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Event Report
Branding in India Symposium: "Taste the Thunder"

MAY 21, 2007

Even before Goldman Sachs coined the term BRIC countries*—Brazil, Russia, India and China—India has been important to the global business community, and not just for those interested in outsourcing back-office functions. On May 21, 2007, the Center on Global Brand Leadership welcomed Arvind Sharma, chairman and CEO of Leo Burnett India; Harjiv Singh, cofounder and CEO of Gutenberg Communications; Hitendra Wadhwa, associate professor of professional practice in the Maketing Division at Columbia Business School; and Debera Johnson, associate professor of industrial design at the Pratt Institute to discuss the challenges of consumer branding in India. Host David Rogers, director of the Center on Global Brand Leadership, and moderator Christopher Leichty, president of the Center for Cross-Cultural Design at the American Institute for Graphic Arts, guided a discussion focusing on the challenges of marketing to a diverse group of Indian consumers who span the rural poor of Punjab to the nouveau riche of Mumbai.*

As India's economic development continues and consumers become more affluent, multinational firms have expanded their efforts to introduce global product lines into the Indian market in an increasingly Western manner. How will the Indian consumer react to this phenomenon? The symposium's speakers shared many similar views in attempting to answer this question and, in doing so, presented the myriad challenges firms face in trying to develop strategies to win market share in India's complex and sophisticated market.

Arvind Sharma of Leo Burnett India, a marketing communications company, began by questioning the relevance of localized marketing in the age of globalization. The question has its origin in the recent decision by Procter & Gamble to identify "global branding leaders" throughout its different business units. These professionals are responsible for setting the strategic direction for P&G's brands, such as Pringles and Duracell, throughout the world. Mr. Sharma believes that P&G might be getting a little ahead of itself—global branding may be effective in 50 years, but companies still need a local marketing strategy to maximize product appeal today.

To illustrate his point, Mr. Sharma used the example of the market for soft drinks in India. Pepsi entered the Indian market in 1989, and Coca-Cola followed suited in 1992 by purchasing 50 bottlers across the subcontinent. However, despite these massive investments from the biggest names in the consumer packaged goods industry, neither company was able initially to generate substantial brand awareness among Indian consumers. In contrast to the ineffectiveness of these multinationals, a local competitor, Thums Up Cola, has claimed the domestic title of joint segment leader alongside Pepsi, despite having a marketing budget that is a mere one-tenth that of Pepsi or Coke. To add insult to injury, Thums Up markets its products in only 6 of India's 29 states.

Mr. Sharma attributed Thums Up Cola's marketing success to its well-developed sense of what resonates most effectively with the Indian consumer and its ability to convey these messages attractively to its key demographics by using exciting advertising. While Thums Up did not develop separate marketing campaigns in the six states in which it is active, the company used certain tools, such as flashy vehicles or Bollywood celebrities, to send an exciting message that resonated effectively with its target audience.

Harjiv Singh of Gutenberg Communications highlighted some of the macro factors driving India's growth and its vibrancy as a consumer market. He cited several demographic trends indicating that multinational firms will have to calibrate their pitches to a more youthful demographic whose disposable income will likely increase in the coming years. Perhaps the most important factor that has drawn the interest of multinational firms, such as P&G and their armies of marketers to the subcontinent, is that 70 percent of India's population is under the age of 36, a huge, consumptive subpopulation. Moreover, Mr. Singh reported that by 2025 India could have more than 580 million middle-class consumers. This would represent an explosion from the current level of approximately 50 million people.

However, India's per capita GDP of $840 usually reins in some of the unbridled enthusiasm many large global companies have for marketing their products in India. Despite the dramatic wealth creation that is taking place throughout the subcontinent, India remains, on the whole, a poor and developing country. Mr. Singh attributed the Western look of some Indian advertising not only to the cosmopolitan attitudes of many Indians but also to the "aspirational" desires of its poorer citizens.

In addition to the challenges he and Mr. Sharma had already touched upon, Mr. Singh added another special consideration for marketers in India: distribution. Companies need to be mindful of their target before creating advertising for their products, since the two major demographic groups, urban and rural, present distinct challenges. To illustrate his point that each of these demographics demands very distinct messages, Mr. Singh showed two advertisements. The first was a more traditional Pepsi spot showing a boatman ferrying cola and a Bollywood celebrity across a river, a message intended to resonate with a rural demographic accustomed to such a mode of transportation. The second spot, for Cadbury chocolate, appealed to affluent urban consumers with a sophisticated, contemporary feeling quite distinct from the Pepsi ad.

Marketers in India use Bollywood actors to connect with audiences through a carefully crafted process of story telling. Hitendra Wadhwa of Columbia Business School noted that the essence of branding and advertising in India has been about "melding product with local stories," because of the ongoing appeal among most Indians of localized, almost personal, marketing messages. Additionally, he said, India has been a laboratory for testing "formulations to reach the bottom of the pyramid," namely, the rural poor.

Many firms who want to participate in the Indian market have been forced to innovate in unanticipated ways to attract customers who individually may represent little value but collectively represent a huge market opportunity. Unilever, for example, experimented with small, sometimes single-use, packaging to realize sales to this hugely important demographic.

The topic of consumer packaging calls attention to a critical problem in India's development: pollution. Debera Johnson of the Pratt Institute spoke about the importance of responsible design and sustainability in an emerging market such as India. To underscore the pace of product development in India, Professor Johnson noted that India launches one consumer product per day. For her part, she continues to study how the Indian market can leapfrog unsustainable methods of product development to those more beneficial to the environment. Most of India's recent economic expansion has been in the services industry, which pollutes less than most others. However, the scale of consumer-related waste and pollution remains a concern. Some marketers, Professor Johnson said, have incorporated environmental issues into their marketing, such as Nike's commercial of Indians playing cricket on top of vehicles stopped in the suffocating traffic of a large Indian city.

The panel discussion underscored the fact that Indians are generally, if gradually, becoming more cosmopolitan. However, the discussion also underscored the crucial importance of devising a strategy that addresses local sensitivities effectively when launching a product in India. Based on the experience thus far in India at least, the panelists would likely agree that the time for P&G’s global branding leaders—people who will shape the way consumers see products from Memphis to Moscow to Mumbai—has not yet arrived and that more localized marketing is still a key factor.

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