



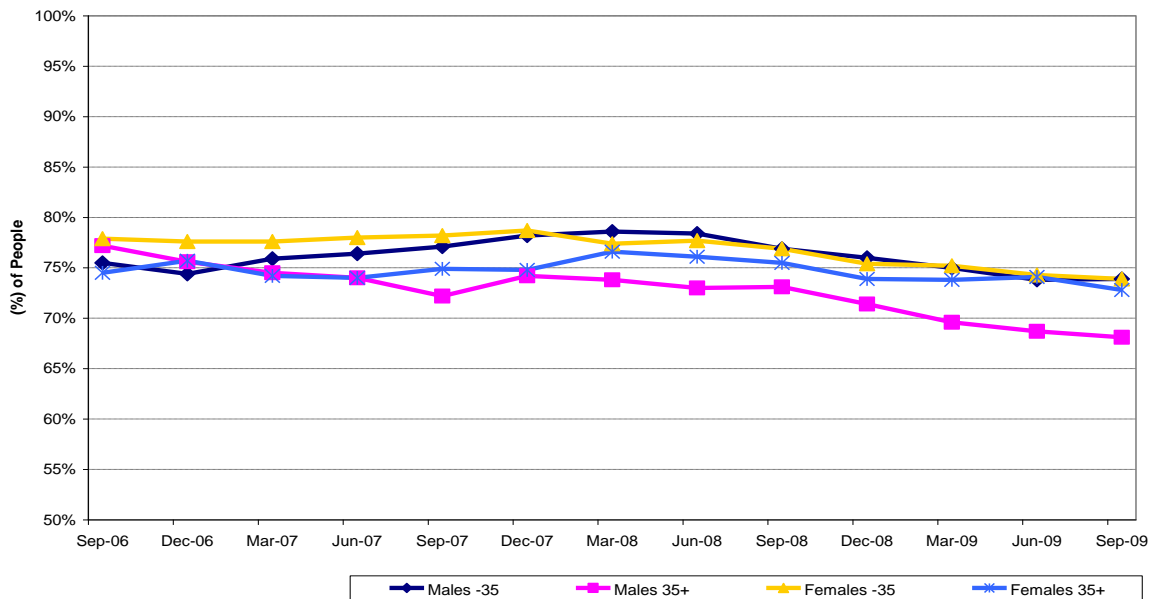
The Brand Is Dead. Long Live The Brand!

Pardon the hyperbole but I am trying to make a point. That point is this: there is no doubt that the way people relate to brands is changing. Noticeably. With good reason.

The evidence from different corners of the world is proof of the changing relationship that people have with brands. The signs in Indonesia aren't difficult to read either, if you look at the insights from the national Roy Morgan Single Source study. It would be simplistic to believe that consumers downtrade from favourite brands only in times of economic difficulty, and return to the fold when times get better. In September 2006, around 50 per cent of all young consumers aged 14-34, believed "I have favourite brands for most things I buy and I tend to stick with them". Women more so than men. Then came the difficult time of spiralling food and fuel prices, with relief and stability registering visibly by September 2008. Consumer Confidence continued to climb steadily through to September 2009, but the number of brand-conscious consumers continued to decline throughout the period of relative bouyancy. Today, that number is down by at least 4 percentage points, from just three years ago. Older consumers, traditionally less brand-conscious, stayed relatively constant during the three years, with 42 per cent agreeing.

"I will buy a product because of the label" is a similar but not identical indicator of consumer sentiment. This is because health and safety reasons, for example, can influence "label-consciousness". This measurement has remained stable throughout the last three years, with around 45 per cent of young consumers (-35 years) and 38 per cent of older consumers (35+ years) agreeing with the statement. But one of the most revealing of changing attitudes is the steady decline in the number of people who believe "I trust well-known brands more than the stores own". From 44 per cent of younger consumers agreeing in September 2006, that number is down by almost 10 points for both males and females, in just three years.

I BELIEVE QUALITY IS MORE IMPORTANT THAN PRICE



During those same three years, a relatively constant 70 to 75 per cent of consumers agreed with the statement “ I would go out of my way in search of a bargain”. That’s testimony that most people love one, regardless of financial status. This is true even more for women, especially younger women. But “I believe quality is more important than price” is going down gradually but visibly. In September 2006, 75 to 80 per cent of the population agreed with that statement depending on their age. It’s still a big number, but it is on the wane. It has dropped 2-9 percentage points in three years, most noticeably among older males. Why is that?

Gandhi, Mao. Lenin, Mandela. George W, Obama. Tiger Woods, Henri Thierry. Soekarno, Suharto. Living legends, icons, “brands” all. Some go up, most come down, only a few stay up forever. Like leaves and flowers, there is birth and death and regeneration. Some live longer than others, some fall faster. But as time goes by, as production standards improve and a greater consistency becomes a reality for more and more brands, the even playing field is giving consumers greater confidence across the spectrum of product and service categories. Ironically but not surprisingly, that is creating less brand-consciousness, not more.

The complexity of marketing decision-making is made even more real by “I don’t buy luxuries anymore” heading in the other direction. In September 2006, 65 to 70 per cent of consumers agreed with that statement. The sentiment remained steady till December of 2007, then over time fewer and fewer people expressed their support for it. Now, about 57 to 60 per cent agree, down almost 10 points. Males lead the way, with 59 per cent of older males agreeing in contrast with 65 per cent in December 2007. In other words, a growing number of consumers are loosening their purse-strings, not tightening them. This is in keeping with Consumer Confidence running at an all-time high, as recorded by Roy Morgan Research in its 5-year history in Indonesia.

What every consumer is demanding, becoming more and more conscious of, is Value with a capital ‘V’. Equations with brands are being formed based on greater value, for money of course. But it is equally important to understand that value has different meanings to different people in different socio-economic or age groups. A Toyota Kijang is great value to a middle-class home, no value to the wealthy. Call drop-outs are not that big an issue for a 15-year old with a mobile phone, as long as the call-rate is dirt cheap. That’s no value at all for a businessman in a 15th floor boardroom. One size rarely fits all. There are no easy textbooks to throw at issues concerning brands. The key is to discover the truth about changing consumer behaviour in general, then focus on those consumers that are of particular interest to the particular brand.

These conclusions are based on Roy Morgan Single Source, a syndicated survey with over 25,000 Indonesians 14 years and older interviewed each year. That national database is updated every quarter, reflecting changes as they occur. Almost 90 per cent of the population is covered, in the cities, towns and villages, not just a fraction of the country residing in the biggest cities of this vast and diverse archipelago.

The writer can be contacted at Debnath.Guharoy@roymorgan.com