

# Why are local brands failing to connect?

A study found that foreign brands still dominate Hong Kong consumers trust scores, but some innovative strategies like meme-based marketing and experiential campaigns appeal to locals more than others.

Hong Kong may be Asia's world city, but when it comes to brand preference, it seems locals distrust homegrown brands more than locals in other countries. A study by advertising firm McCann found that in Hong Kong, only 7% of consumers would prefer a local brand over a foreign one, compared to the global average of 56% of consumers who favour their homegrown champions. APAC locals love their own more with 59% opting for the local choices.

The question for homegrown brands is why they are doing so poorly compared to their international rivals. McCann Worldgroup Hong Kong CEO Brandon Cheung and strategy director Karen Chan told *Hong Kong Business* that one reason is that foreign brands have been more innovative in their marketing. "Attempting to take advantage of mainland Chinese' spending power and to ensure that their brand is top of mind amongst mainland Chinese who are in Hong Kong, global brands have in recent years been more proactive in marketing and in connecting with people in the city. This has, to a certain extent, been washing out local brands, which often are of a smaller scale and have a tighter budget," they said.

It could also be that consumers in Hong Kong prefer global brands due to the availability of more choices and better quality. Rupam Borthakur, Hong Kong CEO, Insights Division at research consultancy firm Kantar, believes that the global over local mindset in Hong Kong has taken root because residents have been exposed to global brands for a comparatively long time than their regional peers. "As a result, [they] are more discerning than consumers in other Asian markets: they appreciate quality, understand product nuances and trust brands that offer innovations that address their needs.

### Meme-based marketing

One marketing trend experiencing growth in Hong Kong is 'real time response' or 'newsjacking' advertising. "Brands



Brandon Cheung



Karen Chan



Rupam Borthakur

and consumers alike often take advantage of a certain event or ironic incident, and re-create their own version of the event to poke fun at it. These memes or posts often go viral very quickly and are a great budget-friendly way for brands to stay current and top of mind," Cheung and Chan explained. They said IKEA is a brand that has done this particularly well, noting that someone had to saw off part of a mattress to fit it into his room because he had bought the wrong size from a furniture store that did not accept returns. "In response to that, IKEA quickly put out a post saying that there is no need for sawing even if you don't like it, because they offer a 100-day trial period," they continued. Another advertising strategy is integrating creative messages in properties to optimise the impact of communication, the two said. Finally, nothing beats

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experience. They noted that brands have been leveraging experiential marketing and creating more events and activations, citing Hong Kong Tourism Board's Art Month Campaign, which turned MTR cars into mobile galleries that can reach out to millions of commuters daily. "From pop-ups to total transformation of physical space, brands are riding on consumers' desire for experiences."

### Who's got it right so far?

Brands like Hang Seng Bank, Vitasoy, and Go Go Van all have very high trust ratings in comparison to global competitors in their fields, cited Kantar's Borthakur. When these brands are looked at in the context of their category, their strong position is clear, but this may not be obvious from a broad-brush comparison of global versus local.

"They need to find how their brand purpose can address the needs of modern Hong Kongers, leverage their local roots, and combine the two to communicate the message effectively," added Borthakur. E-commerce startup Ztore is manifesting this, according to Cheung and Chan. "Ztore's mission is to preserve the Hong Kong local culture and has actively made connections to carry on the fast disappearing traditions and champion local businesses' familiar intimate services through modern technology. Their recent campaign championed their mission by structuring Ztore's services around emotional needs"

If anything, these trends of hyper local, experiential and almost nostalgic marketing prove that Hong Kong may be one country, but when it comes to marketing there are definitely two systems.



Ztore's marketing campaign