



CREATIVE
CULTURE

PELÉ

DARK

THE SENSE OF COMMUNITY IN BRAZIL

April 2020



INTRODUCTION



WHY DO BUSINESS IN BRAZIL?

There are many reasons why a company might be wary of trying to gain a foothold in the Brazilian market. The country's size and terrain pose challenges for distribution and transport networks, and the pitfalls typically associated with doing business in emerging markets apply to Brazil. Corruption is a perennial issue, for example, with over 200 people already having been convicted as part of the ongoing investigation known as "Operation Car Wash" from 2014.

The election of Jair Bolsonaro of the far-right Alliance for Brazil party in 2018 is both a symptom and a cause of political division and unrest. After nine years of economic and social progress (2003-2012) that lifted 29 million people out of poverty, a recession has been followed. Moreover, Brazil has notoriously high barriers to entry: complex bureaucracy, an opaque tax system and protectionist measures all combine to make Brazil one of the world's toughest environments for foreign investment. In fact, research by the World Bank ranks Brazil 124th out of 190 countries for ease of doing business. Finally, there are significant national idiosyncrasies as well as vast regional disparities in income, culture and lifestyle to contend with.

And yet, companies that successfully chart a course through these troubled waters will be rewarded with access to a market with immense potential. Covering an area of 8,515,770 square km, Brazil is the fifth-largest country in the world. It occupies half of the landmass of South America, has nearly 7,500 km of coastline, borders every South American country aside from Chile and Ecuador and is 35 times larger than the UK. Brazil is home to some 209.2 million people, with a median age of just 31 and a rural/urban divide of 14.1% to 85.9%.

Marketing is simplified by the fact that the country is relatively homogenous from a linguistic perspective, since Brazilian Portuguese is spoken by 97.9% of the population as their main language, although it is worth bearing in mind that this variant differs considerably from its European counterpart (the two are not always mutually intelligible). In 2001, Brazil was named along with Russia, India and China as future leading suppliers of manufactured goods, services and raw materials (the "BRIC" economic bloc that later expanded to include South Africa). Key economic sectors for Brazil include mining, agriculture and manufacturing, and it is rich in natural resources such as minerals, coffee, sugar and soy. The government also appears to be attempting to encourage foreign investment through changes to legislation on tax and corporate governance.

All of these factors explain why so many major international corporations have broken down barriers to gain a foothold in Brazil. The fact that 400 of the world's 500 largest companies operate in the country, including Rolls Royce, BP and Shell from the UK, shows that it is an achievable and astute strategic aim. If you would like your company to be next, it is important to carry out careful research to ensure that you understand the country's cultural and business landscape before taking the plunge. In this White Paper, we'll take a closer look into the ways that both aspirational identities of consumers within their communities, along with a sense of Brazilian pride, shape marketing strategies for international brands.

Special thanks to Ariel Cardeal, Marcos Dolis, Ricardo Amaral Filho and Teo Pollini for their cultural insights.

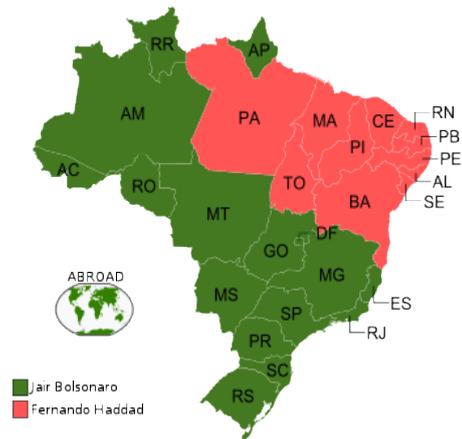
NATIONAL IDENTITY



A NATIONAL IDENTITY DEFINED BY DIVERSITY AND DISPARITY?

Regional variants

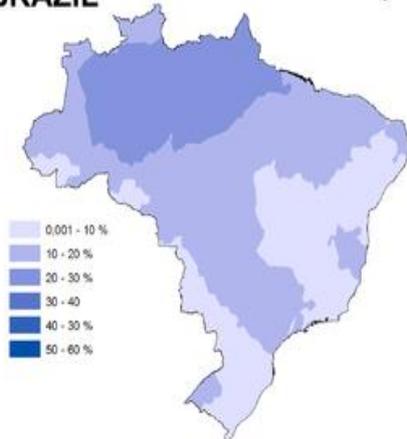
The sheer scale of Brazil means that the country defies description in terms of a single national “culture”. Regional differences matter, especially those between the richer, more populous regions of the south-east (including metropolises such as São Paulo, Rio de Janeiro and Belo Horizonte) and north-eastern regions, where average salaries are lower and lifestyles simpler. Minimum wages, for example, exceed the federal wage floor in five south-eastern states (Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo) to reflect the higher cost of living. Across regions, spending power and the desire to spend on certain brands/industries varies, and it would be a mistake for a foreign brand to not consider this.



Political tensions

The country has also become more politically polarised in recent years in the wake of the “Operation Car Wash” corruption scandal and the narrow election victory of Jair Bolsonaro in 2018. Research by *The Conversation* into social media trends in Brazil notes that, “Between 2014 and 2016, political differences hardened into polarisation. We saw users who once comprised six visibly distinct communities of interest separate into just two groups with very little overlap: progressives and conservatives. And the separation between politics and society in Brazil had disappeared by March 2016 – online, at least.”

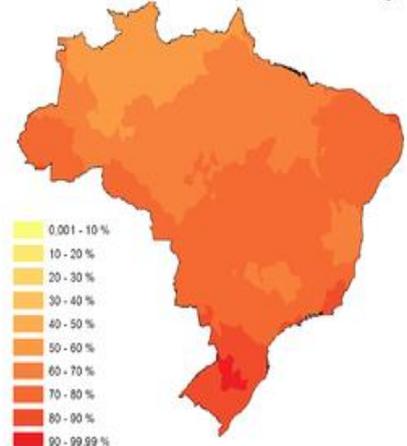
BRAZIL American ancestry



African ancestry



European ancestry



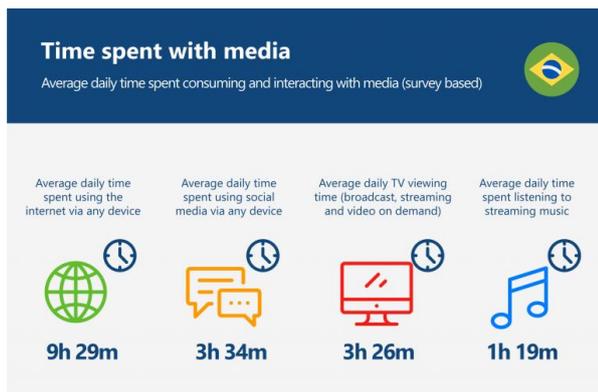
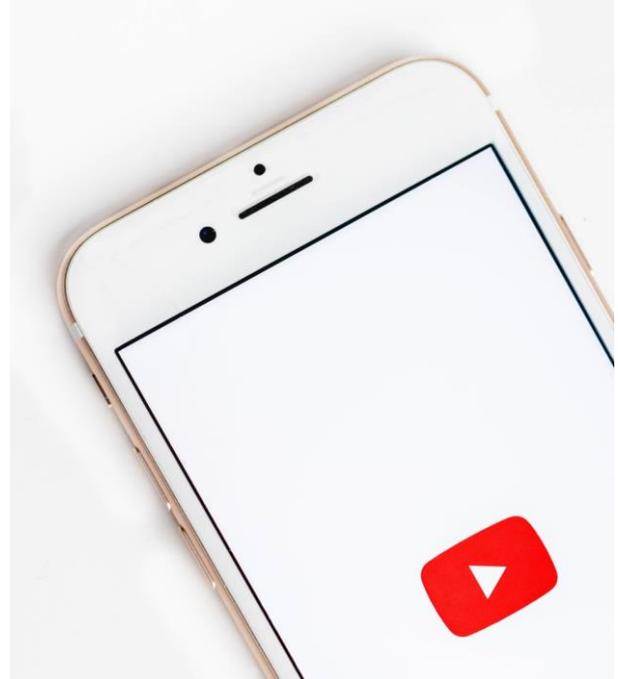
COMMUNITY



THE SENSE OF COMMUNITY

Community identification

While regional differences are important, unifiers such as football, soap operas and increasing internet usage are accelerating the national cultural trend of needing to belong to a community. In fact, many brands' strategies are built on a belief that Brazilian people identify strongly as members of their communities and appreciate brands that celebrate these values. For example, in a 2012 Marketing Week piece, João Campos (then at Unilever) stated, *"There are common themes that resonate well in their Brazilian roots – family life, happiness, optimism, and pride at being from Brazil. Brazilians are natural optimists, and notoriously upbeat, and the way brands engage with them must reflect this."*



Brazilians' identification with specific cultural themes ties closely to their spending habits. Consumers in Brazil (especially young ones, who are always connected online) want to take part in trends, thus impacting their spending habits. It is unsurprising to find out that Brazilians would prefer to pay in instalments than in one full-swoop in order to complete their purchases, as incomes vary but loyalty to their identity and self-presentation will not.

COMMUNITY



E-commerce is essential

The evidence shows that Brazilian internet users engage in e-commerce too, with 89% searching online for a product they wish to buy, 90% visiting online retail stores and 68% purchasing a product or service online per month. However, whether shopping online or in physical stores, it is important to note that Brazilian consumers across the wealth spectrum are accustomed to making payments in instalments rather than outright. Brands looking to enter the market should carefully consider how to respond to this consumer preference given the complexities associated with extending credit.

To conclude, the digital sphere is a key advertising and sales space in Brazil. With so much of the nation's population choosing to spend significant amounts of time online, it is key for marketers abroad to prepare a thorough digital marketing strategy that reflects the realities of Brazilians across regions and communities.

CASE STUDIES



adidas #allin

adidas is one of the world's leading sportswear brands. In 2014, they decided to mark the FIFA World Cup in Rio de Janeiro by developing a real-time marketing campaign across print and digital. The #allin campaign combined striking near-monochrome visuals with a simple message that could be repeated across all media. The marketing team drew on real-time search data and trending topics to react to events on and off the pitch and take part in conversation as it occurred, tapping into Brazilians' desire to engage in-real-time with trends.

Prior to the World Cup, adidas had engaged with Brazilians by putting the name of the official World Cup ball to an open vote. Over 1 million Brazilians collectively selected the name "Brazuca" and adidas capitalised on this engagement during the event by running the official @brazuca Twitter account. #allin was the most used hashtag on Twitter during the tournament, the brand gained 5.8 million followers across all social media platforms and adidas was mentioned in over 1.59 million conversations in relation to the 2014 FIFA World Cup.

While this campaign met with international acclaim, its success in Brazil demonstrates the power of encouraging and celebrating a sense of community identity in Brazil (in this case, the idea of belonging to a community of dedicated sports fans). Another key factor was the way in which the brand had created a memorable, uniform campaign across multiple channels in which each element reinforced the same message.

Irresistible posts from Heinz

In 2017, Heinz Brazil decided to engage with consumers by staging a unique promotional event to tap into the trend for posting photographs of delicious food on Instagram (a phenomenon known as "food porn"). On a single day, Instagram users who interacted with the brand's video of a burger being made in a local restaurant received the burger free of charge along with Heinz mayonnaise and ketchup.

This innovative campaign clearly demonstrates the value of engaging with new internet usage trends and habits in Brazil. As we previously saw, Brazilians now spend over three hours per day on social media, so brands that develop ways to interact with these consumers in the digital sphere stand a higher chance of generating interest and sales.

This campaign celebrated a local restaurant in São Paulo in a way that Instagram users across the country could see and appreciate. Like the #allin campaign, Heinz's Irresistible posts underscores the importance of capitalising on real-time interactions with consumers (in this case through the exclusivity of a one-off event).





CONCLUSION

As one of the world's largest and most rapidly growing economies, Brazil holds immense potential for companies looking to enter a new market. If they can overcome the challenges posed by factors such as complex bureaucracy and vast distances, brands will have an opportunity to gain a foothold in a populous country with a growing middle class. However, Brazil is a diverse country in which regional differences shape people's experiences, attitudes and disposable incomes. As such, the brands that succeed will be those that are prepared to tailor their products and campaigns not just to Brazil as a whole but to specific regions within the country. Where possible, it is advisable to engage with Brazilian consumers by encouraging them to identify as part of a community; in our two case studies, we saw how tapping into their sense of belonging to a collective of sports fans or foodies paid off for adidas and Heinz. Furthermore, with Brazilians increasingly living their lives in the digital sphere, all marketing campaigns must include a focused strategy for generating interest online.



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