

Separating Fact from Fiction is crucial to the life of a Brand.

In seminars and boardrooms, in books and magazines, high-brow concepts and low-flying jargon often leave me overwhelmed. The presentations are slick, the conclusions are revolutionary. But when I dig a little deeper, more often than not, I'm amazed by the shaky foundations on which those pronouncements were made. Form overtakes content.

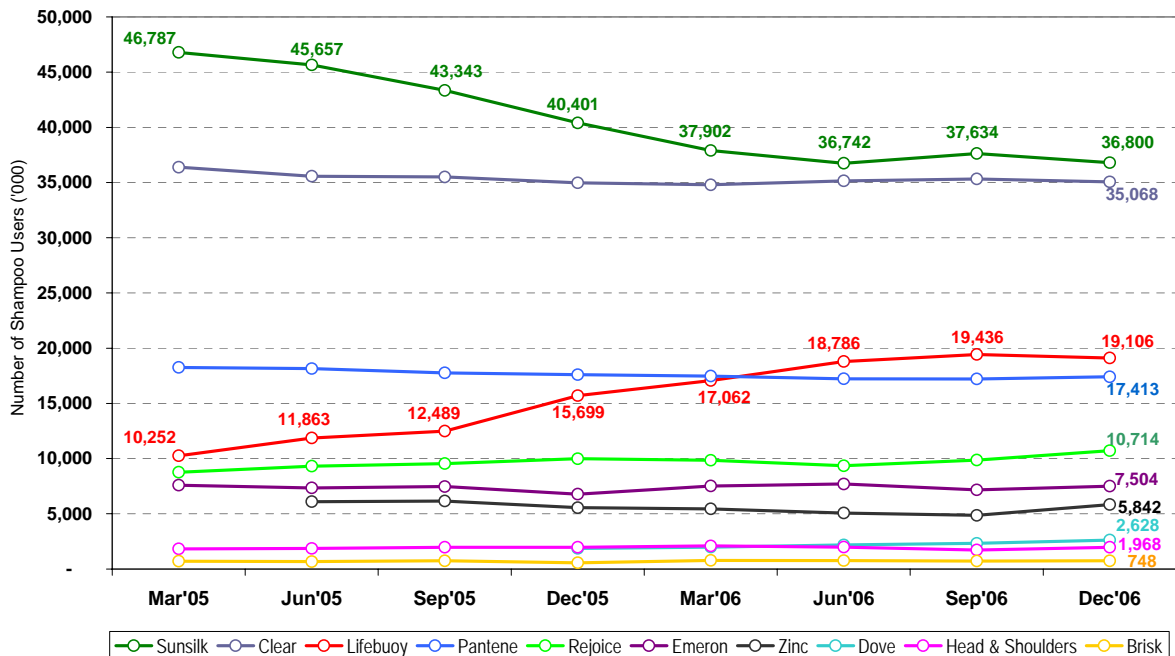
In Indonesia as in much of Asia, Unilever has always been regarded as the school of marketing, almost iconic in that sphere. I've walked their corridors for years around Asia, with the metaphorical hat doffed with due respect. Secretly though, that awe was more for their prowess in distribution and logistics than for anything else, regardless of the historical advantage they've enjoyed across this region. That iron grip has only been challenged in recent times, with the advent of new competitors and major retailers slowly shifting the balance of power. But even today, in Indonesia, Unilever dominates category after product category, making it a jewel in their global crown. How have their marketing skills, other than distribution and pricing, contributed to that dominance? How much of that success can be attributed to their understanding of the Product, rather than the Consumer? Does it matter?

These questions are based on trends continuously measured by Roy Morgan Single Source, Indonesia's largest syndicated survey. That study is now expanding to include over 27,000 respondents this year, projected to reflect 90% of the population over the age of 14.

To appreciate the importance of Consumer knowledge, let's examine Shampoos, a category regularly used by the overwhelming majority of Indonesians. A look at the number of consumers by "Brand Used Most Often" (BUMO) tells us that of the Top 10 brands, it's been business as usual for eight of them during the period March 2005 to December 2006. But there are two notable exceptions, both from the Unilever stable.

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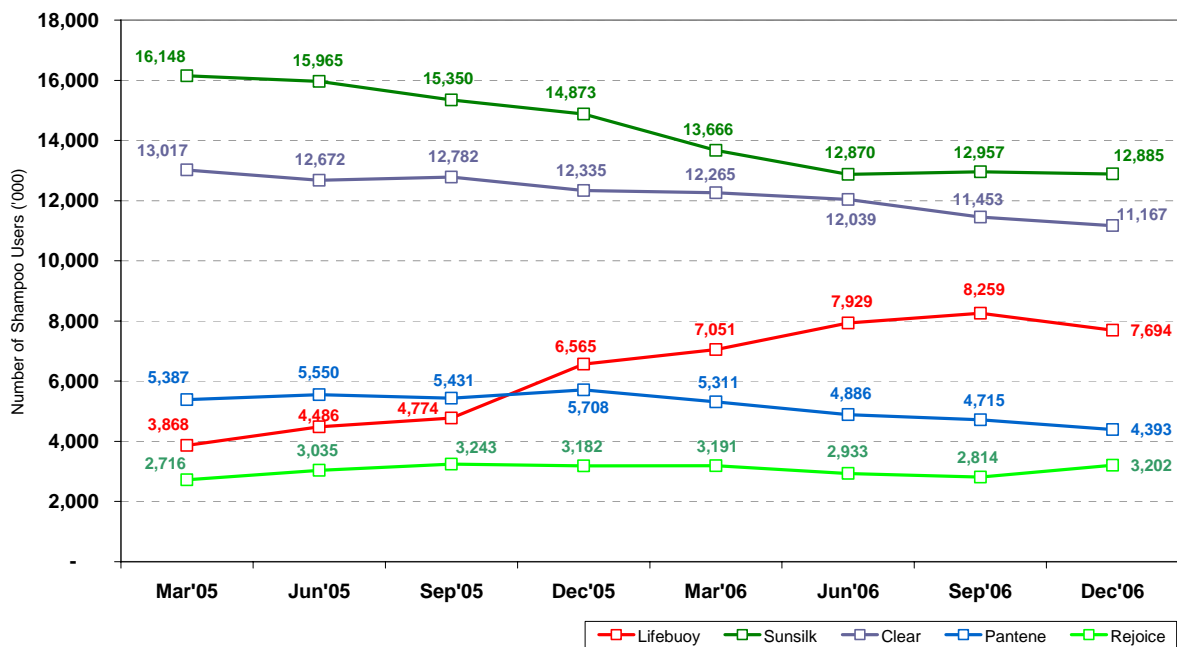
BUMO - TOP 10 SHAMPOO BRANDS



The first is Sunsilk which lost 10 million loyal users during that period, the second is Lifebuoy which gained 9 million. With a relatively down-market heritage, the Lifebuoy brand name cannibalised the loyal consumers from Sunsilk’s heartland, families young and old. That swap would have worked out alright if they had all up-traded to a more expensive brand but the reality is that Lifebuoy is about 15 per cent cheaper on the shelf, therefore generating much lower revenues for the company than before.

Did this happen by accident or by design? Deeper analysis illustrates the extent of damage done to the portfolio of brands within the category. Over 3 million users of Sunsilk and almost 2 million users of Clear from the young “Conventional Family Life” of Roy Morgan Values Segments were lost to the much cheaper Lifebuoy brand. Clear is Unilever’s third shampoo brand. What Pantene lost from this segment to Lifebuoy was made good from gains in that other vitally important segment, “Look At Me”, comprising self-focussed teenagers. Sunsilk also lost another 3 million users from the older group of families, “Traditional Family Life”. Today, about 35 per cent of the brand’s remaining users are from the economic bottom-end of society, “Fairer Deal”. The brand has devalued both in the quantity and the quality of its consumers. It has lost more than its shine. Anybody who argues that ageing brand names usually suffer this fate needs to remember that Lifebuoy itself is in fact an even older name than Sunsilk in the Unilever portfolio.

SHAMPOO USERS: "CONVENTIONAL FAMILY LIFE"*



* Developed in Conjunction with Collin Benjamin of the Horizons Network

Could this scenario have been prevented? I believe it could have, had more useful insights been regularly available to the managers of the business. Reading sales data and jumping to conclusions from pack-size offtake is like reading tea leaves to understand Consumers. On the other hand, “smarts” derived from clever questions are only useful if they have the reliable “grunt” of a large survey, with a dependable number of respondents distributed equitably across the country, not just the usual Top 10 cities. Shoddy recruitment of a handful of respondents for an occasional Focus Group Discussion can be so skewed in composition, that the results can be dangerously misleading. If statistical reliability is questionable, why spend time, money and effort on window dressing?

After all, launching a brand is like putting the pieces of a large puzzle together. Managing an entire portfolio of brands on the other hand is like solving a mystery, requiring an ability to untangle different elements, continuously.

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