

What's New With The Emerging Market Consumer? May 2012

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Welcome to the latest edition of the Euromonitor International consumer comment bulletin tracking new consumer trends in emerging markets. Understanding the fast-moving trends shaping consumer attitudes and behaviour in these difficult-to-research markets is key to successfully capturing the hearts of these prized consumers. This bulletin spotlights consumer trends in BRIC countries and other emerging nations every two months.

BRIC COUNTRY CONSUMERS

Designer seeks to bring grunge to Russia, but laments state of local clothing industry
Young Russian designer Igor Isayev, a graduate of Saint Martin's College of Art and Design in London, has opened a store called Grunge John Orchestra. Explosion (GJO.E) in central Moscow.

Speaking to the website Russia Beyond the Headlines, he said:
"For me, grunge is more a style. It's a way of thinking based on things that are familiar or close to our hearts. I regard grunge as things with a history, familiar things that sit in the sub-cortex of our consciousness, with a worn out, washed out effect."

He also spoke of what he perceives as the poor state of the domestic fashion industry. He said, "I've run into big problems here; there are fewer and fewer makers, especially good quality ones, and the seamstresses are getting old."

He later added,
"You can't make anything of good quality unless you work with European suppliers."

As luxury car sales boom, brands like Mercedes and BMW are no longer head-turners in India
With conspicuous consumption now the order of the day for the country's super rich, sales of luxury and super cars are booming in India. "There is a distinctive shift happening. People are jumping segments... from a Honda Civic to a Mercedes Benz E-class," according to one Mercedes dealer in Mumbai. According to New Delhi resident Hareesh Punjabi, "If five years ago you bought a BMW or a Mercedes, people still looked at it. Today if you buy a BMW, Audi or Mercedes it's not as big a head turner."

"The new Indian luxury consumer is pursuing a lifestyle where owning exclusive items and owning them first is a clear sign of wealth and power," according to Andrea Baldi of Lamborghini. Lamborghini launched its Aventador LP 700-4 in India during November, priced at INR36.9 million (US\$719,000).

Pizza chain blunders into the minefield that is Chinese colonial history
In February, Pizza Marzano, a subsidiary of the UK chain Pizza Express, issued an apology after it had described its new Shanghai restaurant as being located "in the French Concession." The name dates from the time when France and other foreign powers had their own settlements in the city, a period that Chinese nationalists regard as deeply humiliating.

The description sparked an online backlash. "They'd better learn about Chinese history and not hurt Chinese people's self-esteem," commented a micro-blogger called DearT-Tspiritualist. "We didn't intend to offend the nationalist sentiments of Chinese people, and we feel truly sorry," the pizza company said on its own microblog. Speaking to the newspaper China Daily, the restaurant's manager said: "Foreigners may not have a clear idea of street names, but they will know [where we are] if we say we're in the French Concession."

Domestic travellers driving strong growth in Brazilian tourism
Brazil's burgeoning middle class is driving a boom in domestic tourism. According to Euromonitor International data, the number of domestic tourist nights in Brazil soared from 92.8 million to 157.9 million between 2006 and 2011. According to the Financial Times newspaper, "On the beaches of Rio or the bars and restaurants of São Paulo, it's not uncommon to meet someone from Pernambuco, Maranhão, or Minas Gerais who has saved up to see their own country's famous sights for the first time."

On the other hand, growth in foreign travel has been much slower. According to David Scowscill, CEO of the World Travel & Tourism Council, growth in tourism departures from Brazil is being hampered by infrastructure limitations, especially at airports, and visa issues. The number of departures from Brazil grew from 3.9 million to 5.4 million between 2006 and 2011, according to Euromonitor International data.

AFRICAN & MIDDLE EASTERN CONSUMERS

Who is buying luxury goods in Africa?

The number of people in Africa with fortunes large enough to qualify them as "high net worth individuals" was the fastest growing in the world during the 2009-2010 period, according to a study conducted by Merrill Lynch and Capgemini. South African retailers call them "black diamonds," and they are increasingly attracting the interest of global luxury brands .

This trend towards luxury is one percolating down into the continent's expanding middle class. While "serious" money is still concentrated in the hands of the few, many buyers of luxury brands in Africa are aspirational consumers who will splurge on a product even when they may not be able to afford it. "I'm not rich, but I have a few pairs of Gucci jeans," said David Zwane, an accountant in Johannesburg. He also admitted that he had spent ZAR10,000 (US\$1,260) on a silver Mont Blanc bracelet as a Christmas present for his wife.

Indigenous designers on the up in the Middle East

Affluent consumers in the Middle East have long been avid consumers of imported designer brands, but a new generation of local designers is now emerging. In Saudi Arabia, Qabila Apparel is a brand that specialises in casual wear and accessories based on concepts sourced from Middle Eastern artists and graphic designers, according to its co-founders, Ghassan Alosban and Balquis Alrashed. Speaking to Arab News, they said: "The Middle East has such a rich visual heritage, from traditional arts like calligraphy, to pop art like hand-drawn Egyptian movie posters. As a label, we ultimately want to celebrate this."

In the UAE, the success of their blog Pintsized Fashionista has made 16-year-old twin sisters Alizey and Saanieh Mirza stars of the Dubai style scene. According to the internet site ahlanlive.com, "When they're not at school, they're attending events, being photographed for magazines, working on their blog and designing clothes."

Meanwhile, Beirut-based Kuwaiti Amal Khoureshid's designer clutch bag has also proven popular in the region. However, she acknowledges that global trends remain important. Speaking to Kuwait Times, he said: "Since I am still considered an upcoming designer, and clients always look at the big known brands, which set the trend, I have to always incorporate those trends into my collection."

ASIA PACIFIC CONSUMERS

Raunchy lyrics and dance moves of dangdut raise the temperature in Indonesia

A musical genre called dangdut, which sounds like a cross between techno and Bollywood, is hugely popular in Indonesia. According to Jakarta resident Siti Maisa, who was speaking to the BBC, "My children and I are fans of dangdut. Many Indonesians, if they can afford it, get dangdut performers to sing at special occasions like weddings." However, conservative voices are becoming increasingly vocal in their complaints about what they perceive as the increasingly "vulgar" lyrics and "erotic" dances associated with this style of music.

According to Yahya Iwan Wel, an executive producer on Dahsyat, a popular TV music show, dangdut has been modernised to suit the changing tastes of Indonesians. "Nowadays there are singers who perform in small towns and villages who use very erotic and sexy moves. And yes, certainly some of their lyrics are suggestive. But for broadcast on radio and television there tends to be more control over what they do and wear," he added.

Excessive smartphone use blamed for real-life communication problems in Malaysia

According to a report on the website digitalone.com.sg, in the Malaysian city of Petaling Jaya, "Five youngsters sit around a table, having a drink. But none is talking to another. Instead, all have their eyes glued to their mobile phones, either texting or surfing." It goes on to say that many parents complain that their children now "talk" more to their phones than them.

Excessive smartphone use has also been cited in a number of divorce cases. "Most of these women discovered the affairs after seeing their spouses spending a lot of time on the phone, and on checking found text messages or e-mails to other women," according to telecoms regulator Datuk Seri Michael Chong.

According to Euromonitor International data, value sales of smartphones in Malaysia have surged over recent years (to US\$535 million in 2010) and are now more than double those of feature phones (US\$242 million during the same year). Meanwhile, nearly 30% of Malaysian mobile phone users had more than one handset in 2010, according to the Malaysian Communications and Multimedia Commission.

EASTERN EUROPEAN CONSUMERS

Number of pensioners in the Czech workforce growing

The number of old-age pensioners registered as employed in the Czech Republic grew by 11,000, to 157,000, during 2011, accounting for 7% of all of those receiving state retirement benefits, according to data recently published by the Czech Statistical Office (CSĚ). The most common occupations for pensioners are in agriculture and retailing, with many others working as security guards, drivers and administrators.

Many of these continue to work out of necessity. According to 64-year-old Aneřka HanzlĚkovĚ, who lives in the Southern Bohemian town of ProtivĚn, she cannot survive on her monthly pension of CZK9,000 (US\$475). She said: "My pension is not very high, so now I have to go back to work cleaning for a private firm. I wanted to have a little extra money to be able to afford some holidays."

Roma deprivation remains entrenched

According to the Dutch magazine MO*, "On International Roma Day, which falls on April the 8th, the significant proportion of Europe's 12 million Roma who live in deplorable conditions will not have much to celebrate." According to NGOs and Roma activists, initiatives by the governments of countries with significant Roma minorities (such as Romania, Bulgaria, Hungary, the Czech Republic and Slovakia) in the run up to their EU accession turned out to be window-dressing.

For example, in Bulgaria, official figures reported a surge in the numbers of Roma in employment, but "In practice, they were sacked after a few months", according to Bulgarian researcher Ilona Tomova. Moreover, funds dispersed by the EU to fund national government programmes aimed at helping Roma have frequently been diverted for other purposes, while a growing number of politicians in the region feel increasingly free to openly express their contempt for them.

LATIN AMERICAN CONSUMERS

Social networking now most popular online activity in Latin America

According to a study entitled "The 2012 Latin America Digital Future in Focus," which was published by research firm comScore Inc. during March, social networking was the most popular online activity in Latin America during December 2011. It accounted for nearly 30% of online minutes at the end of the year, an increase of 9.5 percentage points over the prior 12 months. Argentineans averaged 10.7 hours on social networking sites during the month, followed by Chileans (9.5 hours per visitor), Peruvians (8.7 hours), Colombians (7.6 hours) and Mexicans (7.1 hours).

Choice between nature and development stirs passions in Patagonia

Close to the isolated Patagonian town of Cochran in southern Chile, a US\$10 billion hydroelectric dam project, known as HidroAysĚn, is being planned. It has stirred a national outcry against what critics have called the destruction of one of Chile's most pristine ecosystems. Last year, thousands of protesters opposed to the dam took to the streets of the capital, Santiago, leading to clashes with police.

While protesters denounce the threat to flora and fauna, many others argue that energy independence and economic development are more important. 66-year-old retired teacher and local historian Rosa GĚmez said: "Suddenly there is nostalgia for the past, but people forget how tremendously isolated we were! If I had to weigh the trust and harmony that existed between neighbours back then with all that we have now, the scale tips toward now."

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