

NEW EMERGING AFFLUENTS

01 : 04 : 2015 Global NEA's : Emerging Affluents : Urban Migration

First identified by LS:N Global back in 2012, the New Emerging Affluents (NEAs) have come to define global luxury, retail and fashion, shifting the axis from North to South and West to East.

New Emerging Affluents Overview



When they were unbanked, uncredited and unregulated, brands were uninterested. But as billions from Guangzhou to Kolkata and Lagos to Santos, earn more, gain access to credit and the ability to spend on what they want rather than what they need, brands are very much interested in this growing group of consumers.

Urban living is echoed in urbane behaviour. NEAs are living in shopping malls and through mobile devices, buying smaller and cheaper products and services to better suit their needs. They are learning how to be consumers on their own terms, feeling proud of themselves and their countries, aspiring to better lives and feeling anxious about keeping up with their new and newly middle-class neighbours.

For more on the NEAs, see our Tribes reports: [China's NEAs](#), [Brazil's NEAs](#) and the [Global NEAs](#).

Having tracked the NEAs since 2012, it was 2014 that saw a tipping point in their significance. This was the year mankind officially became an urban species, with 54% of humanity residing in cities. Most of this urban migration has taken place in the emerging economies – the BRICs and now MINTs that have become so central to global brand strategy.

2012



Snapp advertising

March: Diageo launches Snapp in Kenya

In a crowded Western market, beverage behemoth Diageo is looking to the NEAs to drive growth and innovation. The last financial year alone saw the launch of 24 new products in Africa, but this messaging around Snapp in Kenya caught our eye. Aimed at women in their 20s, it drew on aspirational themes of female power.

Key Development: taking a firm step towards the Athena Woman macrotrend, Diageo identified a new market of women no longer content with patriarchal culture.



Holding

July: World Bank study on Mobile penetration

A key aspect of NEA consumption is the technological leapfrog effect played by mobile phone connectivity. Often struggling with inefficient local government and poor infrastructure, NEAs take connectivity into their own hands. This landmark World Bank report found that around three-quarters of the world's population now have mobile phones, rising from 1bn in 2000 to 6bn in 2012.

Key Development: the NEAs are a moving target for brands, but are receptive to mobile-focused approaches that we see come of age in The New Value Economy.



McDonald's India

September: McDonald's opens vegetarian restaurants in India

Despite being one of the most recognisable brands in the world, McDonald's has struggled to resonate with Hindu and Muslim populations in India, which follow religious prescriptions on beef and pork, respectively. With only 271 outlets on the sub-continent, McDonald's began trialling vegetarian-only kitchens as a way to resonate with NEAs.

Key Development: although aspiring to perceived Western lifestyles, NEAs must always be met on their own terms. No global brand is strong enough to bulldoze local customs.



Osiao by Estée Lauder

September: Estée Lauder launches Osiao for the Chinese market

Estée Lauder's new product followed years of intensive market research and product testing focused on the Chinese consumer, which suggests that a local form of revivalism will be key to Osiao's success. The product line contains locally prized ingredients such as ginseng and sales counters resemble traditional apothecaries in a bid to engage customers in a diagnostic process common in Chinese medicine.

Key Development: understanding local behaviour is one thing, but using local materials and ingredients gives brands an even greater foothold in NEA communities.

2013



The KleeK by Samsung

March: Samsung launches music service for African consumers

Designed and built specifically for Africa, The KleeK features music from Universal's international catalogue and from local African artists such as the Power Boyz in Angola and W4 in Nigeria. The service, optimised for Samsung phones, was initially available for free. Users of The KleeK are able to access a variety of artists, genres and celebrity playlists and listen to exclusive album previews.

Key Development: delivering a mix of international culture and homegrown talent is a popular strategy with NEAs.

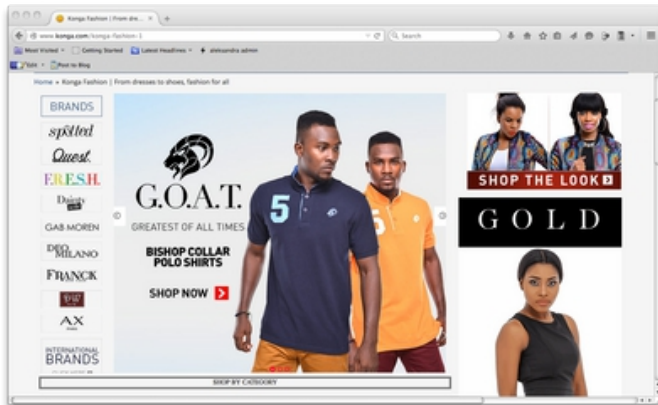


MAC Nigeria

April: Estée Lauder announces booming sales for M.A.C. in the BRICs

Of the 529 MAC stores around the world, 380 are now found outside of the US, where parent company Estée Lauder is based. Group president John Demsey says MAC's ability to target NEAs makes it the 'single biggest source of growth for the company'. Estée Lauder generated 63% of its revenue outside of the US in 2012.

Key Development: the beauty market is being turned on its head and the seeds of the Multicultural Beauty trend are being sown here.



Konga

May: Nigerian middle classes boost online sales

Faced with the gap between sub-standard street market products and high-end malls beyond their price range, Nigerian NEAs are turning to online shopping in droves. The majority of sales go through local online marketplaces such as Konga and Jumia, connecting independent retailers with consumers across multiple categories. Jumia, launched in 2012, gets close to 100,000 unique visitors a day according to a 2013 report by the Financial Times.

Key Development: Nigerian NEAs still pay for their e-commerce in cash on arrival, a key innovation that has facilitated growth.



Condé Nast Traveller Middle East

May: Condé Nast Traveller announces plans to launch Middle East edition

The Middle East is a focus for NEA luxury travel, particularly for the Chinese, for whom Dubai is the ninth most popular international destination, according to an Essential China Travel Trends report. The market continues to welcome a number of new luxury hotels, including Hilton Hotel's Waldorf Astoria and Fairmont Hotels & Resorts.

Key Development: no longer content to blindly consume luxury, NEAs are calling for media sources that can quench their thirst for information as well as objects.



Foursquare app

July: FourSquare and Nokia join forces to target NEAs

Social check-in app Foursquare created an app that works with Nokia's S40 phones and Asha series, opening up a new market of hundreds of millions of users to the software company. This partnership gives both parties greater reach in emerging economies as more people gain access to a reliable mobile network.

Key Development: technology companies were the first to identify that NEAs are mobile-heavy consumers and are delivering innovations that can cater for the need.

2014

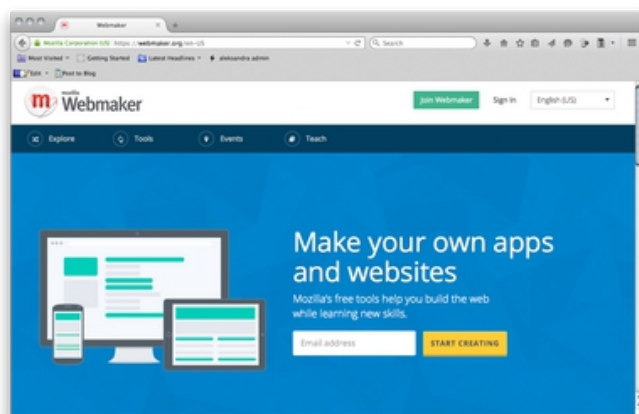


Suzhou Village shopping

May: Value Retail, operator of Bicester Village, opens a development in China

The first project Value Retail has undertaken in China, opened in this 2,500-year-old city, which is a popular tourist destination among China's urban NEA population. Within two hours' drive of Shanghai, Suzhou Village has a potential customer base of well over 140m. Scott Malkin, co-founder of Value Retail, forecast 10m visitors in the first year of business. Value Retail also plans to open a Shanghai Village in spring 2016.

Key Development: With Chinese customers accounting for 42% of Bicester's total tax-refunded sales, according to The Economist, opening a shopping village in China is a logical next step for Value Retail.



Appmaker

October: The Mozilla Foundation announces Appmaker

Building on their existing suite of tools on Webmaker.org, this non-profit branch of Mozilla aims to empower NEAs. 'Our intention with the Webmaker app is to help first-time smartphone users to see themselves as active users, rather than recipients of technology,' Ben Moskowitz, new programme developer at Mozilla Foundation, tells LS:N Global.

Key Development: technology companies are looking to emerging markets to drive innovation, putting power in the hands of the NEAs



Lane Crawford x Fortnum and Mason

November: Fortnum & Mason collaborate with Lane Crawford

Lane Crawford, a luxury goods and design retailer with stores in Hong Kong and China, stocked a special collection of 65 signature products, from quintessentially British tea blends to biscuits, chocolates and bespoke hampers. The products were available in Lane Crawford's Hong Kong stores, in dedicated Christmas-themed pop-up spaces that replicated Fortnum & Mason's iconic façade and interior, as well as online.

Key Development: old world luxury brands carry a cache that NEA retailers are increasingly savvy to.

2015



The Studio of Vanities by Omar Victor Diop at the Making Africa Exhibition, The Vitra Design Museum, Germany

March – Vitra Design Museum focuses on contemporary African design

Digitally native African designers are using new media platforms to shed light on a continent that is a hub of experimentation. Curated by Amelie Klein, along with consulting curator Okwui Enwezor, the exhibition presents the works of more than 120 artists and designers, including the architecture of Francis Kéré, animation art by Robin Rhode and photography by Mário Macilau.

Key Development: NEA Millennials are not just consumers of Western luxury but are becoming a source of global talent and inspiration.



Fangsuo Bookstore by Chu Chih Kang Space Design, Chengdu

April – Fangsuo Bookstore opens in Chengdu

Chengdu is an emerging first-tier luxury market and in 2013 retail sales reached £41bn (Rmb375bn, €56.3bn, \$60.5bn). Located in a downtown development near the ancient Daci Temple, Fangsuo Bookstore balances modern luxury with ancient inspiration. Thirty-seven nine-metre-high concrete columns create the impression of a modern temple and support a ceiling of exposed pipes.

Key Development: The Chinese luxury consumer is growing in sophistication, not only in established markets such as Beijing and Shanghai, but also in regional centres.



Pavitra Mohan, India

July - A new wave of influencers are shaking up the Indian blogosphere

The rise of the New Indian Tastemaker is facilitated by the sharp increase of internet penetration in the country and a significant rise in disposable income. These influencers extend beyond fashion and into travel, food, art and health. LS:N Global's three **case studies** capture this diversity. Pavitra Mohan, 31, is a curator and art blogger with a focus on South Asia. Gia Kashyap, 24, is a Mumbai-based mass media graduate turned fashion blogger, and Siddhartha Joshi, 34, is a travel-obsessed designer and blogger.

Key Development: Well-connected, passionate and influential, these New Indian Tastemakers are creating a style of expertise that is rooted in Indian culture – and the world is watching.



Nataal digital platform show casing African culture, London

September - Digital platform Nataal celebrates contemporary African culture through the best in fashion, music and art

Founded by Mauritanian native Sy Alassane, **Nataal** highlights the people and products that are bringing Africa to the forefront of the world stage, and offers an insight into trends developing among Africa's rapidly growing middle class.

The website features interviews with local and international personalities, ranging from fashion designers to chefs, who convey a particular interest in African culture.

Key Development: The rapid growth of Africa's middle class has instigated an explosion in the continent's commodities market and stimulated a wave of internal creativity.