

Finding faster growth: New markets

Joining the future for the Mekong



The Mekong sub-region represents one of the world's great emerging market opportunities; and one where distinct national characteristics, complex histories and varied stages of development must guide the strategies of brands.

Joining the future for the Mekong

At a time when brands are seeking to decouple their fortunes from recession-stricken developed markets and find new engines of growth, the countries of the Lower Mekong Basin offer a compelling case for attention. From the South China Sea in the East to the Andaman Sea in the West, via Vietnam, Laos, Cambodia, Thailand and Myanmar, the Mekong sub-region incorporates rich natural resources, genuine emerging markets and rapidly developing urban cultures. It also represents a study in human diversity, with a rich canvas of languages, ethnic identities and religious traditions, and distinct national histories that exercise huge influence over the nature of markets today.

Of all the markets in the region, Thailand has the most familiar dimensions for developed-world brands, with a large, well-established middle class, a zest for living an experiential life, a strong sense of fashion and an appetite for premium products. Thailand has long been the island of relatively stable prosperity in the midst of the Mekong region – and a very attractive one for global brands. However, with the rate of growth slowing and the Thai economy feeling the effects of the global recession through its impact on the tourist trade, those brands must increasingly look to the region's



more recently emerging markets for the strongest growth opportunities.

In doing so, they will find that the strongest potential for growth lies in those countries where political

change over the past 25 years has played a key role in determining the course of economic development. And the strongest opportunity of all appears to lie with the country where those changes are most recent, and perhaps most fragile.

Joining the future for the Mekong

Potential unleashed in Myanmar

Myanmar's movement towards democracy during the past three years has resulted in the easing of sanctions previously imposed on its ruling military junta and the unleashing of a likely flood in Foreign Direct Investment (FDI). This is predicted to catapult from just under \$1 billion to \$20 billion, dwarfing the figure for its larger and wealthier near-neighbour Vietnam and setting Myanmar apart from Cambodia and Laos, its fellow members of the CaLM group of countries, which are often grouped together as Mekong territories in the earliest stages of economic emergence.

Within this group, Myanmar enjoys some significant advantages that help to explain its attractiveness for investors, and which the instability of recent years has not been able to undermine. With oil, gas and gemstones it is hugely rich in immediately exploitable natural resources; a border shared with India and China puts it adjacent to one third of the world's population

as an ideal trading hub; and despite decades of under-investment and intentional disruption of education by the government, Myanmar has a literate, well-educated population; 18 per cent of the urban population have some grasp of English as a second language.

Yet despite its natural resources and growth potential, Myanmar currently has the lowest income per capita of its region, with huge disparities between rich and poor; 32 per cent of its population live on or below the poverty line, grappling with significant gaps in infrastructure whilst attempting to secure a better future for themselves and their children. With more than half of the population under the age of 30, Myanmar is likely to experience exploding demand for consumer goods in the medium-term future; but for now, very few of those young men and women enjoy disposable incomes, and many are potentially harder for brands to engage than equivalent young consumers in other emerging markets.



18%

of the urban population speak some English;



32%

of people live on or below the poverty line;



1/2

half of the population are under the age of 30.

Joining the future for the Mekong

The mobile phone that has extended online access and unleashed entrepreneurial energies across many countries has not been able to wield such influence in Myanmar, due to controlled access and the previous regime's policy of setting restrictively high prices. Up to 12 months ago, SIM cards were priced out of the reach of all but the very wealthiest consumers, however prices have dropped to 200,000 MMK (approx. U\$ 235) for a GSM SIM card and the government continues to move towards opening up the market with invitations to foreign operators to participate expected to dramatically increase access. In the medium-term, it is likely that many of Myanmar's young consumers will adopt web-enabled smartphones as their first handsets, but for now mobiles still remain out of the financial reach of many.

The bulk of the country's young population have little to mitigate shortcomings in infrastructure that greatly affect their experience of the world and the channels which brands have available to engage them. Only

two per cent have an internet connection, despite 25 per cent saying they would like to access more news and information this way and 15 per cent saying they would like to own a laptop. TV dominates the media experience, even when the incomplete and frequently interrupted electricity supply means families may have to resort to generators (or rigging electricity supply from the family motorbike) to power their set.

The typical family is Burmese (the ethnic group that dominates Myanmar, representing 68 per cent of the population and 84 percent in the major metropolitan areas) with a very traditional adherence to the tenets of Buddhism. Community and family are hugely important, with duty to others keenly felt and at least two generations typically existing under a single roof. For those who have travelled widely in South East Asia, Myanmar stands out for the way in which the influence of Buddhism extends to all areas of life; and this has a significant role in shaping consumer instincts and attitudes to brands.



68%

Burmese people – or Bamar – only compromise 68% of the population;



84%

of people in the main metropolitan cities are Burmese;



135

Myanmar government officially recognises 135 distinct ethnic groups.

Joining the future for the Mekong

Within the close-knit family environment, it is women who control most decisions regarding finance and spending. And an instinctive cultural rejection of 'bling' or the pursuit of status through belongings lends a practical edge to that spending. The most desired items in Myanmar are essential durables, with washing machines and refrigerators topping consumers' wish lists. Outside of groceries, the dominant item of expenditure is education, the embodiment of hope and a legacy of an adult population who have themselves passed through a structured education system. The proportion of household budgets invested in education highlights the priority that all attach to improving the prospects of their children in a fast-developing future. The speed with which that future is arriving, and the obvious gains that can be rapidly delivered by forthcoming investment, are what make the immediate economic future of the country particularly exciting.





Myanmar: U Than Kyaw's story

Dinner is U Than Kyaw's favourite time of day. His family gather for it at 7.30 in the evening, in the home that he shares with his wife, young daughter, two nephews and three nieces, above the traditional convenience store that the family runs. U Than Kyaw adores his wife's cooking, of course. But that is not the only reason that he enjoys the meal so much. It is a symbol of their shared endeavour: the ingredients bought by him in the traditional wet market in the morning; then cooked by her in the evening as he monitors the vehicles of the taxi business that he runs from their store. Mealtime is also the occasion when the family room is filled with energetic discussion of Dhamma doctrine, the central tenets of Buddhism that, he loves to hear, mean as much to his younger relatives as they do to him.

The Buddhist religion has directed U Than Kyaw's life ever since his childhood in the provincial upper Myanmar city of Paung during the 1970's, when the country was still undergoing the ruling military junta's experiment with centrally directed socialism. One of the most profound impacts of military rule was a narrowing of access to education; so much so that U Than Kyaw was the only one of his six siblings to graduate from University, at the then-capital city Yangon, where he still lives today. He has been determined to make the most of his opportunity ever since, and sees caring for his extended family as a deep personal responsibility. When he fell in love with his wife and gave up his career in the construction industry to help her start a business, he naturally employed his younger relatives to work in the shop.

The traditional store has been the focus of he and his wife's life together since they married ten years ago. He has helped her to focus on the FMCG products for which they can charge a price

their neighbours can afford, whilst selling enough stock to be confident of making money. They stockpile a months-worth of goods in their back room to guard against price fluctuations and avoid being forced to raise prices. All the same, supporting a family from the convenience store alone would be a challenge. U Than Kyaw used the management skills that he learned in construction to set up a taxi business that he can run from the shop, bringing in much needed extra income.

He would have found balancing the two enterprises a lot more difficult just a year ago. It was then that he was able to buy a second-hand mobile phone from a friend who still works in the Yangon construction industry. When they worked together, the idea of owning a mobile was laughable; the cost of a handset was several times their annual salary. In the last year, with the government altering its policies on the mobile market, the price has plummeted to only six months' earnings. It is still a lot of money, but being able to stay in touch with his vehicles as they move around the city has helped U Than Kyaw to bring in a great deal more.

It was the extra money and the changing political situation that finally persuaded he and his wife that they could afford to bring up a child of their own. And after nine years of marriage, their daughter was born. Waiting so long means that they do not expect to have any more children; so he and his wife lavish all of their efforts on their little girl. U Than Kyaw is determined that she should become a graduate; giving her the same opportunities that he had – and of course, the same responsibilities to help and support her family as best she can.

Joining the future for the Mekong

Cultural divides in Cambodia

Cambodia's emergence from civil war in 1997 has given it longer to progress down the path of development that Myanmar is now embarking upon. The changes of the last 15 years can be seen in greater income per person, more established infrastructure (especially where mobile is concerned) and more recognisable consumer attitudes than those of its neighbour. However, the differences between Cambodia and Myanmar are not simply a case of countries at different stages of development. They result from clear religious and cultural differences, geographic location and the more damaging impact of recent history upon potential.

The regime of Pol Pot was unfortunately far more effective at disrupting and suppressing educational institutions than those holding power in Myanmar. As a result, the population of Cambodia is significantly less literate and has very limited command of foreign languages. The growth of the last decade and a half has made some wealthy but great inequality persists, with a third of the country remaining in poverty. And that inequality is most keenly felt between the rural

and urban populations. Cambodia's urbanites enjoy significantly greater personal income and expenditure, as well as significantly increased access to infrastructure. Understandably, those working in agriculture, fishing and forestry, the country's dominant current industries, express a strong desire to move to more urban-oriented careers around retail and wholesale. Despite this, the dominant share of the economy represented by Cambodia's rural population means that brands looking to drive growth must embrace the challenges of distributing products and building awareness in these communities.

As in Myanmar, TV remains the dominant media channel through which they can seek to do so; however, mobile phones have the potential to play a stronger role in Cambodia in the immediate future, overcoming patchy electricity supply and opening up new channels of engagement for brands in rural areas. Almost half of the population (48 per cent) expect to increase their spend on mobile in the next year and 61 per cent of web users already access the internet through mobile devices.



Joining the future for the Mekong

In terms of declared religion, Buddhism appears as influential in Cambodia as it is in Myanmar. That influence though is felt in a very different form when it comes to self-expression and emerging consumer habits. Status is hugely important in Cambodia, closely linked to self-esteem, and providing a different form of opportunity for brands to establish their appeal: 73 per cent of Cambodians say that position and status in society is the most important aspect of their life, and 69 per cent say they like to use brands that show their success.

Cambodian society also differs significantly from Myanmar when it comes to the role of women, with a traditional role in the home more firmly entrenched, both in the attitudes of women themselves and their husbands. Cambodian women are significantly less likely to have received an education than their brothers, husbands and sons (a product both of traditional expectations and Cambodia's educational shortcomings), but this does not prevent them from asserting strong influence over domestic budgets and purchase decisions. This is particularly true when it

comes to the education of children, something to which Cambodians, like their neighbours in Myanmar, devote a large proportion of household spending. Ambitious mums, willing to pay a premium to get the best for their children, represent a hugely significant segment in Cambodia. A better future, with children who can support them in their ageing years, is seen as the return on this investment.

The challenges of Cambodia appear to have had a substantial impact on the amount of foreign investment channelled towards the country thus far, with total FDI dwarfed not only by Vietnam but also by the amounts promised to Myanmar. Yet although Cambodia does not have quite the resource riches of Myanmar, its oil reserves alone will continue to draw money to the country. Economic growth is proceeding regardless of the lower level of foreign support. And a lack of engagement with the country by international brands provides those that can craft compelling local propositions with strong potential opportunity in relatively uncluttered markets.



73%

of Cambodians say that position and status in society is the most important aspect of their life, and



69%

say they like to use brands that show their success.



Cambodia: SaingHy's story

SaingHy rises every morning at six to do chores, dress for work and prepare to get her eldest, 11 year-old son ready for school. She makes the most of the space whilst the rest of the household is still asleep. The flat where she lives is also home to her husband and two sons, her younger sister with her husband and child, plus three employees who work in the tailors shop that she runs from their front room.

Getting her son to school on time means a great deal to SaingHy. The fees at the "Western International School" are the family's single biggest expense outside of food, but SaingHy firmly believes that education and English are the key to a successful future. She wants her children to have the opportunity to decide their own path in life.

Such decisions were never really available to SaingHy herself. She was the second of five children born on the family farm in the Kandal province of Cambodia. Both of her parents worked all day on the farm – and money was scarce. She loved school but was forced to leave at the age of 13 to start learning her craft as a tailor – and helping the family to make ends meet. Despite the fact that her financial support has helped both of her brothers to go to university, she has never been able to learn English herself – something she longs to do. It's hard to use her mobile phone without a grasp of the language and she longs to travel and learn more about world events. As it stands, she stays on top of world news using a YouTube channel in her native Khmer language, which she can watch on her phone when she goes to bed at night.

After dropping her son off at school at 8am, SaingHy makes time to buy food for the day at the traditional 'wet' market. The family has no refrigerator so food must be bought fresh every morning. SaingHy loves to cook – and her meals are famous. Her husband, who works as a security supervisor in Grand Phnom Penh, comes home for the main meal of the day at 12 o'clock. He won't miss his wife's cooking.

After lunch, SaingHy takes a short nap with her baby son, for one hour. She believes that napping is essential for health. And she needs it – for this is the only hour between 9am and 7pm when she will not be working in the tailors in the front room. At busy times, she and her staff work through until 10pm to ensure that all of the clients' shirts are freshly pressed for the morning. Her employees are willing workers, but it frustrates SaingHy that they are not as skilled as she was at their age.

Weekends are hugely important to SaingHy. She and her husband will take their children to the Dreamland Theme Park in the city, walk along the riverside, and stop to eat at the Pizza Company, where there is a playground for the kids. She sees their weekly meal out as a luxury – a well-earned treat for herself and those closest to her. They would be happier if they had more money to spend on days like this – and if her work wasn't quite so tiring. But perhaps an easier life will have to wait until she finally has the time to learn English.

Joining the future for the Mekong

Individualism in Laos

Independent since 1953 and a single-party socialist republic since 1975, the consumer attitudes of Laos have been shaped by its communist heritage and conservative strand of Theravada Buddhism, but also by its proximity to Thailand and the ease with which Thai influence flows across border points such as the Friendship Bridge. The population of Laos is extremely young (with an average age under 20) and increasingly urban, with major centres such as the capital Vientiane concentrating the Thai influence and resulting in increased interest in fashion brands and premium products with practical value.

The mobile phone is one example of such a product, with mobile phone penetration far exceeding that of Myanmar, and mobiles increasingly taken for granted as an everyday life tool. Phones are also one of a small but growing group of product areas where brands are seen as an important factor in purchase decisions.

In common with other CaLM countries, consumers in Laos rank family harmony as their most important

concern. However, individual ambition and assertiveness are far more strongly expressed than in Myanmar, in particular: work, career, freedom, earning money and educating oneself for future opportunities are all ranked highly as priorities, which very much resembles the consumer sentiments holding sway in Vietnam a decade ago. Educating one's children, in contrast to Myanmar and Cambodia, comes further down the list. Although choices for entertainment are limited, leisure time appears a more familiar concept than in the other CaLM countries, with sport a particularly strong area of interest for urban populations.

Laos's emerging consumer attitudes, extensive TV coverage and growing penetration for the internet and mobile phones, offer significant potential for brands seeking growth opportunities. However, this potential remains restricted by income levels and a lack of familiarity with brands and competitive markets. A third of Laos's population remain below the poverty line and despite substantial natural resources particularly when it comes to tin, copper and hydroelectric power, economic growth is highly dependent on trade with immediate

neighbours. Consumers in Laos are not accustomed to product choice and competition – or to the role of brands in helping to guide their decisions. High-value exceptions to this rule, such as mobile phones and cars, show the potential of brands to play an increased role, but as with other CaLM territories, propositions must first prove their practical, everyday value to consumers with very limited budgets.



Laos has been independent since 1953 and



a republic since 1975.

Joining the future for the Mekong

Vietnam: a snapshot of the future

Vietnam, with its GDP of \$123 billion and substantially increased purchasing power parity, appears to offer a snapshot of the future experience for Cambodia, Laos and Myanmar, especially as the country's vital economic statistics of 15 years ago showed striking similarities to those of Myanmar today. The desires expressed in Myanmar and Cambodia to live only with immediate family have been fulfilled in Vietnam, where the size of each household has shrunk, fewer members of each home are children – and significantly more of them are active wage earners. The Vietnamese still place great emphasis on family values, however the influence of parents on the attitudes of emerging generations is noticeably reduced when compared to Myanmar and Cambodia.

The influence of religion is also felt far less, with only 40 per cent of the country registered as Buddhists and half classed as non-denominational, a legacy of the country's communist heritage. Vietnamese also show a greatly reduced tendency to idolise the living when compared to Cambodia and Myanmar, where current politicians dominate lists of “most admired” people. Many Vietnamese have no particular person

that they admire outside their family and those that do are more likely to nominate historical figures such as Ho Chi Minh or successful businesspeople such as Bill Gates.

Women still dominate spending decisions in Vietnam, but this influence is less linked to a life focused solely on managing the household. “Your money is my money, and my money is my money” is the humorous catchphrase frequently used to express an assertive attitude, combining traditional authority on shopping and spending with a role as wage earners.

As household income increases, so too do opportunities to use that wealth for personal satisfaction, entertainment and leisure. Whereas consumers in Cambodia and Myanmar spend most of their spare time sleeping or resting, those in Vietnam are exploring a range of options for leisure activities. Shopping in Vietnam is seen as a social activity not just a necessity, eating out and socialising has overtaken education when it comes to household expenditure and the Vietnamese are far more likely than consumers in Cambodia and Myanmar to spend their leisure time with non-family members.



Joining the future for the Mekong

In this increasingly social environment, word-of-mouth is an important channel for sharing information and building awareness – and the role of online channels in promoting such word-of-mouth is increasingly established. Although TV still dominates Vietnamese media consumption overall, online is booming, with 53 per cent of the urban population using the internet at least four times a week and social networks particularly popular. Mobile phones, now almost ever-present amongst Vietnamese, have an increasing role to play.

Although it represents a smaller proportion of household expenditure, education remains a priority in Vietnam, with intense competition for limited places in universities and well-regarded international schools. Education remains the key to unlocking improved prospects and greater earnings potential, and as Vietnam feels the impact of the global downturn and consumer confidence slackens, improving prospects is seen as more important than ever. Getting ahead remains a driving force even as the country itself moves forward.



Vietnam: Nguyen's story

Her name means "beautiful flower from the highlands". And this year, Quynh Nguyen decided she should make sure she was living up to it.

It's not that she worries about the affections of her husband Huy. He is still the same devoted father that he has been since their son Piggy (named for the auspicious year of his birth) arrived two years ago. Huy feeds him, bathes him and takes him to bed. He also helps Nguyen with many of the household chores but draws the line at cooking. Some things remain a woman's work.

Nguyen wants to make sure that she remains the priority in her husband's life. She began by curling her hair, polishing her nails; she even bought some expensive Clinique make-up and filled her wardrobe with colourful, sexy dresses. She feels she is becoming a new woman – and it certainly seems to make Huy happy.

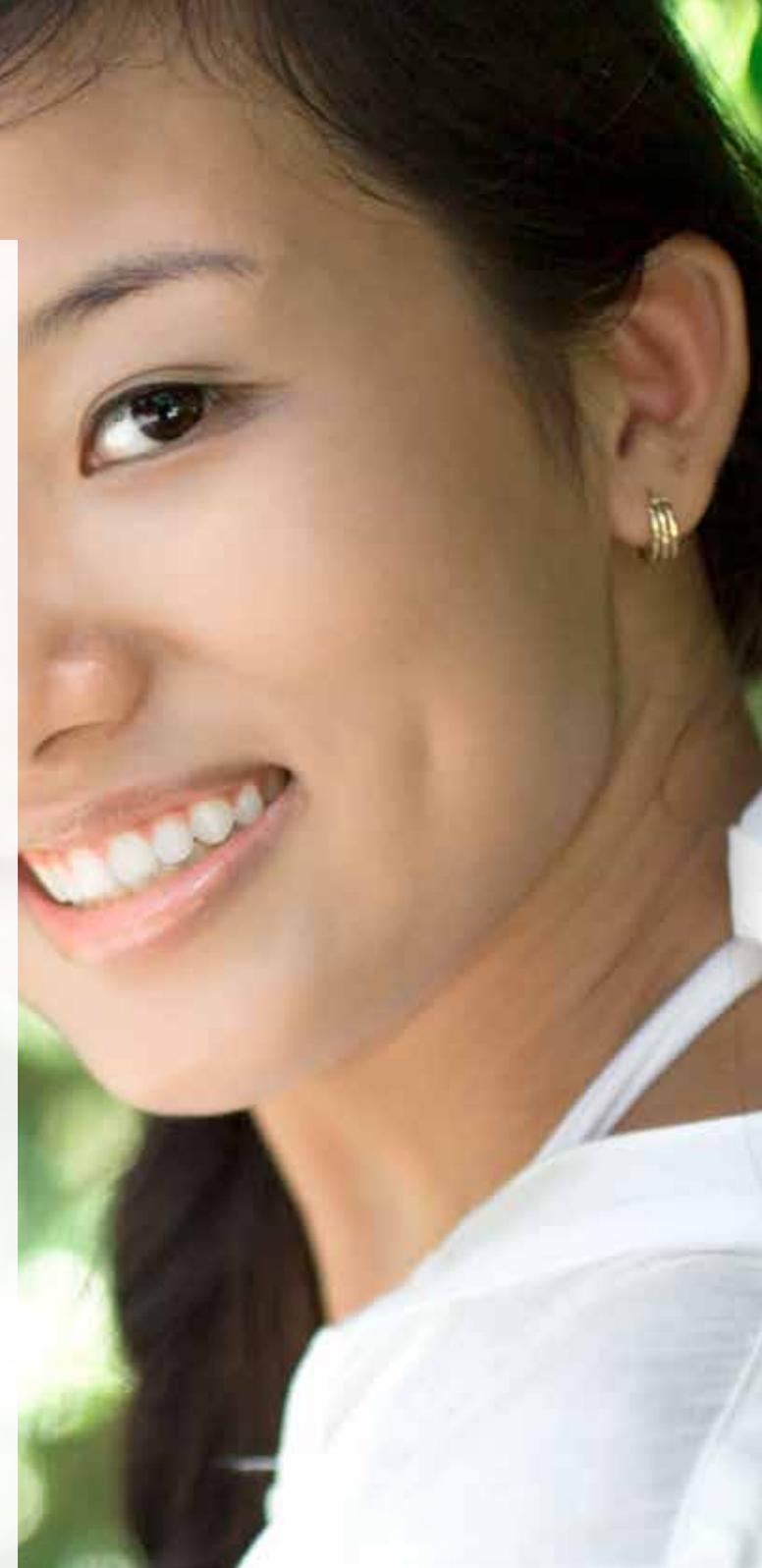
Such ideas never occurred to her when she was single, and living in her hometown of Da Lat, a small mountainous city in Vietnam's south central highlands. But then, when Nguyen was growing up she had no access to magazines to tell her about the fashions she wears today – and no leisure time to spend hanging out with friends and showing off her new look. A lot has changed in Vietnam in the last decade, and not just for Nguyen.

She was born in the late 1970s after almost two decades of continuous war that had made Vietnam one of the poorest countries in the world. She grew up in an era of economic depression, walking several miles to school through the fields of flowers that Da Lat is famous for, helping her mum with the housework and sewing to earn money and help the family make

ends meet. The degree that she graduated with from Da Lat university helped to give her the skills she needed to become an accountant when she moved to the big city, once she took some additional courses in accountancy and computing. Her mum, a primary school teacher all her life, approved: "It's a stable job for a woman," she said. "And you will have time to take care of your husband and the kids."

In fact, Nguyen's time at home is quite limited. She works six days a week, from Monday to Saturday, 8pm to 5pm with overtime at the end of the month to secure her salary of US\$200. Like many couples, she and Huy need two incomes to pay the bills. They waited until they were both 26 years old to get married, anxious to achieve some financial security first; even so, their wedding, with two parties in Da Lat and one in Ho Chi Minh City, cost 80 percent of their annual income.

When Piggy was first born, Nguyen did not know how to take care of him. For advice she turned to glossy magazines that tell her how yoghurt is good for digestion and sun block is essential for protecting his skin. She also relies on her mother and mother-in-law, who counsel her to bathe Piggy in beer for a beautiful complexion and hair, fit a silver ankle bracelet to protect him from cold weather, and keep a knife under the pillow to ward off evil spirits. Nguyen would like to have a girl baby next. She believes that daughters stay close to their mums, just as she has. But on one matter she is very different to her mother. She wants no more than two kids. The prospect of having three children like her mother or seven like her grandmother is something she can't imagine. She jokes about how much Clinique she would need to get her look back then.



Joining the future for the Mekong

Mapping brand opportunities

Across these very different territories, each at different stages of market development, a broad arc of opportunities exists for brands. Marketers can choose to target wealthier, freer-spending consumers in Vietnam using both TV and well-established online and mobile platforms; they can engage the youthful population of Myanmar, meeting the challenges of limited infrastructure to build loyalty amongst families that value the guarantee of quality that brands bring; they can offer Cambodians a platform for expressing status, getting ahead and bridging the increasing wealth gap within the country for themselves and their children; and they can seek to link brand choices to consumers' yearning for individual advancement in Laos. However, to exploit any of these opportunities effectively, brands must carefully adapt their approach to the very particular characteristics of each country.

A key element of such adaptation involves understanding the relative development of different sectors— and the preferences guiding consumer choice in those sectors. The strategy for high-end white-label

goods or personal care products will be different in Cambodia, where consumer choices in such areas are often used to express status, than in Myanmar, where product quality and reliability are key. The strategy for

those selling laptops and PCs is very different in all three countries as a result of varying levels of internet access, and the increased penetration of mobile phones in Vietnam, Laos and Cambodia.



Joining the future for the Mekong

Roughly speaking the countries of the region occupy different but closely overlapping positions in the consumer brand cycle, with the commodity view dominant in Myanmar, brands used increasingly as a reference in Laos and Cambodia, and brand choice used to express personality in Cambodia and Vietnam. Marketers must be aware of consumers' different feelings towards brands in general and foreign brands in particular, which result in part from these different stages. In Myanmar, the role of brands is limited to guaranteeing quality – and in categories such as personal care or white goods, foreign brands are often perceived to offer greater quality than local equivalents. In Cambodia, the divide between rural and urban environments expresses itself in markedly different views of foreign brands, with rural consumers expressing a strong preference for buying local (potentially due to the language barriers that exist) and urban populations far more motivated to associate themselves with global status symbols. In Vietnam, where increased product quality and reliability across the board is rendering brands' hygiene role more redundant, a preference for buying Vietnamese where possible appears to be developing. However, this preference shows little sign of eroding the dominance of established foreign brands

over more expensive purchases: Honda remains number 1 for motorcycles (and is seen as a local brand by many); Sony battles it out with Dell amongst laptops and with Samsung when it comes to LCT and plasma TVs; whilst Panasonic is growing rapidly to dominate the market for air conditioners.

Each situation and sector therefore requires a different strategic approach: emphasising and demonstrating the quality of brands in Myanmar; adopting the Khmer language and local cultural references when targeting rural Cambodia in particular; considering the adoption of local brands in Vietnam, or emphasising a brand's own deep links with the country. In each of these cases, brand propositions must also be carefully tailored to the very different levels of disposable income that exist. Product strategies can be ladderred to appeal to different income levels; high-end brands should be carefully and efficiently targeted at those able to afford them but also at those open to expressing status through consumer goods; and ensuring affordability through smaller package sizes and other strategies is an essential for those targeting the upper reaches of the BoP across the Mekong region.



Joining the future for the Mekong

Within the FMCG category that dominates consumer spending and the personal care sector that represents a potential growing slice of it, global brands must prove their quality to consumers' satisfaction before leveraging a brand to guarantee it. Price promotions and mass-reach TV advertising offer the most effective strategies for driving product trial, but this must be supported by products that have been developed to appeal to well-defined local preferences. The dominant share of Myanmar household spending that is commanded by MSG flavouring, dried noodles and rice soups is evidence of strongly established tastes that cannot easily be shifted; as is the popularity of traditional beauty care products like Thanaka, and coconut-oil based personal care remedies.

Traditional rules on distribution

Carefully engineered, affordable propositions are of limited value if brands cannot ensure the accessibility

of their products to a target audience. They must do so within a distribution environment that remains dominated by traditional markets. Shoppers in Myanmar and Cambodia visit such markets frequently, buying products in small, affordable package sizes and topping up supplies as required rather than conducting large-scale weekly shops. The market is a social setting not merely a shopping exercise. It represents a valued opportunity to converse and catch up and this ensures that it retains its influence as a distribution channel when personal or national wealth increases. The highest earners in Myanmar are more likely to send an employee to the market than they are to visit a supermarket themselves; in Vietnam, shoppers still congregate in traditional retail spaces – and across all countries, western-style malls often appear to be used more as a social gathering space than as a shopping environment. The market rules – and brands ignore this regional truth at their peril.



Joining the future for the Mekong

Mass-reach and targeted media

Media strategies looking to drive large-scale awareness cannot ignore the dominant role played by TV, with sets permanently switched on at home, in shops and in markets. However, gaps in electricity supply mean that near-universal TV ownership does not always translate into universal TV coverage, particularly in rural areas. Outdoor media have an obvious role to play in filling such gaps, and as a result posters fight for room and attention wherever any form of outdoor advertising space is available.

In Myanmar and Cambodia, limitations of infrastructure and reduced mobile penetration restrict the potential of online as a tool for driving large-scale awareness. However, the availability of smartphones, tablets and laptops amongst increasing numbers of urbanites in Cambodia (and likely rapid growth in mobile penetration in Myanmar), offers the possibility of targeting luxury brand messaging at these audiences. At the same time, substantial interest in owning laptops and smartphones points to an increasing role for online channels in the near future. In Vietnam of course,

that future is here already – and online and mobile can start to form important elements of marketing

strategies, potentially leveraging the popularity of social media in the country.



Joining the future for the Mekong

Judging tone

The tone of a brand's approach in each market can be equally as important as the fundamentals of what it offers. In Myanmar, the strength of traditional Buddhism and rejection of conspicuous consumption mean that brand campaigns emphasising individual assertiveness are likely to prove counter-productive; in Cambodia by contrast, they have far greater likelihood of success. Price promotions are likely to be the most effective strategy for driving trial in any market; however discounting strategies should vary with local cultural nuances: from simple affordability in Myanmar to affording the best in Cambodia, to furthering one's ambitions in Laos; and exercising prudent, practical frugality in Vietnam.

The theme that resonates most powerfully across the region is education. No matter what their current economic situation, Burmese, Vietnamese, Laotians and Cambodians accept that learning is the key to improving or securing it, whether that education is focused on themselves or their children. Brands and

companies that can offer educational support in the form of free or discounted resources will find a ready audience for such schemes; as will those that can promise increased powers of concentration amongst students. The growth achieved by energy drink brands across the region may owe much to the promise of increasing educational performance in this way.

Aligning brands with the future

Great opportunity exists in the Lower Mekong Basin wherever brands can align their business mechanics and proposition with local hopes. The aspirations they align themselves with may be simple ones: supporting a family, ensuring a better future for one's children, helping to earn the all-important respect of a community. However, they are no less powerful for that. With the vast majority of the 77 million plus population under the age of 30, brands that can leverage the media and distribution channels available to build loyalty are likely to be rewarded by strong growth in the region's rapidly approaching future.



About In Focus

In Focus is part of a regular series of articles that takes an in-depth look at a particular subject, region or demographic in more detail. All articles are written by TNS consultants and based on their expertise gathered through working on client assignments in over 80 markets globally, with additional insights gained through TNS proprietary studies such as Digital Life, Mobile Life and The Commitment Economy.

About TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviours and attitudes across every cultural, economic and political region of the world. TNS is part of Kantar, one of the world's largest insight, information and consultancy groups.

Please visit www.tnsglobal.com for more information.

Get in touch

If you would like to talk to us about anything you have read in this report, please get in touch via enquiries@tnsglobal.com or via [Twitter @tns_global](https://twitter.com/tns_global)



About the author

Ralf Matthaes is Regional Managing Director at TNS, based in Vietnam. Ralf has been with TNS for 18 years during which time he has established TNS Vietnam in 1996, has opened offices in Cambodia and is in the midst of establishing the Myanmar operations. Prior to coming to Vietnam in 1994, Ralf served as a policy analyst for the Provincial Minister of Finance for Ontario, Canada. Ralf is a certified Market Research trainer as well as a Board Member of CanCham and the ESOMAR representative for Vietnam. He holds a double honours degree from Wilfred Laurier University in Canada.