the perpetrators have been brought to justice.⁵⁰

After working at the help line, Figueroa received a call from Fortaleza, a women’s refuge in Mexico City, which had an opening for a psychologist. Although the wages were low, Figueroa accepted the position and in six months was appointed director of the refuge. She remained in that role for the next 11 years, while the idea of generating a network of life for women and their children all around Mexico percolated in her mind. “In 2004 I founded, along with other activists, Red Nacional de Refugios, the only network that includes refuges dedicated to assist women victims of violence with the perspective of giving them the tools of self-empowerment to fend for themselves and their children. The Red has impacted more than one million women so far. We are very proud of what we have achieved,” Figueroa says.



In Mexico the first and foremost form of violence is economic violence. Women become wives and mothers at a very early age (19 years old on average, 13 or 14 in some rural areas) leaving them with few possibilities to study or prepare to find a job to provide for themselves. Most of the women who are victims of domestic violence – especially those with children – are forced to come back to their abusers because they can't find a job that allows them to support their family.

The Red Nacional de Refugios provides women with a shelter and a place to recover after a traumatic violent incident but most importantly, it gives them the opportunity to discover their “powers,” realize their abilities, learn a trade and start their own business as a micro entrepreneur. “Most of the women that come to a refuge are completely lost. They have been afraid about dying for so long that they forget about their worth as human beings. Their children are as afraid as them and most are unable to talk or play, so we focus in bringing them back to life, in making them realize their value with the help of our psychologists and our team of vocation experts. In most cases, within three to five days, you start to see a change: the women rediscover their passions and the things they liked to do are suddenly seen under a different light. They start talking about their dreams of having a beauty salon, or a cyber café, or to go back to school to finish their studies. The children play, they smile and want to learn. The whole scene turns into a little miracle,” Figueroa says.

As long as there is no political will to strengthen the laws that support women in Mexico, only the work of civil society organizations and of people like Wendy Figueroa will make a difference in the life of thousands of women left with few options.

Much of Figueroa and Red's activism is conducted using social media. For an organization looking to achieve societal change like Red, social media is a natural fit as materials are shared and endorsed by passionate followers reaching secondary networks of Mexicans whose awareness of these issues is raised. Importantly they also offer private lines of communication between women seeking help and the professionals at Red who provide it.

Companies need to pay close attention to connected consumers who can impact the brand discussion locally and at the same time recognize that those connected consumers can be heard across the globe. This means companies are challenged like never before; it will require organizations to stretch well beyond the way they have thought about and marketed to “emerging markets” in the past.

Marketers today need to start with a basic question in developing their brand communication, particularly content: Why should they care? This simple query can have a profound effect on how a brand is presented to consumers, particularly when it comes to a brand actively engaging in, and prompting, social debate.

“Meaningful” is an operative word when it comes to deciding what types of social conversation, or debate, a brand should generate. Some of the most meaningful social tension surrounds the traditional role of women in the V12.

Increased wealth for the newly middle-class often goes hand-in-hand with heightened participation in social activism and issues of governance. As economic velocity generates social velocity, the middle-class of the V12 is

becoming more active in tackling social issues. Sometimes these actions are spurred by brands playing a vocal role, raising the public's consciousness about issues. In other cases, they are inspired by personal experiences that prompt their involvement.

Not all social discussion has to focus on pressing social issues to resonate with the public. As entertainment and sports spending expands in V12 markets, celebrities in these fields are using social media as personal platforms. Legions of fans follow these stars and are active in social media discussions about these personalities. Brands can create similar campaigns around themselves on digital channels and build brand distinction and consumer connections.

Every generation creates its own unique vernacular. It is often disastrous when brands attempt to coopt it and sound hip; however, brands can play an important role in highlighting shifting patterns of expression. ■



Fami IN VIETNAM

In Vietnam there are two distinct modes of language. One is used in real life – this is Real. The other is used in newspapers or in government propaganda posters – this is Proper, full of grandeur and aphorisms that make many Vietnamese cringe. For years, brands spoke to young people using the Proper “mode” of language.

Fami, the leading soy milk brand in Vietnam, wanted to connect with the whole family, not just the adult women who were its traditional customers. It realized that changing modes of expression may be driving a wedge between it and the young people it wanted to reach.

So, the brand went out to meet young people where they were: the coffee shop, the cinema, school, streets, restaurants, and more. They overheard real life conversations, dug through countless Facebook posts, and found that, contrary to conventional wisdom, young Vietnamese were not shy or reserved. They expressed their emotions as often and effortlessly as anybody else. They just did it in their own way.

Fami designed an open-ended platform for Vietnamese Family Day to give people a chance to share what family meant to them – in their own language and without the anachronistic language usually seen in media and advertisements. Not only did they start a conversation about language and how it used by different types of people and different groups, they helped spread the idea that modern families no longer conformed to old-fashioned definitions either. Fami sidestepped the peril that usually befalls brands attempting to speak in slang – something that many social media strategists for big brands have experienced – by reaching out to the originators of new language themselves.



Visit Britain in China.

THINK LIKE A BRAND PUBLISHER

To master an ever-broadening range of content opportunities for brands, companies must think like publishers. This means gaining a significantly deeper understanding of content, while developing robust content strategies and calendars. Brands must also turn to editors who can ensure a focus on meaningful brand approaches avoid content landfill – the growing clutter of over-communication that is far too commonplace today.

Brand content will range from magnetic content – which creates high brand visibility – to tailored, more practical content that teaches consumers how to use products, perhaps even encourages them to know more about the product by using real-time smart content.

There's a continued move towards infinite media and over the top delivery via the internet. More V12 consumers are leapfrogging technology, consuming video content online. A higher percentage of online consumers in Mexico, India, and China, for example, watch video in different formats than online consumers in the United States or the U.K.⁵¹ >

Visit Britain IN CHINA

When British tourism experts found that Britain was not viewed as a welcome venue by Chinese tourists, they turned to social media for a solution. China, they uncovered, has an obsession for naming. Sure, Britain already had names for all of its great sights, but why not give the people of China a chance to give their own names to the 101 places of interest they might want to visit?

The British Ambassador to China kicked off the campaign, which blanketed traditional and social media, encouraging people to go to the Visit Britain site – or even better, Britain itself – to nominate new names for old sites. Over 13,000 unique Chinese names were coined – online at least – and the birthplace of English became a little more multi-lingual.

The campaign was a playful way to reach out to a growing V12 market – newly comfortable Chinese tourists. Moreover, it turned a colonial legacy on its head while demonstrating a powerful understanding of local Chinese customs and motivations. Finally, the campaign subtly recognized that the linguistic center of the we – and perhaps the global lingua franca as well – is moving to Asia.



Axe IN INDONESIA

In a wonderful example of thinking like a publisher, Axe took its position as the olfactory social lubricant that brings couples together and extended it to a need its audience displayed but had no idea how to solve. Axe saw that its target market of teen boys in Indonesia was relatively shy and less aggressive than their Western counter-parts. They lack confidence and practice in approaching girls. The brand responded with The Axe University – an online academy where young male Indonesians can practice the art of attracting women. The Axe University provided a venue where they could learn the art of attraction in a fun and safe environment together with their friends. Online lessons, tests and offline events provided a program for teens to engage, upload user-generated content and share on social media. This sort of service publishing is exactly what propels some of the world's largest media brands to continued success and bonding with consumers.

With content increasingly produced in local languages such as Hindi, Urdu, Bahasa Indonesian, Mandarin, and Portuguese, consumers have outlets of expression in their native tongue. This provides new avenues for brands to engage with consumers using language and content in novel ways.

The combination of cheap but high-quality video production and consumers' desires to watch video has made producing Web content an essential part of doing business for marketers. To take advantage of this trend, companies need to set out content strategies mapped to their business requirements. Further, they need to heed the lessons of the best content creators by listening to their communities, publishing regularly, displaying passion, and downplaying the hard sell.

The marketing landscape in the V12 will be marked by a proliferation of channel options, fueled by increased wealth and economic diversification. These will range from digital channels (in the form over-the-top services) and mobile channels and apps, to music, videogames, and related merchandise. Smart brands are taking advantage of this trend in the V12 markets to create more forms of localized content that will resonate with local consumers.

Content is alluring to marketers, but making good digital content is every bit as delicate a task as creating content for other media. V12 brands need to avoid contributing to content "landfill" – that is, extraneous content that serves little purpose and has virtually no value. Acting as a content publisher should not be an unlimited license to produce. Rather, it requires the skills of a modern-day editor who can distinguish – via taste, data, consumer foresight, and good judgment – the types of brand-relevant content necessary to engage and compel given audiences. The new maxim of content publishing is to create marketing that works so well that consumers choose to spend time with it, save it and share it. ■



Coke Studio IN PAKISTAN

Since its inception in 2008, Coke Studio has striven to blur differences and strengthen commonalities in Pakistan through the power of music. The TV-based music show has played a critical role in uniting a nation often split along sectarian, provincial and linguistic fault lines by using the fusion genre to propel both national discourse and a deeper understanding of Pakistan's various cultures. Currently in its 9th season, Coke Studio has evolved, both in terms of its content as well as the manner in which it is disseminated to end users, while still ensuring that each season is eagerly anticipated.

Coke Studio consists of 28 tracks shot live on the set featuring an eclectic collective of established, emerging and folk artists.

Over the years, the platform has been leveraged and supplemented with initiatives that help drive brand equity, media productivity, online reach and most

importantly presence, or volume, in the country's cultural discussions. With close to US\$ 2 million worth of media productivity and over 120 million online views last year alone, Coke Studio has expanded well beyond TV into a variety of media channels: digital platforms, android and iOS apps, airplanes, radio and much more.

When political unrest forced Coke Studio to cancel public events with performing artists due to security concerns, these sessions were recreated digitally with direct access to celebrities via live tweet sessions. In fact, despite the challenging climate in Pakistan, in 2015, Coke Studio increased its market share. This is an excellent illustration of a brand nimble enough to jump from channel to channel in order to continue to grow even as social conditions change.

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*...something so good, you want
to spend time with it.*



OMNICHANNEL PRINCIPLES

Omnichannel principles address critical changes occurring in V12 markets due to the rapid evolution of technology and the multiplication of platforms and ways to reach people. Brands need to devise strategies to capitalize on opportunities made possible by technology and meet the expectations of consumers on whatever technological medium they use. Omnichannel principles leverage key drivers of velocity, with a focus on mobility, ecommerce, and data.

ARCHITECT IN PARTICIPATION AND CONTRIBUTION

Marketers must re-cast their perception of consumers from being “targets” to being active participants, who expect, and even sometimes demand, a role in marketing activities. Further, marketers will need to understand and embrace the full potential of customer contributions in helping to build and differentiate brand development and overall business models.

In order to make the most of the potential to link new channels and properties, brands will need to use creative elements that amplify and enhance one another so that consumers see and experience marketing across more parts of their lives. Even as it deploys more extensive channels and consumer data, multi-channel marketing needs to stay focused on the goal of creating “something so good, you want to spend time with it.”

Marketing in V12 nations must encourage consumers to move from recommendation to contribution. Consumers have long participated in the support of their favorite brands by recommending them to others – a critical part of the loyalty pay-back of brands. In the past, recommendations often happened in a personal interchange of some type. Now, most brand commentary and participation has jumped to social networks, comparative websites, and other online forums. As it has done so, the potential for consumer contribution to brands has increased. As a result, companies must consciously design ways for consumers to support and prompt contribution. ➤



Baileys IN MEXICO

On Mother’s Day, Baileys inspired Mexican women to take back that phrase and use it to honor their mothers by joining a movement called Hija de Mi Madre (Daughter of My Mother).

The campaign was built around audience contributions. Short films of women declaring themselves daughters of their mothers challenged the viewer to do so as well. That, plus a manifesto where women talked about great lessons they learned from their mothers, led to an ongoing conversation in social networks, during which shared photos and messages expressing the pride of being a daughter. In adopting this approach, Baileys made itself part of the Mexican culture and lexicon and intertwined its fortunes with a very different sort of word of mouth. This work shows the power of digital recommendation and contribution as a combined strategy.



TripAdvisor IN CHINA

The rise of economic and social power in China has led to dramatic growth in the travel industry. China will overtake the U.S. as the largest domestic-travel market in the world in 2030. In order to gain a larger share of this market, TripAdvisor printed thousands of its unbiased traveler reviews on bus shelters in Beijing, Shanghai and Guangzhou. In a short time, TripAdvisor had successfully joined the mainstream conversation in social media. TripAdvisor highlighted its differentiating feature – unfiltered consumer reviews delivered online – via the very physical infrastructure that is booming all over China. It's a plan that marries traditional high-traffic marketing with digital and social power, much as TripAdvisor itself is a mashup of the digital and physical worlds. It's a strategy more and more brands will be following in the V12.



KFC IN CHINA

With more than 34 million fans on the Chinese social site Baidu BBS, Korean boy band sensation EXO is one of the fastest growing pop groups in China. For the digitally-savvy fans of the group, KFC saw the opportunity to create an omnichannel physical/digital universe, thus honoring the preferred connection channels – and mobile first leanings – of the band's millions of followers.

KFC created a universe of content anchored on a 3D mobile app EXO-themed dancing game. Then, KFC linked the digital experience to QR codes on band figurines (distributed with KFC's new Korean meals), thus turning a digital-only idea into a connected real-world event. The app also offered other fun bonus content, including EXO alarm clocks, stickers to share on WeChat, and cartoons where people could add their own photo into scenes with the band.

Brands should search for their super fans, highly motivated, highly involved members of digital communities who can act as drivers of commerce and engagement for content creators and the brands they associate with. Not only do super fans drive revenue themselves, but they also set the tastes for the remainder of the community and lead their commercial activities. However, they are not the only golden nuggets for a brand to find.

For years, the key measure of loyalty was the lifetime value of a customer, primarily a measure of their repeat purchases. This transactional measure still counts, but now there is also the growing economic value of the network effect of customer contribution. A consumer might purchase a lot of a company's product, but if she fails to tell anyone about the product, her value as a consumer pales against her counterpart who spends the same amount of money on a company's products and regularly tells her social network how much better her skin looks as a result. This amplification of recommendation, from word of mouth in the past to activated social network today is a key factor in social seeding of new campaigns and products, and to generating velocity for marketers.

Rapid urbanization in the V12 markets has led to a variety of changes in their physical landscape, particularly in the megacities. The V12 cities have seen explosive growth of malls, mega airports and other locations that can act as nexuses of consumers. Marketing plans that aim to build customer contribution and participation must increasingly locate these high impact geographic areas. Mobile and other digital devices must also play an active role in connecting physical, in-market activities with the virtual world.

Most research indicates that the impact is greater when channels are linked and pervasive – when they work together. This is true, not just for media channels, but for digital ones that extend and amplify messages, entertainment properties, and even physical merchandise. Social media and earned influence, while extending these ideas, can also often generate traditional media coverage. Key linkages reinforce core ideas, and each channel plays a role. ■



Share a Coke in Indonesia.

PERSONALIZE (WITH CARE AND PRIVACY)

Success in the V12 markets will increasingly require robust data and personalization strategies. Failing to fully leverage data, and the personalization it can support, will likely result in falling behind the competition and failing to keep up with consumers' escalating demands. Given the power of cloud technology, even smaller local brands can now leverage data and data mining.

Personalization is the promise of the age, whether through mass customization of products, or through deep algorithm-based insights that are part of a CRM program. At the center of much of this is data – the fuel and byproduct of personalization. Data mining promises to improve lives, provide more relevant and tailored products and experiences, and anticipate the needs of individual consumers. However, privacy is the potential wolf at the marketing door.

Consumers are increasingly data aware, but privacy paranoid. They are fully aware of the importance and value of their data. Consequently, they are increasingly paranoid about how it is collected, stored, and used. Marketers need smart strategies to collect, understand, and use data to personalize.

In many V12 markets, social services lag behind demand, and brands play an ever-larger role in satisfying the needs of consumers. Where government services lag, brands increasingly fill the void with new useful activities connected with individual data. For more brands, this means moving beyond communications to creating platforms for action and service innovation. ➤

Share a Coke IN INDONESIA

The Share a Coke program, which allows consumers to put their names on bottles of soda, has traveled from its birthplace in Sydney all over the world. But when it was launched in Indonesia, this emblem of personalization had to personalize its own strategy due to a unique feature of the Indonesian marketplace.

Indonesians place tremendous cultural weight on someone's name. The name a person has not only means something in the language, it is also believed to reflect something of the character of the person bearing it. Parents in Indonesia embed their dreams and aspirations into the names they give their children. And there is an unspoken hope that a child will live up to the meaning of his/her name. This devotion to names has taken an ugly turn recently during a rash of public name calling. In Indonesia, cruel slurs stick and a negative nickname can have a devastating effect on a person.

To align its campaign to Indonesia's unique attachment to names, Coca-Cola created Web content tackling the problem of name bullying in Indonesia. In an online video created by Coke that has become extremely popular, a group of teenagers who have been teased about their names share the pain they've experienced and their parents are shown defending their children, talking about the love that went into choosing these names. This extra twist on a global personalization program enables Coke to both expand a marketing campaign and address a critical social issue in Indonesia.



Nestlé Champions Band IN VIETNAM

Brands don't need to be selling a service to provide a service to consumers. Nestlé created a MILO Champions Band and app that is the first kid-specific tracking system for nutrition and performance. It monitors nutrition intake via the Champions Energy Calculator and provides parents and children with useful information, rewards, and inspiration to encourage a healthy lifestyle. The ecosystem is made up of a customized wearable tracking device that connects via Bluetooth to specially designed apps that monitor, analyze, and suggests ways to improve a child's daily food and activity level in a fun, gamified manner.

Why was this necessary? While smartphones and technology are becoming prevalent, basic health information is less easy to come by. In this case, an international brand has provided that valuable service.



Hellmann's Mayonnaise IN BRAZIL

Unilever has a long-standing and strong presence in Brazil. Nevertheless, marketing Hellmann's mayonnaise has been a challenge in the country. Hellmann's may be a multi-purpose condiment around the world, but most people in Brazil think mayonnaise is only good for sandwiches.

So Unilever chose a creative approach to overcome this obstacle – at the point-of-sale. Software was installed in 100 cash registers at a major supermarket chain. When the computer in the cash register recognized a Hellmann's purchase, it scanned the other items in the shopping cart and generated a personalized recipe for the shopper that included mayonnaise as an ingredient. Innovative, location- and data-enabled marketing can help overcome cultural barriers and habits to introduce new uses for great brands.

Sources of consumer data today include both closed graph personal data (for example, your credit card information), and open graph data, which is now readily available via social networks and platforms. All of it, structured and unstructured alike, is being mined with more sophisticated technology than ever before.

Search is one of the key sources of personal data. Search data is, in many ways, the purest expression of intent: people generally search for things they want or need. Smart intent modeling from this search data is a powerful tool available to marketers today. Given the equalizing effect of cloud technology and the data that supports it, this applies as much to the V12 markets as anywhere else in the world today.

The leveling effect of technology is creating a V12 data leapfrog. Companies such as Google are as sophisticated in Mexico City or Bangalore as they are in San Francisco. And there are local technology platforms and players ranging from Brazil, to India, and China. Consequently, many local V12 companies, even middle-sized ones, can access powerful platforms and exploit data as well as any American or European Fortune 500 company.

The benefits of using data well are manifold – but so are the liabilities. Handle data with extreme care! Consumers worry about the potential misuse or theft of their data. Plus, just as we warned against the dangers of the content landfill, the dangers of the data landfill are equally perilous. Data that constitutes personal consumer information can create a liability if lost or stolen, and if there was no good reason to collect it in the first place, a company will have increased its risk for no gain whatsoever. Data integrity and security must be a vigilant focus of all companies as they leverage the benefits of Velocity Marketing approaches. ■

DEPLOY COMMERCE CONTINUOUSLY

As the \$1 trillion force of ecommerce and m-commerce continues to reshape the way people shop and buy in more of the world, an important shift in focus needs to take place: a move toward Continuous Commerce. This shift widens the view of ecommerce to better link brand and sales efforts.

It's Continuous Commerce, not simply ecommerce. Some marketers equate ecommerce with a website or the shopping cart. But Continuous Commerce is more than that. It tracks the full arc of the consumer journey and connects the brand efforts more tightly with the final sale. Consumer connections to both ecommerce and m-commerce intersect in more parts of consumers' lives today. So, an omnichannel approach centered on the brand and customer experience is key to success.

However, many companies fail because they begin and end at the transaction, embracing only part of the full commerce relationship with the customer – a relationship which begins well before the sale and continues well after the first transaction. In many ecommerce relationships, the first transaction is not profitable; the money is in the lifetime customer relationship.

Many ecommerce solutions don't answer consumers' needs. They just solve part of them. Some offer robust technological solutions but poor customer and brand experiences. Others provide beautiful imagery and storytelling but fail to deliver a reliable and scalable technology infrastructure. Most commerce solutions are uni-channel, while over 80% of consumers' purchase journeys involve at least two channels.

Those multiple channels may include connections via a QR code on a billboard in an airport or train station or a shoppable window in an online banner served via an ad exchange. Or it could be a click-to-call button at the end of a piece of content or at a brand comparison or review site. Because shoppers want to connect more seamlessly from brand browsing or content to purchase, it's critical to build brand interactions into transactional platforms, rather than just looking at commerce functionality (though that must work flawlessly and securely, too). ■

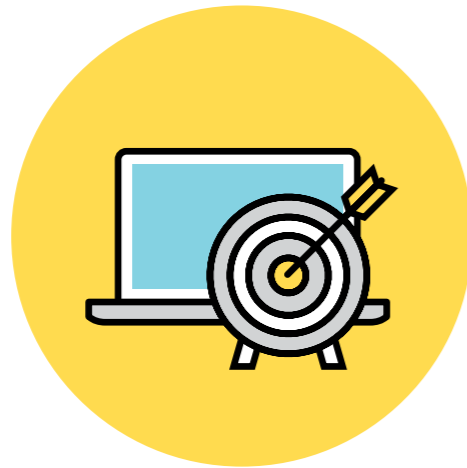


All Things Hair IN THE PHILIPPINES

All Things Hair is the first-ever online brand channel for hair solutions. It is a platform that leverages Unilever's extensive hair expertise by providing useful and relevant content based on Filipino women's online search activities, an attempt to build an ongoing relationship with the consumer.

Rather than just pump out branded content for its consumers, All Things Hair partnered with already-popular local vloggers and style influencers to create content, in effect piggybacking on their influence and breadth of material and making sure that there was dynamically changing content to keep consumers engaged. In order to make the advice on the site actionable, All Things Hair integrated an ecommerce system that drove sales through a partnership with ecommerce giant Lazada, closing the loop from brand building to continuous commerce.

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The geopolitical picture.

CONCLUSION: SUCCEEDING IN THE COMING DECADE

While the V12 nations enjoy many advantages, their full growth potential will ultimately depend upon a number of factors that allow infrastructure to develop, incentivize innovation, and support growth. In the V12, as anywhere, growth is best managed by attentive, transparent governments with a set of laws and regulations that ensure a safe, profitable, ethical and peaceful business environment for foreign investors and their companies. >

Conversely, economic mismanagement, onerous taxation, war, terrorism, pollution and resource degradation, corruption and breaches of intellectual property rights can deter both internal growth and external investment. Even worker, consumer and environmental backlashes can send a fly-by message to multinational companies considering doing business in these countries. Steady growth is not guaranteed, even with the strong intrinsic factors in the V12. And it is no longer possible for countries to keep secrets about their business environment and policies, particularly when international watchdog groups are more vigilant than ever about substandard commercial, labor and regulatory conditions and publish openly on the internet. In other words, compliance with high standards and good government has become another form of good business.

Succeeding in the next decade in the V12, will require new skills, and a shift of mindset regarding the “emerging markets.”

The V12 markets depend on a complex matrix of macro-economic and geopolitical policies in order to realize their potential. Four areas in particular stand out as concerns that V12 nations need to focus on in order to develop, thrive, and spur commercial growth:

- > Intellectual Property Protection;
- > Rooting Out Corruption;
- > Protecting the Environment; and
- > Balanced and Intelligent Taxation.

These four areas are likely to be flash points in the coming decade and, therefore, the focus of corporate and government relations. Ultimately, they will determine the contours of V12 economic development.

INTELLECTUAL PROPERTY PROTECTION

The regulation of intellectual property rights in the V12 is an evolving story, by no means consistent across markets. In some countries, it is built into the local Constitution, which does not always guarantee compliance. In others, it has become a lightning rod for litigation, especially from multinational corporations paying a high cost for its violation. All of the V12 nations are members of the World Trade Organization, which means they have committed to a series of IP and patent regulations. Yet, it is generally accepted that the enforcement of these policies varies.

One solution for intellectual property infringement that is having a palliative effect is the idea of trading zones that promote intellectual property rights as an essential component for regional economic growth and sustainability. For example, APEC (Asia-Pacific Economic Cooperation) recognizes that “intellectual property rights (IPR) protection and enforcement is a key factor for promoting foreign trade and investment, as well as for boosting economic development.”

Intellectual property protection can also incentivize innovation in the V12. We see this not only among local corporations establishing R&D hubs and developing patents for export and brand competition, but also with the young SMEs (Small and Medium Size Enterprises) that are burgeoning with the expanding middle class. In Asia, APEC has taken the lead in educating SMEOs about the best ways to protect their intellectual property.

Companies investing in brand building in the V12 markets will need to step-up their intellectual property lobbying and government relations efforts in the coming decade to ensure the integrity of their brands and the protection of their distinctive product advantages.



Sao Paulo, Brazil, 13 March 2016: Millions of Brazilians took to the streets to protest against the government of Dilma Rousseff and ask for her impeachment.

ROOTING OUT CORRUPTION

All of the V12 countries scored below 50 in the 2015 Corruption Perception Index, a gauge of the perceived levels of public sector corruption by the watchdog group Transparency International. On a scale of 0 to 100 – ranging from highly corrupt (0) to very clean (100) – India and Brazil achieved the best scores at 38; Nigeria, Bangladesh and Myanmar were the most challenged at 26, 25 and 22 respectively. In addition, in the World Economic Forum’s ranking of corporate ethical behavior in interactions with public officials, politicians, and other firms, V12 countries are just under (or in the case of the Philippines and Indonesia, just above) the global average.

TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS INDEX (2015)

RANK	COUNTRY	SCORE
76	INDIA	38
76	BRAZIL	38
83	CHINA	37
88	INDONESIA	36
88	EGYPT	36
95	PHILIPPINES	35
95	MEXICO	35
112	VIETNAM	31
117	PAKISTAN	30
136	NIGERIA	26
139	BANGLADESH	25
147	MYANMAR	22

Source: Transparency International, 2015 Corruption Perceptions Index.

Like intellectual property legislation, the reach of extra-territorial legislation on corruption and bribery abroad is having a significant impact. The UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA) make it a crime in their respective jurisdictions to bribe officials of another country or engage in other corrupt activities abroad. Under FCPA, multinationals that have engaged in corrupt activities in V12 and other developing nations companies have been successfully prosecuted and ordered to pay fines. OECD countries may lead the way in helping V12 nations to curtail corruption, but the V12 cannot afford to ignore this problem.

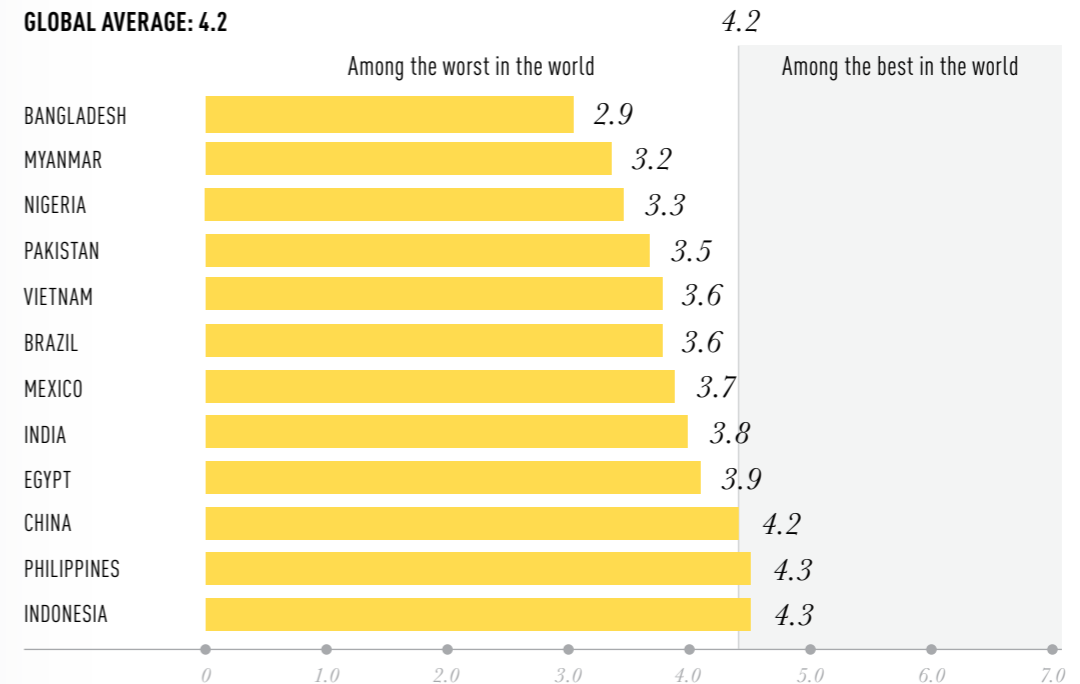
Companies operating or expanding their presence in the V12 could play a big role in driving more ethical practices and in leveling commercial playing fields, particularly given the inherent policing power in global transparency.

In your country, how would you rate the corporate ethics of companies (ethical behavior in interactions with public officials, politicians, and other firms)?

[1 = extremely poor—among the worst in the world; 7 = excellent—among the best in the world]

CORPORATE ETHICS ACROSS THE V12

GLOBAL AVERAGE: 4.2



Source: World Economic Forum’s Global Competitiveness Report 2015 – Executive Opinion Survey.



Traffic jam with a congestion of scooters and people, Ho Chi Minh city, Vietnam.

PROTECTING THE ENVIRONMENT

The global pressure for climate change policies, activist exposure of industrial pollution, and the World Health Organization’s (WHO) efforts on behalf of public and worker health and safety rules have intensified concern for environmental protections in V12 countries. The growing middle-class awareness of environmental issues, noted above, adds further local pressure in several of the V12 markets.

In some cases, the significance and size of the export market along with the global strength of industry associations have incentivized, and rewarded, reticent countries to improve their environmental performance. As an example, responding to activist exposure of the high lead content in Chinese-made toys – revelations that hurt the reputation of the Chinese toy industry in the West – the International Toys Industry Association has over the past 15 years instituted a self-regulating

public-private partnership with Chinese supply chains, (ICTI Cares), local authorities, the Chinese central government and Chinese environmental watchdogs. Companies from Mattel to Lego to Microsoft Xbox have effectively argued to their Chinese partners that export profits depend on environmental compliance. In a globalizing world, growth economies will not be exempt from this aspect of doing business.

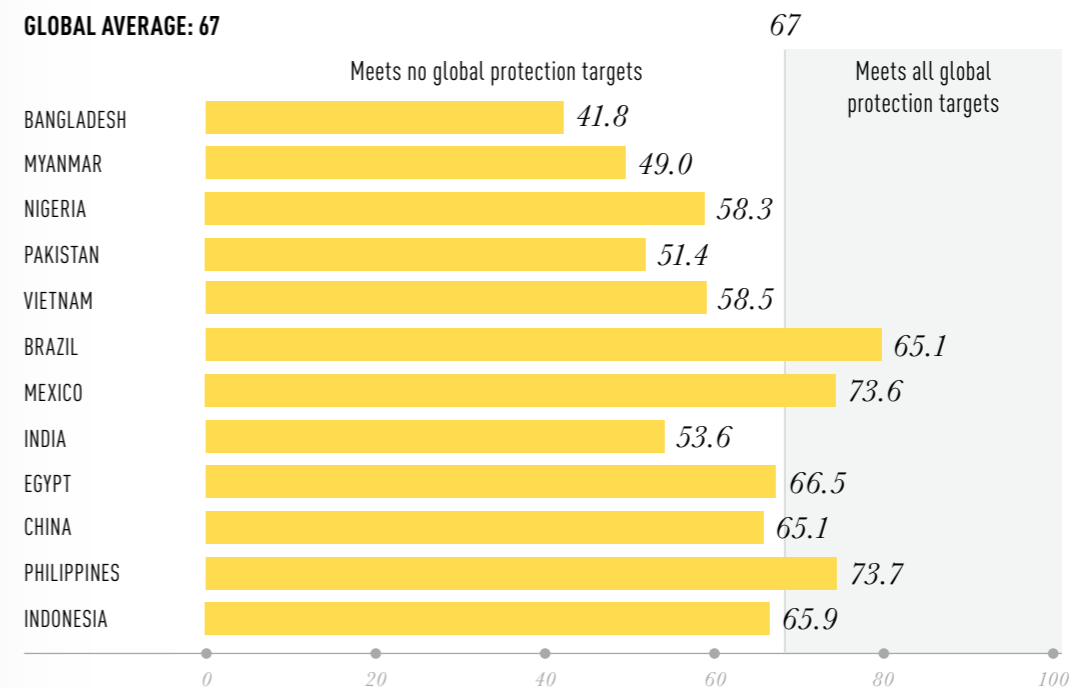
This issue is a moving target. There are still many multinational companies that are devoted environmental citizens at home but environmental agnostics abroad, out of view from their own public and regulators. But it is harder than ever to sweep environmental safety problems under the rug by adopting a “pollute now, pay later” policy, particularly with activists on social media more than happy to broadcast allegations of public health and worker safety breaches that can destroy the reputation of MNCs and their CEOs.

Even with the persistence of serious problems, V12 markets – some new to environmental regulation, others new to enforcing these regulations – are performing better. Half rank above the global average in the most recent Environmental Index. Companies can – and will need to – play a role in supporting local environmental efforts. By reaching beyond baseline regulatory compliance, international and local companies can find it extremely advantageous to build their positions as good corporate citizens, in tune with growing local consumer concerns about their environment.

All of these issues ultimately point toward one, very large implication: In the coming decade, it will be essential for

companies to have more robust government, consumer, and employee relations programs to ensure that they are – and are perceived as – responsible corporate citizens in local V12 markets. As these markets continue to rapidly evolve, and more local and international companies vie for a share of growth, marketing campaigns alone won’t be enough. In addition to following Velocity Marketing Principles for consumer communications, companies will need more sophisticated programs focused on governmental and policymaker outreach, efforts that target the matrix of macro-economic and geopolitical practices that ultimately determine the fate of economic and consumer velocity.

ENVIRONMENTAL PROTECTION ACROSS THE V12



Source: 2016 Environmental Performance Index, Yale University & Columbia University.



Jakarta City, Indonesia.

BALANCED AND INTELLIGENT TAXATION

Government tax incentives not only attract foreign direct investment (FDI), the key driver of economic growth in Southeast Asia, they also challenge regional trading partners to harmonize their tax policies.⁵² The single trading zone ASEAN markets and the ASEAN Economic Community (AEC 2015), which includes the V12 markets of Indonesia, the Philippines, Vietnam and now Myanmar, each offer attractive tax incentives for investment in critical economic development zones.

From a multinational's perspective, knowing that its brands will be price competitive is essential before making the decision to enter or expand in a market. Location marketing is a highly competitive game even in the fastest-growing, next tier markets. Corporations

and their tax advisors appropriately scrutinize FDI offers diligently to assure that taxes on revenues, business establishment and professional taxes, duties and labor taxes are set at a level that allows for sufficient and growing profit. Other things being equal, low tariff, low tax jurisdictions will be more attractive than their higher tax competitors.

Indonesia is the largest ASEAN economy, with the most populous consumer middle class. The country's "tax holidays," part of its 2025 economic development, are symptomatic of changes occurring throughout the AEC single market. Under this policy, the Indonesian government can eliminate or reduce the tax burden of companies investing in industries linked to new technologies or that strategic value for the country's economy.⁵³

Like countries elsewhere that look to foreign investment to support growth, the V12, face a catch-22. Tax environments that are too low, however attractive, make it harder for governments to invest in public infrastructure required for economic growth as well as in the health and education systems needed to ensure that there is the requisite workforce and consumer base for multinationals. Similarly, when the tax base is skewed away from company or professional taxes and towards consumption and personal income taxes, consumer purchases on which foreign investors hope to build their businesses often decline. Balance and negotiation that meets the needs of both the host market and the foreign investor require government and corporate leaders to be partners, from the outset, in mutual economic benefit.

However essential tax incentives are to attract FDI to fast-growing markets, they are not always the most important incentive. Executives surveyed⁵⁴ in the latest WEF Executive Opinion Survey (2014-15), expressed:

- > more concern in China "about access to financing than about an inadequately educated workforce or tax rates"
- > equal concern in Brazil about labor regulations and infrastructure, as well as tax rates
- > more concern in Nigeria about lack of infrastructure than about tax rates or restrictive labor regulations

As with everything else in the V12, there is a social as well as an economic dimension to taxation. Companies rely on a 'social license to operate' granted to them by consumers and the governments that represent them. Companies live up to their responsibilities under this

social license by aligning with a country's or city's public policy priorities, which are funded in part by corporate taxes, and by smart and respectful management of corporate communications, government relations and social responsibility programs in host markets.

The damage to a company's reputation when it doesn't comply with or is indifferent to the social contract was a hard lesson learned by Walmart in China when it was maligned in documentary films as an exploiter of cheap labor in its Chinese factories. Since Walmart's future depends on Chinese consumers as well as Chinese manufacturing, Walmart has since 2011 changed its approach in the country and, has been partnering closely with national and local governments in the country to address social and economic issues and agendas.

"Just as China is providing Walmart with the lifeblood of its commercial growth, Walmart is helping the Chinese state not just to satisfy the escalating demands of its consumers but to extend Beijing's regulatory writ. Together, they are engaging in a bold experiment in consumer behavior modification, market economics, and environmental stewardship."⁵⁵

THE DECADES AHEAD – A CONTINUED RESHAPING OF THE WORLD

At a macro level, the future holds the promise of billions more consumers in the V12 markets of Asia, Africa, and Latin America who will seek to fulfill their aspirations for a better life, particularly through leveraging technology and connectivity. Over time, the top third of the Velocity 12 will eventually migrate into the upper middle class. As they do, others will take their place as new middle-class consumers.

There will be setbacks along the way for some countries. World economic cycles – and unforeseen political events – will create various headwinds. Plus, the progression of demographics will pose challenges over time for some markets as the population ages and labor forces shrink. However, the changes happening with the global middle class are fundamental and societal, not solely dependent upon economic cycles. A continued investment of resources and focus in the Velocity 12 markets represents a key, long-term opportunity for forward-looking marketers seeking global growth.

Succeeding in the next decade in the V12, however, will require new skills, and a shift of mindset regarding the “emerging markets.” The brand development strategies and approaches of the past are not an easy or winning formula for the future in these markets. Companies must be ready to re-cast their approaches to product development, brand management, communications, and relations. The most inventive, nimble, and consumer-centric companies will prosper. Companies wanting to capitalize on the velocity opportunities of the future, plus ensure that their brands continue to matter with consumers in new and relevant ways, must be ready to:

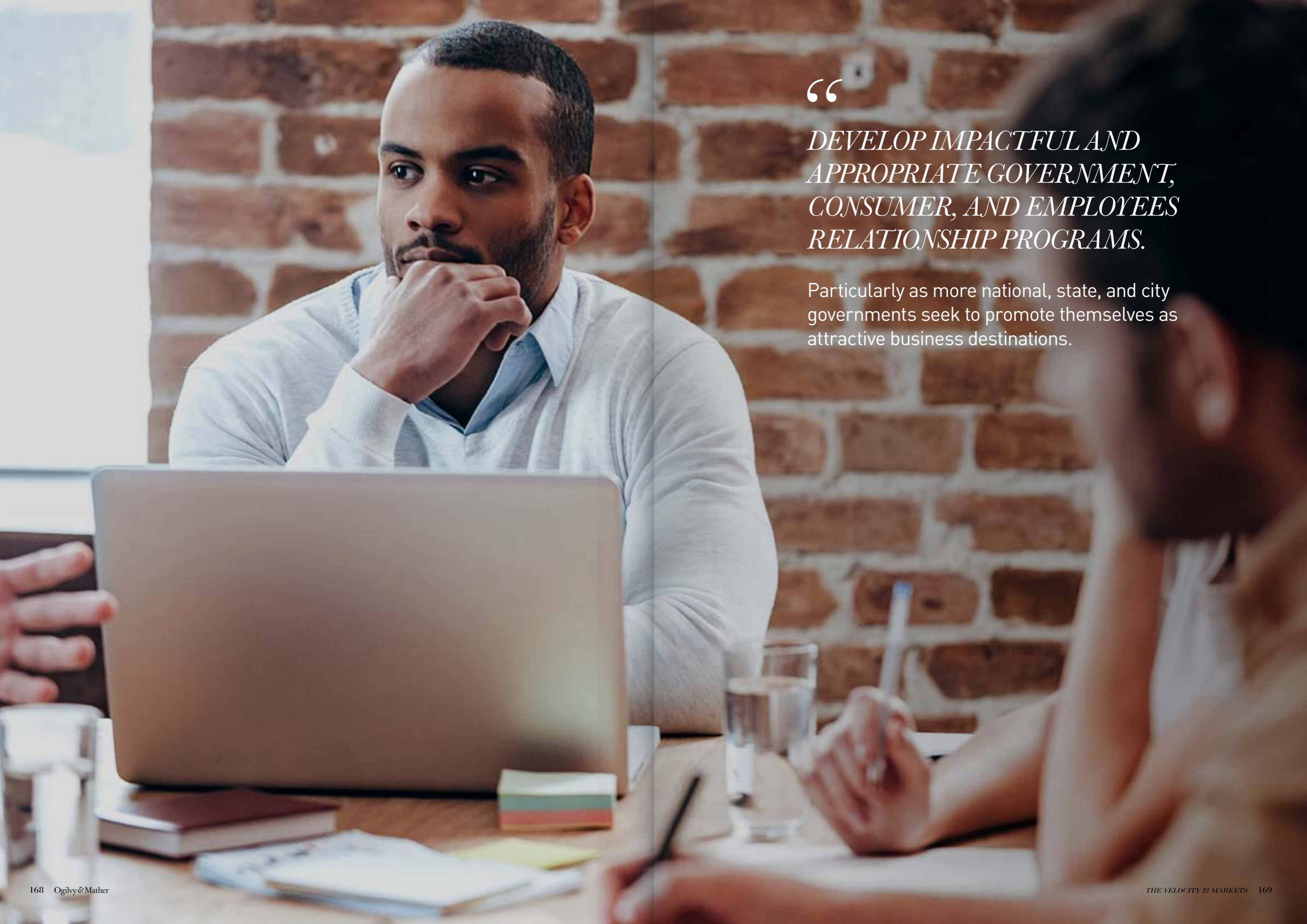




“

CREATE NEW CONSUMER STRATEGIES LEVERAGING TECHNOLOGY, DATA, AND THE VELOCITY OF CHANGE.

Companies will need to step-change from pure selling to greater engagement strategies that not only convince consumers about their product or service features, but that also prove their corporate values.



“

DEVELOP IMPACTFUL AND APPROPRIATE GOVERNMENT, CONSUMER, AND EMPLOYEES RELATIONSHIP PROGRAMS.

Particularly as more national, state, and city governments seek to promote themselves as attractive business destinations.



“

*DEPLOY GREATER FORESIGHT,
RECOGNIZING THE VELOCITY
OF IMPORTANT SOCIAL CHANGES.*

This will increasingly place women as a critical consumer audience to target when designing products and services and related marketing activities, and it will involve embracing Muslim Futurists and the changing a new approach to Islamic branding that connects it to mainstream values in V12 countries.



“

*DEVELOP MORE PERVASIVE
IDEAS THAT MAKE YOUR
BRANDS MATTER.*

Particularly in the face of increasingly nimble, sophisticated, and empowered competitors of all sizes that can use cloud technology and world-class services to compete in virtually any segment in any market.



“

In the end, growth is no guarantee, particularly given the aggressive and capable competition among both local and international brands, with e-players increasingly poised to disrupt traditional business models in every corner of the globe.

*LEVERAGE THE POTENTIAL
OF MOBILITY TO DRIVE
TRANSFORMATION.*

Ogilvy & Mather

Ogilvy & Mather is one of the world's foremost global communications companies, with a market-leading presence in key emerging markets noted in this study, including China, Brazil, and India.

In fact, in terms of market position and creative awards won, Ogilvy leads the world in the V12 markets. This affords Ogilvy a unique view of the developments, cross-market patterns, and cutting-edge communications solutions in these key markets. Our lens is marketing growth and opportunities, and our role is to identify important commonalities across growth markets that marketers can use to gain advantage in fast-developing markets.

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