

THE WORLD 2

Russian consumers want to splash their cash...

...but are choosy about brand quality and integrity. Success depends on sensitive advertising, Valentina Glubokovskaya says

The Russian Federation is a country offering tremendous growth potential due to its fast-paced economic development. The Russian population's propensity to consume is, meanwhile, comparable to that of Western countries – the important difference being that consumer needs are far from being satisfied.

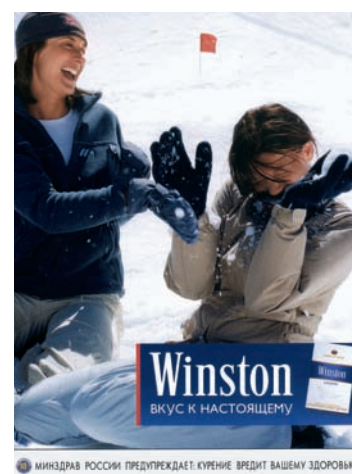
Despite this positive starting position, just a few Western companies have managed to find their way into the Russian soul and successfully establish their brands in Russia. Many companies ignore the large cultural differences between East and West in their brand positioning and communications, and therefore fail.

Creative Advantage has been conducting research into the challenges of geographic brand transfer and the positioning of Western brands in the Russian market since 2005. Through more than 250 in-depth interviews and several consumer workshops for a broad spectrum of international companies, Creative Advantage has developed a deep understanding of the Russian consumer.

Among the major characteristics of their behaviour is consumers' willingness to spend a large part of their disposable income on luxury goods such as designer clothes. Appearances and prestige have been an important part of Russian culture ever since the time of the Tsars. Given the fast-changing societal developments, Russians prefer to look good today rather than saving the money for future purchases.

As brands had just become available after the break-up of the Soviet Union, Russians are very open to trying new products. This leads to much lower brand loyalty compared with Western Europeans. Yet in their search for new goods, Russians value product quality extremely highly, because there is still a flourishing trade in brand copies.

Marketers should keep these consumer characteristics in mind,



Winston... brand positioning managed to hit the right note with Russian consumers



Sagem... posters provoked outrage



Megafon... outdoor campaign took advantage of consumers' love of travel



when planning the communication strategy for their brands. Creative Advantage's research delivers some key insights in this area.

Strong solidarity with a small circle of trusted friends – typical of Russian culture – influences product trials, and not always positively. In a dynamic consumer environment where little trust is placed in local manufacturers, brand recommendations from friends and family are valuable guides in the choice process, and tend to have a lasting impact on consumer behaviour.

This fact offers a promising starting point for viral marketing. Personal recommendations are more valuable in influencing the acceptance and spread of brands than most traditional advertising tools.

Russians regard advertising with scepticism. In the majority of the Creative Advantage consumer workshops, spontaneous brand awareness for household FMCG brands was low. And part of the explanation for this low brand awareness is the generally poor level of advertising knowledge.

However, it was clear Russian consumers particularly value making brand choices independently of any influence from advertising and brand image. Nevertheless, irrespective of consumers' claims to the contrary, prompted advertising awareness is on a similar level to many Western countries.

Advertising that communicates authentic or credible "stories" of everyday life and that offers identification potential for the viewer is generally positively perceived. Communication should, therefore,

convey "real-life stories" with high relevance for the target audience.

An example of advertising that is well received by consumers is the Winston campaign. A further example is the poster campaign for the mobile network provider Megafon, which played on the new-found middle-class passion for travel by depicting holiday-makers at popular worldwide destinations, such as the Pyramids in Cairo, the Eiffel Tower in Paris and the Statue of Liberty in New York.

By contrast, Western ads dubbed with voiceovers come across very badly. Consumers consider Western advertising that is simply language-adapted and run in Russia to show a lack of cultural respect.

Traditional values play an important role in Russian society. Parents and women are accorded particular respect, which greatly restricts the extent to which international advertising targeted specifically at women can be directly transferred to the Russian market.

Particular caution is advisable in Russia with regard to permissive advertising. This topic is even happily avoided by younger consumers in discussion groups. The saying "V Sowjetskom Soyuze seksa net" (We don't have sex in the Soviet Union) is still often quoted today, albeit apparently only as a joke.

But, for example, the poster campaign in Tchelyabinsk for the mobile phone brand Sagem caused great uproar with its strapline: "Caress your ear." Many older residents considered the ad immoral and impure; their strong protests led to the poster being withdrawn.

With a well-considered positioning and communication strategy, the risks of entering the market can be minimised. Once companies have researched the rules of the market specific to their industry, the door to market and consumer understanding swings wide open.

Valentina Glubokovskaya is a consultant at Creative Advantage

INSIDER'S VIEW JAPAN

Another premier bites the dust as a malaise descends on Japan's consumers. Perhaps consumer-driven media could be used to rekindle enthusiasm, John Goodman suggests

News just in: "Japan was stunned by news that prime minister Yasuo Fukuda is stepping down after less than a year in office, plunging the country into another round of political turmoil and raising the possibility of an early general election."

Well, I'm not sure if "stunned" is the right expression. Depressed, certainly, but "an air of morose resignation" would seem to be more accurate. After all, the past 30 years of Japanese politics have seen a constant rotation of prime ministers.

From an advertising point of view, one can argue that none of this matters. The country's economy is still the second biggest in the world, and Japan is sometimes described as the world's only mass market for luxury goods. Wealth-driven consumerism continues to fuel such palaces of

desire as Tokyo's immensely successful Midtown complex, a shrine to wealth, style, design and platinum cards. However, underneath this lies a deep malaise. Consumer confidence has never been lower.

This is reflected in the caution among advertisers, particularly the internationals, for which this is not home turf and which see faster growth in other Asian economies.

Over the past few years, we've seen a drop in marketing support behind many international brands, reflecting the high cost of doing business here, and the recognition that a declining, ageing population makes this a slow to no-growth market.

This problem is exacerbated by the market next door. We joke that if China were in Africa, then Japan

would receive more attention from Western business. Yet because of its proximity, it is easy to look at a world map in a London or Chicago boardroom and say Chinese investment is best funded by a local shift in budget within the "A/P region".

From adversity comes opportunity. After all, it's not just politics that is moribund here. The media wholesaler model pursued successfully for 50 years by the agencies Dentsu and Hakuhodo is out of step with the modern world of consumer-driven media. Japanese are as active users of Web 2.0 as anyone else, and when it comes to mobile technology, they have led the world for a long time.

Yet, when you ask the media planners of the big two why they still recommend TV as the only medium

worth considering, they claim, with a straight face, that the average Japanese manages to increase net media consumption by "sleeping less".

We find we can achieve success for our clients by a diverse and genuinely media-neutral approach. We also hire a breed of more adventurous staff, for whom a snail-like climb over 40-plus years to the top of the Japanese agency ladder is not what they see as a desirable future.

Like most things in Japan, change doesn't happen quickly. But the old monolithic model is crumbling, and adland's Shiodome and Akasaka districts look more vulnerable.

John Goodman is the president of Ogilvy & Mather Japan

