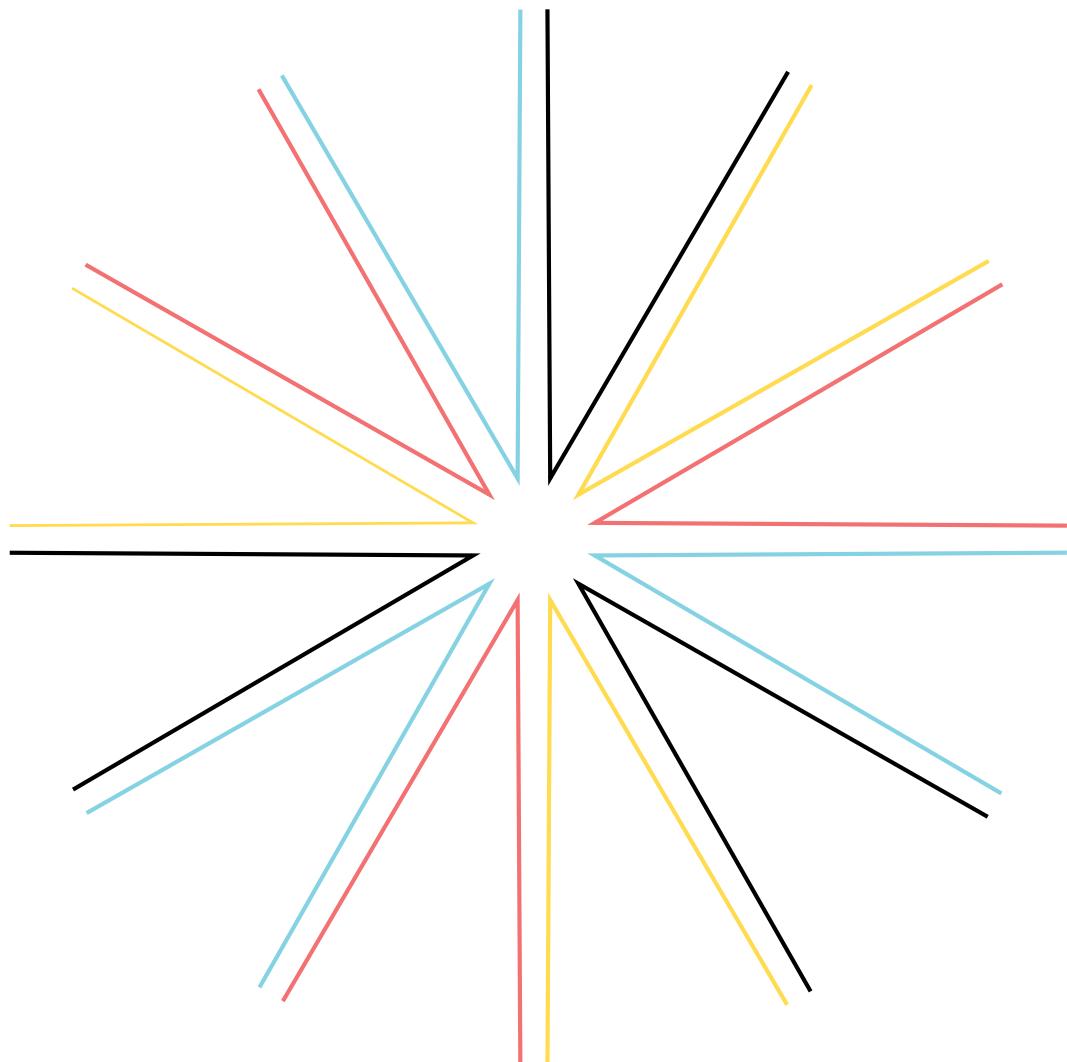


Ogilvy & Mather

# *THE VELOCITY 12 REPORT*

The Reshaping of Global Growth



# THE VELOCITY 12 MARKETS



## A BILLION NEW MIDDLE-CLASS CONSUMERS

Amidst growing global economic uncertainty, a new Ogilvy & Mather report argues that 12 “velocity” countries – comprising more than half of the world’s population – will reshape future global growth. A billion new middle-class consumers will emerge in these 12 countries in the coming decade, creating a critical tipping point as the middle-class moves from a minority to the majority of the local population in many of these markets. Consequently, this next generation of “global middle-class” consumers will not only play an important economic role, they will also become key agents of social change, influencers on their governments, arbiters of local lifestyles, and empowered consumers in brand attraction and interaction. All of this will have a profound impact on the way companies develop marketing activities, communications, and relations programs to these new global middle-class consumers.

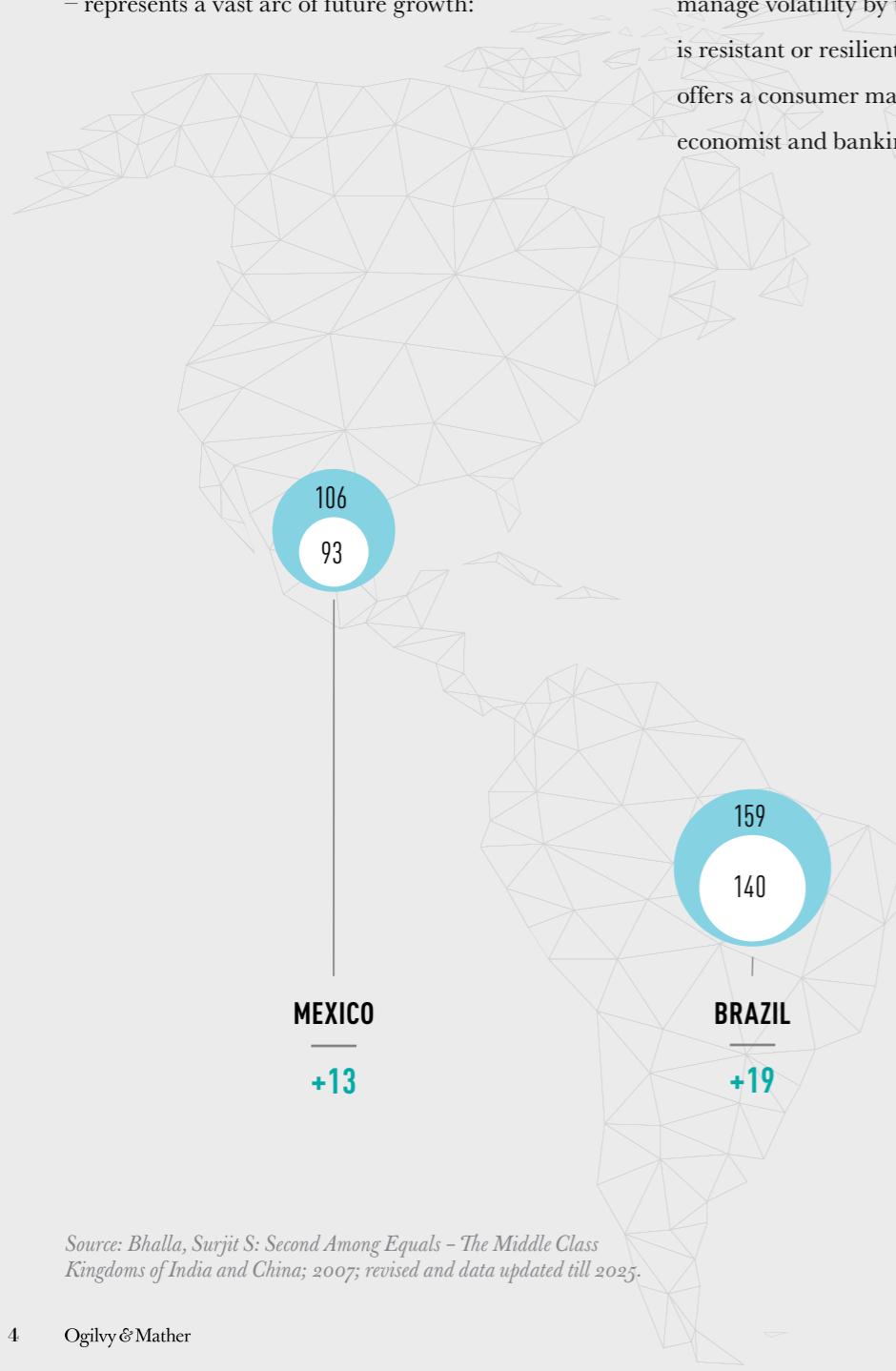
National Day holiday, October 2015, Yangshuo, China.

## SOUTH ASIA: EPICENTER OF GROWTH

Propelled by gains in income and higher education, connected by technology and the explosion of cities, the next billion middle-class consumers are remapping the geography of growth. The Velocity 12 – with an epicenter in South Asia, principally India, Pakistan, and Indonesia but extending up to China in one direction, and to Egypt, Nigeria, Mexico, and Brazil in the other – represents a vast arc of future growth:

## PPP-BASED RANKING

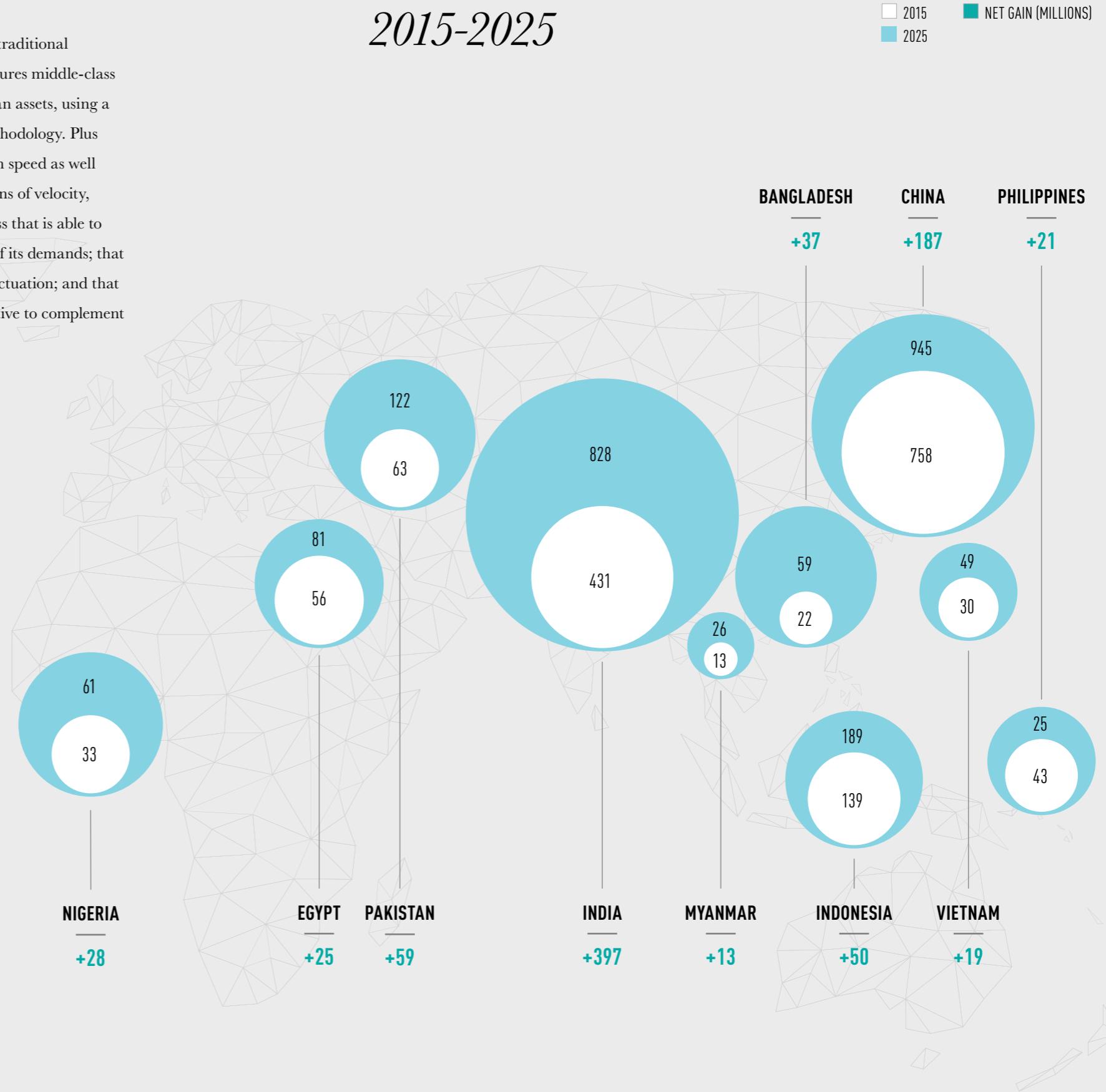
Ogilvy's V12 ranking, a corollary to traditional economist and banking indices, measures middle-class growth in terms of income, rather than assets, using a **Purchasing Power Parity** (PPP) methodology. Plus it provides a fresh view by factoring in speed as well as the size of growth. Through this lens of velocity, we see a vastly expanding middle class that is able to manage volatility by the sheer force of its demands; that is resistant or resilient to currency fluctuation; and that offers a consumer marketing perspective to complement economist and banking studies.



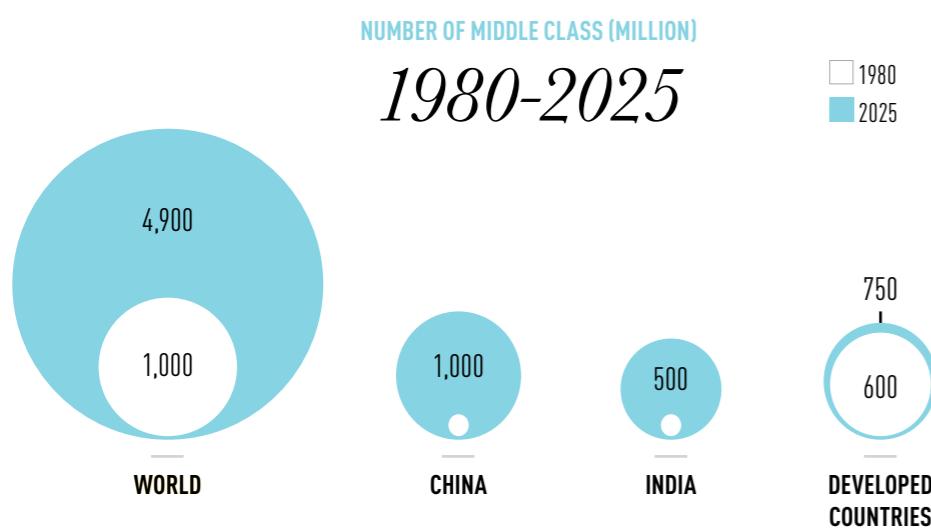
Source: Bhalla, Surjit S: Second Among Equals – The Middle Class Kingdoms of India and China; 2007; revised and data updated till 2025.

## NEW MIDDLE-CLASS CONSUMERS (MILLIONS)

2015-2025



## NEW MIDDLE CLASS INCREASES



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*A new lexicon of growth to match a more equal world.*

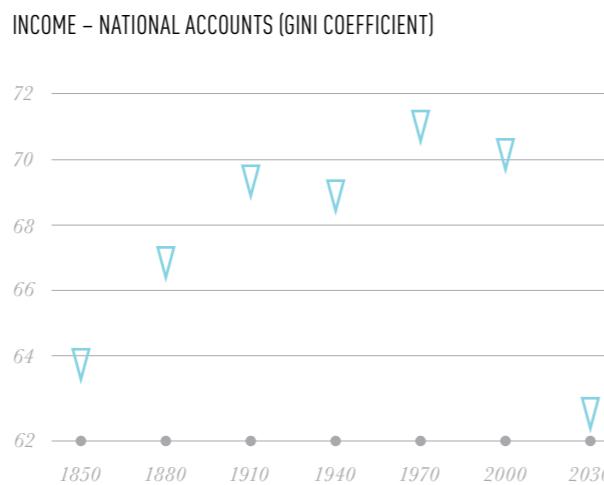


## A MORE EQUAL WORLD

Many recent discussions of global economics point to the concentration of wealth in 1% of the population; the world, when measured by wealth distribution is not equal. Yet when viewed from the perspective of the expanding middle class within the 99% majority, and measured by income distribution rather than wealth, ***the world is more equal than ever, and the next billion middle-class consumers will move the world averages towards greater—not lesser—equality.*** Driven by higher than average income growth in the two most populous countries of the world, China and India, inequality has moved inexorably towards greater equality. The rich, developed world has approximately 900 million people, whose income has grown at the rate of 1.6% for the last 35 years; China and India, home to

a population three times that of the West (and with per capita incomes less than one-tenth of the West in 1980), has grown at an average rate about 4 times (6.3% versus 1.6% per annum) of the West.

### INEQUALITY TRENDS IN WORLD



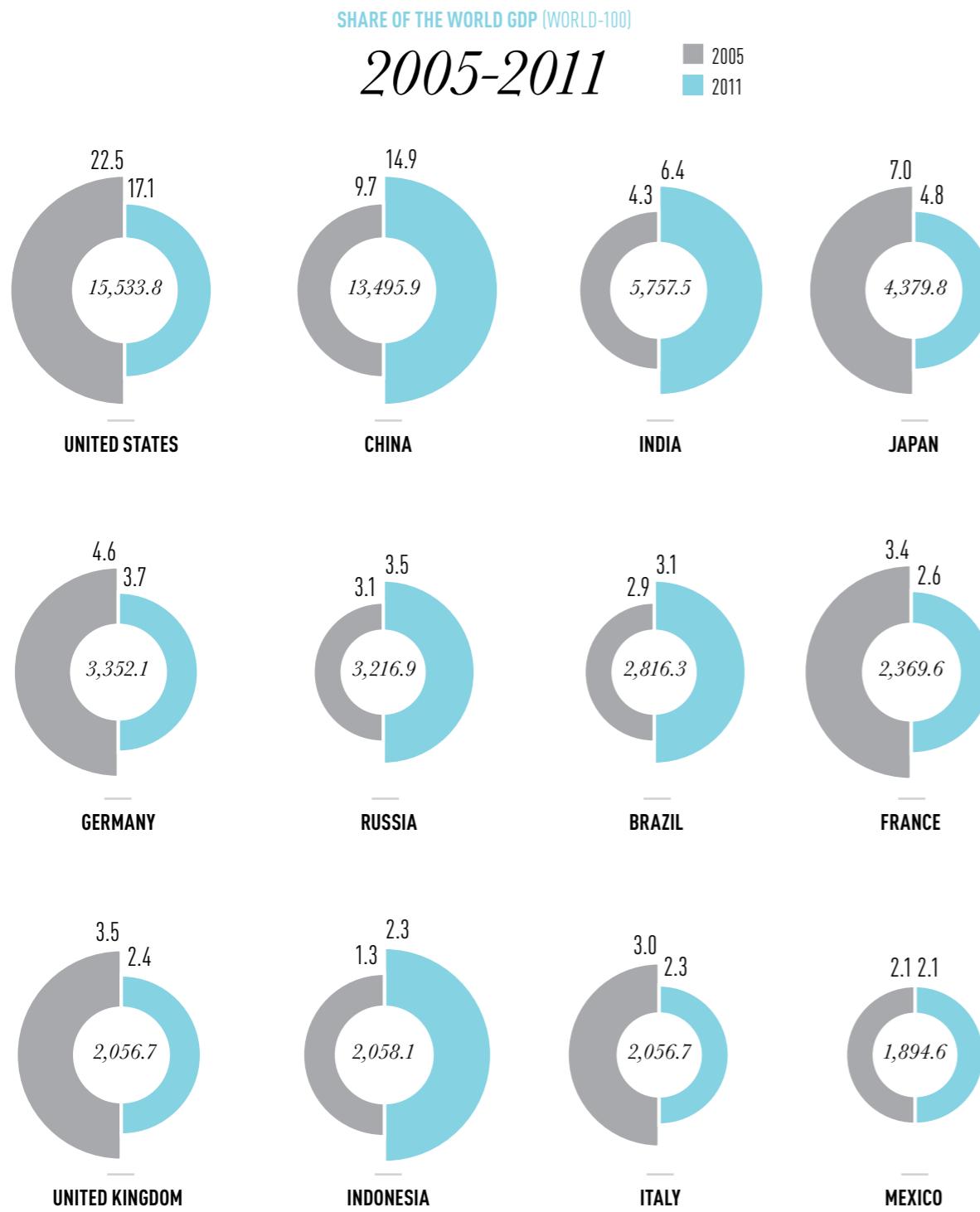
Source: Bhalla, Surjit S: *Second Among Equals – The Middle Class Kingdoms of India and China; 2007; revised and data updated till 2025.*

## VELOCITY

**Emerging market lexicon now outdated.** The changes in the Velocity 12 markets will ultimately require a new lexicon of growth – one better suited to describe the essence of transformation with fresh language to replace the outdated phrase, “emerging markets,” a phrase that now seems too gradualist and even colonial. “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 fact, using a Purchase Power Parity (PPP) measure, nearly half of the world’s top GDPs come from V12 markets.

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

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



Source: International Comparison Program (ICP).

## SOCIAL VELOCITY CHANGING MARKETS

More than an economic outlook, this report takes into account a range of V12 social, cultural, technological and lifestyle trends that companies need to be aware of and understand well to market and capture marketshare in the V12 sphere.

The middle class of the V12 represent a social tapestry of greater ethnic, linguistic, cultural and religious diversity than previous generations of middle-class consumers in the West. Further, they enjoy the power of connectivity to a global grid of commerce, influence, and social interaction, which means that many velocity market consumers have the same access to information, utility, and competitive options as higher income markets. So, while they are diverse, plus locally loyal and culturally proud, they live in a world with a leveling consumer playing field. As a result, middle-class consumers of the coming decade will have a more accelerated understanding of their options than prior generations of middle-class consumers, plus a megaphone for expressing their tastes and opinions. These next billion middle-class consumers won't simply be a next installment of the estimated two billion middle-class consumers who have joined the global consumer class over the past 35 years.



## Velocity Defined

Throughout this report, we refer to “Velocity” in a broad sense, to signify more than just economic growth.

“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.



## OGILVY'S FINDINGS V12 Consumer Research

In this report, Ogilvy also provides the results of a consumer lifestyle research across the V12 markets, the first of its kind. This research involved 3,600 male and female respondents, covering a range of education levels and all age groups from 18-60 years old.

**A large majority (77%) of V12 consumers see lifestyles changing faster than ever before.**

Over three quarters of V12 consumers agree that lifestyles are changing faster than they have ever experienced before. This is broad-based, with little variation by gender. Agreement is particularly high across China (89%), India (86%), Bangladesh (86%), Pakistan (87%) and Indonesia (86%). Those living in the Philippines are notably less likely to agree (62%).

**Over two-thirds of V12 respondents (71%) say that the next decade will bring positive changes to lifestyles in their countries.**

Greater optimism is shown in expectations for positive changes in the next ten years than over the last ten years. All V12 countries (except Egypt) expect the next decade to on balance bring more positive changes than negative changes:

| V12 MARKETS (% EXPECT POSITIVE CHANGE) |     |
|--|-----|
| CHINA                                  | 91% |
| MYANMAR                                | 88% |
| BANGLADESH                             | 83% |
| INDIA                                  | 78% |
| NIGERIA                                | 73% |
| INDONESIA                              | 73% |

### But there are mixed views across the V12 about the impact of lifestyle changes over the last ten years.

Over half (58%) of the V12 respondents felt that changes in the last decade have brought about positive changes to V12 lifestyles. This viewpoint varies significantly across the V12 terrain, with three groupings:

- those identifying considerably positive changes (China, Bangladesh and India)
- those identifying more moderate benefits (Myanmar, Indonesia, Vietnam and the Philippines)
- those who see net negative changes (Nigeria, Pakistan, Brazil, Mexico and particularly Egypt)

However, V12 consumers overall believe that lifestyle changes in their countries have been broad-based, cutting across commercial, physical, and social aspects of their lives. Of the 16 primary facets of greatest change, the top 8 touch upon critically important themes for the V12 markets:

| 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% |

## OGILVY'S FINDINGS

### V12 Consumer Research

V12 consumers overwhelmingly feel connected to the world, with social media at the heart of that connection.

Nearly three-quarters of the V12 respondents said that they feel more connected to the rest of the world than ever before – and this includes a majority of respondents in each V12 country.

The importance of local culture is strong in the V12, but varies considerably by market.

“Culture”, defined as family traditions, plays an important role in many V12 respondents’ lives, with a plurality of respondents indicating that as time goes by, their culture is becoming more important to them. However, a significant number of V12 residents feel that culture is in fact becoming less important. Nationality tends to be the differentiator – perhaps surprisingly, not age or class.

V12 consumers identify a wide variety of societal issues as priority for change in the coming decade.

| PRIORITIES FOR THE COUNTRY'S FUTURE<br>(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% |

| MORE IMPORTANT |     |
|----------------|-----|
| BRAZIL         | 66% |
| INDIA          | 65% |
| MEXICO         | 66% |
| NIGERIA        | 63% |

| LESS IMPORTANT |     |
|----------------|-----|
| PHILIPPINES    | 45% |
| EGYPT          | 46% |
| Vietnam        | 50% |



Popular commercial street, São Paulo, Brazil.

A very large number of V12 consumers identify a number of diverse social issues as important to their country's future. Topping the list overall were quality of life issues, such as child health and the environment – an issue of great and growing importance to the V12, perhaps more than one might assume. However, priority issues for V12 consumers also include creating better economic conditions, attracting investment, and addressing economic inequality.

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 social issues as extremely important for the future – perhaps a reflection of a more self-absorbed or disinterested millennial generation around the world.

“

*Women as entrepreneurs  
and activists.*



## GENDER VELOCITY

Some argue that women are the great global growth market. Women in the V12 are taking more direct financial control than ever of their lives and the lives of their families. Eventually, they will eclipse men in making the majority of direct and indirect spending decisions – a fact that most companies have not yet adequately recognized in their marketing strategies.

## WOMEN TO DRIVE V12 ECONOMIC GROWTH

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.<sup>1</sup>

According to the Ogilvy V12 research, the vast majority of women (85%) anticipate improved career and business opportunities in the coming decade. That number spikes to 94% in Pakistan, 92% in Bangladesh, and 91% in India. Similarly, 83% of V12 women believe that they have more opportunities than before to start their own business. The optimism that V12 women express extends beyond their careers: some 79% indicated that they have more money to buy things than ever before.

## STILL AN UPHILL BATTLE

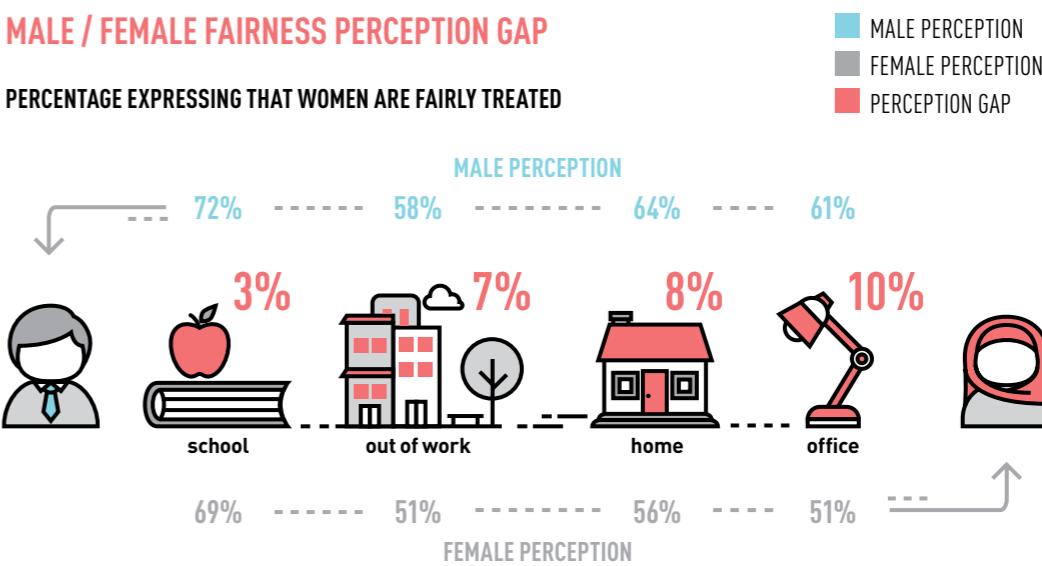
But all is not rosy: the majority of female respondents report experiencing discrimination in virtually all settings in their lives. The majority of V12 women say that they regularly or occasionally experience some form of unfair treatment – most often out of home or at work, though over 40% admitted having experienced it at school or at home too. In particular, the largest percentage of women feeling unfairly treated both at work and out of home were from Mexico, Brazil and Egypt. More than other V12 women, Vietnamese said that they have experienced unfair treatment at home.

## GROWING SOCIAL ACTIVISM

While women fulfill new aspirations and reshape their identities, multiple issues remain. In response to these, women are using social media to shift mainstream opinions on a variety of societal and family issues. V12 women will be a potent source of social change in the next decade. They are more socially connected than men in some countries, and they are becoming better educated. As women in the V12 enjoy 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.

## MALE / FEMALE FAIRNESS PERCEPTION GAP

PERCENTAGE EXPRESSING THAT WOMEN ARE FAIRLY TREATED



<sup>1</sup> Unilever CMI/The Future's Company, Oct 2015.

“

## *Muslim Futurists.*



## SOCIAL VELOCITY

Muslim Futurists are reshaping the direction of business growth, brands and social change. Unabashedly proud to be Muslim, Futurists manage to combine consumerism and faith, uniting individual self-expression with strong community concern and love for their connections in ummah – the global Muslim nation. They pair eco-concern and social activism with a love of luxury and premium brands. Through sheer numbers and impetus, inevitably they will shape wider consumer demands.



Hijabers Community in Indonesia.

## HALAL GOING MAINSTREAM

The 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 their values, both their sense of being Muslim and being part of the modern world where consumerism is a key factor in self-definition.

## FUTURISTS LEAD THE WAY

According to original research by Ogilvy Noor, 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 – increasingly educated, entrepreneurial, and keen to live in the modern world, while also upholding Islamic principles. Because Muslim women are staying in school longer, delaying marriage and having babies later, 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.

Brands for this consumer group must work hard to meet Muslim needs, particularly 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.

Over 90% of Muslims researched by Ogilvy Noor said that their faith affected their consumption. 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.

In consumer research, V12 Muslim consumers confirmed the need for international brands to better reach them. Nearly 60% of Muslim respondents across the V12 indicated that international brands generally don't (or only a little) understand or cater to their needs. This view was largely consistent across the biggest V12 markets – Indonesia, Egypt, Bangladesh, and Pakistan. Roughly the remaining third of Muslims across the V12 say that international brands understand their needs very well. But overall this represents an ongoing, unmet need affecting a large group of consumers.

“

*Growth of megacities  
and urbangea.*



## URBAN VELOCITY

The move to cities is one of the main global reshaping forces of the past 50 years, impacting virtually every corner of the world. But urbanization plays a proportionately larger role in V12 markets, where there are accelerated features at both ends of the urbanization spectrum. V12 cities will increasingly dominate the list of world mega cities. While on the other end of the spectrum, new urban growth centers form satellite towns around and in between mega cities, such as Shanghai and Delhi. We have termed these satellite towns *urbangea* – and we expect that they will be a growing phenomenon across the V12.

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.

we expect that V12 markets will continue to outpace the rest of the world. Indeed, three of these markets will have an outsized impact on global urbanization: India, China and Nigeria are expected to account for over one-third (37 percent) of the projected growth of the world's urban population between 2014 and 2050. India is forecast to add 404 million urban dwellers, China 292 million, and Nigeria 212 million.<sup>2</sup>

The accelerated rate of V12 urbanization is driving the rapid rate of middle-class velocity. The chart at left 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 percent change in the size of the middle class. Within a decade from now, this rate should double: each 10 percentage point rise in urbanization will mean an 11 percent change in the middle class. (Note that this association is actually declining for developed economies, as their population moves into the 'rich' classification.)

## LEADING THE WORLD IN URBANIZATION

Urbanization is happening faster in the V12 than in other groups of nations—and faster than it happened in the past. A typical developing economy had a 30 percent urbanization rate in 1960 and a 47 percent rate today. The V12 markets, by contrast, have shifted from 20 percent to 46 percent in the same period – and

## URBANIZATION

HOW THE SIZE OF MIDDLE CLASS VARIES



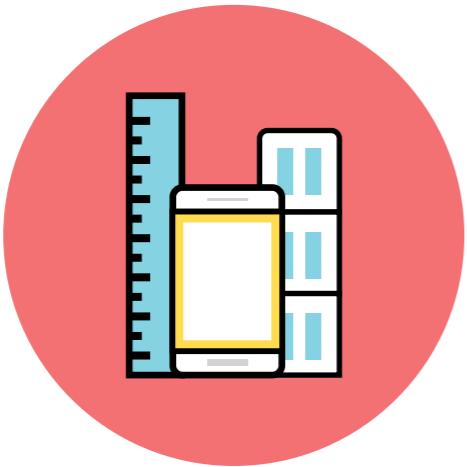
Source: Dr. Surjit Bhalla.

## URBANGEA OPPORTUNITIES

Today's fastest-growing urban agglomerations also include medium-sized and smaller cities in Asia and Africa. The urbangea are the result of government policies in some markets to develop new investment zones, coupled with private investment by land developers or companies building factories or multi-building complexes. There are vast brand opportunities in the urbangeas, particularly because they are made up of many small and growing cities – China has 160 urbangea, each with a population of more than one million. The urbangea have distinct cultural and physical traits that brands must work to understand but because they are relatively newly developed areas with an upwardly mobile population, they care more about product experience than reputation.

“

*Digital reshaping of  
V12 economies.*



## TECHNOLOGY VELOCITY

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: innovation in access, mobility, and commerce. Key aspects 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 and customized to local markets, rather than simply adapted from what has worked in Silicon Valley. In many areas, the V12 markets will lead the world, not follow it.

## RESHAPING CONNECTIVITY

Connectivity – the essential resource today – is the starting point of the digital transformation. Internet penetration rates within the V12 still vary greatly. But the overall connectivity story in the V12 is already fundamentally about scale. China is the world's most widely connected nation, dwarfing even Europe as a whole. India is number two – and has passed the U.S. in smartphone sales. And some of the other V12 markets also rank among the top Web using countries. Nonetheless, there is a lot more connectivity still to come, as more than half the planet lacks Internet access. Consequently, six of the V12 markets are in the top in Internet user growth rates, with India, Philippines, and Indonesia holding the first three slots.

## 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 way technology is being introduced to remote areas and urban 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 mobile equipment will make access to the Internet via smartphones and similar devices even more affordable to hundreds of millions of people, enfranchising them for the first time. The fastest growth in Internet access in Asia, the Middle East, and Africa will be via mobile devices. For example, mobile comprises 82% of Nigeria's web traffic, the highest percentage in the world but Indonesia and India are not far behind.



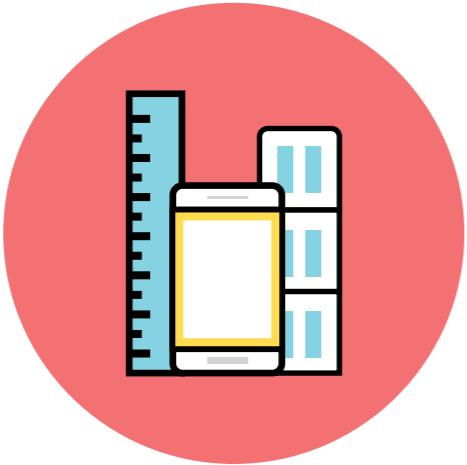
## TAILORED COMMERCE SOLUTIONS CHANGING BUSINESS

Critically, the combined benefits of mobility, location technology, big data and increased automation will translate into unprecedented power to conduct commerce as well as aspects of government and society in new ways. Consequently, digital technology will generate social, economic and cultural changes in the V12 in the coming decade that will outstrip the impact it has already had over the past 25 years. E-commerce is a significant velocity driver all over the V12, but rapid patterns of migration, social change and uneven infrastructure has created barriers to its acceptance.

While China has emerged as a massive e-commerce powerhouse, its success isn't repeated across the V12. Brands must look to local conditions when assessing the e-commerce environment in individual economies. Fortunately, innovative solutions to e-commerce barriers are being incubated in the mobile arena.

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*In many areas, the V12 markets will lead the world, not follow it.*



## INCREASED COMPETITION OF INTERNATIONAL AND LOCAL BRANDS

A more equal world does not mean a homogeneous one. Technology has enabled worldwide consumers to connect more than ever and to control their relationships with marketers. As a result, we increasingly see large swathes of the global population that are simultaneously more connected to the world and more engaged in social and global issues, yet still fiercely proud and loyal to their culture and family traditions.

## PREFERENCE FOR LOCAL PRODUCTS

V12 consumers have an increasingly discerning and demanding view of international and local brands. A majority of V12 consumers – about two out of three respondents – buy a combination of both types of products. 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 among Indonesians, Brazilians, Filipinos, Bangladeshis and Indians, with Indonesians and Bangladeshis most likely to purchase domestic brands as part of their weekly shopping patterns.

### 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: Ogilvy's V12 Study.*

The environment is highly competitive, not just with other regional and international corporations, but with the appearance of more aggressive and capable local companies, including new e-players aiming to disrupt traditional business models in every corner of the globe. Local companies are savvy and sophisticated; they can imitate the best practices of global brands and generate and capitalize on innovation faster than ever before.

Consequently, they enjoy a speed and agility that many multinationals seek to emulate. And they are increasingly focused on building effective and enduring brands.

## THE BRAND BATTLE IS SET TO INTENSIFY FURTHER

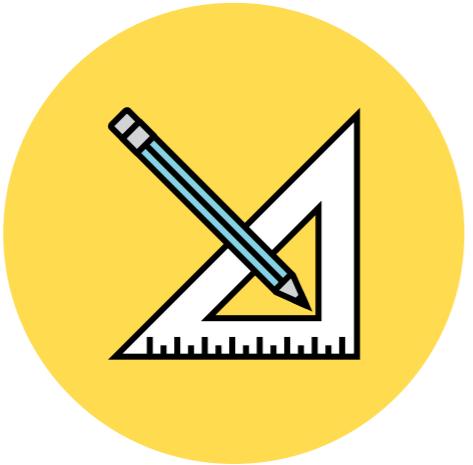
Continued product proliferation is supported by increased media spending across the V12 markets. As both international and domestic companies seek growth, they will need to fully leverage their traditional strengths, but brand-builders of all stripes will also need to create new advantages for themselves. This essentially will mean local brands adopting and exploiting approaches that were previously the domain of international companies at scale, while international companies will need to act with speed and agility that has previously been the hallmark of local brands.

There are emerging, new battlegrounds for international versus local brands. For example, consumers are most divided about the environmentally-friendly credentials of international products with Chinese, Egyptian, Vietnamese and Burmese respondents saying that international brands were stronger on these attributes.

Consequently, companies and marketers will need to adjust quickly if they wish to capture their share of V12 opportunity. They will need a combination of flexibility and 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.

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*Companies will need to understand new markets, regions and cities.*



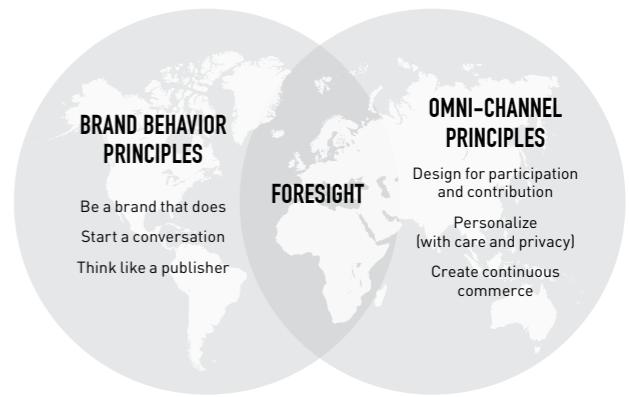
## VELOCITY PRINCIPLES

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.

Many of the fundamental factors that previously defined middle-class consumers have changed. The new “social” consumer has become a global phenomenon, 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.

All of this will place new demands on companies to master greater diversity and navigate new or less familiar markets. V12 markets are ushering a new era of “velocity marketing” – an evolving approach to marketing that leverages more digital channels, consumer data, points of location, and more owned and socialized media in order to connect continuously with willing consumers. 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 other consumers, who are recasting their relationship with brands. The Velocity 12 markets also possess the most growth for B2B opportunities at scale. Because these correlate with both middle-class size and velocity, they will be a source of growth in the coming decade.

## VELOCITY MARKETING PRINCIPLES



There are two main groups of principles – **Brand Behavior and Omni Channel** – that stem from a single, overarching V12 marketing idea, 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.

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



## BRAND BEHAVIOR PRINCIPLES: BRANDS THAT DO

Brand Behavior principles reflect the ongoing evolution of the purpose of brands and their behaviors in people's lives. These 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.



Tang Recyclass in The Philippines.

### IDEALS ACTIVATED

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

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.



Messages from Unborn Babies.

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.

“  
Brands need to devise strategies  
to capitalize on opportunities.



## OMNI-CHANNEL PRINCIPLES

Omni-channel 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. Omni-channel principles leverage key drivers of velocity, with a focus on mobility, e-commerce, 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.”



Nestlé Beyond in Vietnam.

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.



Share a Coke in Indonesia.

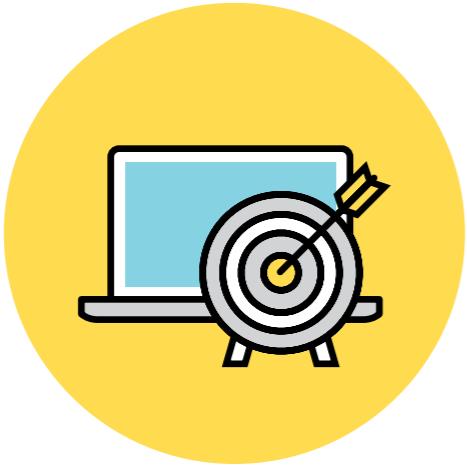
## PERSONALIZE (WITH CARE AND PRIVACY)

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.

“

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



## CONCLUSION

With all the advantages of doing business with the V12, the full growth potential of these markets still depends on a matrix of macro-economic and geopolitical policies that create infrastructure, incentivize innovation, and support growth. 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.



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

Many new V12 consumers will come of age in a backdrop of ethnic, religious, and geopolitical tensions. In this new world, corporate public affairs and government relations become as important to the location marketing decision as corporate counsel and economist. Social and cultural intelligence will count as much as marketing and financial or legal expertise to calibrate the location equation. Companies looking to enter or expand into the V12 need to evaluate all of the risks as well as the rewards.

Indications point to an exponential expansion of the global middle class, and its net worth, until at least 2050. 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.

In the end, growth is no guarantee, particularly given the aggressive and capable competition – both traditional and e-players – looking to disrupt traditional business models in every corner of the globe. In the coming decade, companies seeking growth in the Velocity 12 markets must be ready to ***evolve fast or lose out.***

To read the full version of this report and to learn more about Ogilvy in emerging markets, please go to [ogilvydo.com/v12markets](http://ogilvydo.com/v12markets)

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