From Indulgence To Consequences:
The Global Implications of Changing Perceptions of Economic Risk

Insights into Innovation and Value From The Futures Company Global Monitor 2009

Presented by:
J. Walker Smith
Executive Vice Chairman

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Muchas Gracias

Thank you very much...

To AMAI for inviting me to speak

To the Chair of the Organizing Committee
Alejandro Mondragon, Managing Director,
TNS/RI-Mexico

To all of you!
Today’s Theme...

Because of the current recession, marketing innovation will be much more important in the future global economy.

In particular, value perceptions are undergoing radical change.

This will require more innovative marketing research insights.
Look Ahead...Not Back

Planning now for a Recovery Marketplace not a Recession Marketplace.
We may be researching the wrong questions...

Success – even in this global downturn – is not just about having the cheapest price...

...and especially not as we look towards the recovery marketplace

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A Global Narrative... with Local Implications

• This recession has *not been the same everywhere*
  • But unlike past recessions, it has been *global in scope*
    • An ‘*economic pandemic*’ that began in the U.S. and then infected the rest of the world
• What matters most are the local implications of this *global downturn*
  • Yet, there are valuable insights into local situations – and local opportunities – that can only be seen from a *global perspective*
The Global Recession of 2008/2009

• An unprecedented economic downturn
  – The first global recession since the 1930s – Every country affected to some degree
  – The World Bank predicts that in 2009, global GDP will contract 2.9% – the first global contraction since WW2
  – The World Trade Organization predicts that 2009 global trade will decline 10% – the largest drop in 60 years

• Yet...this was not supposed to happen!
Economists were pretty sure of themselves...

Robert Lucas, University of Chicago economist and Nobel laureate, in 2003 address:

“Macroeconomics was born...in the 1940s, as a part of the intellectual response to the Great Depression...that we hoped would prevent the recurrence of that...disaster.

“[M]acroeconomics in this...sense has succeeded. Its central problem of depression-prevention has been solved.”
Alas...

What Went Wrong with Economics?
*The Economist*, July 16, 2009

How Did Economists Get It So Wrong?
*New York Times Magazine*, September 2, 2009

What Good are Economists Anyway?
*Business Week*, April 16, 2009

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Consumers all around the world have been touched by the recession

• For some, this has meant coping with a harsher economic climate

• For others, this has meant fear of what may come

• For all, this means greater uncertainty about what’s ahead

• Crucial to understand what this means for the future of brands
Understanding Futures is Our Mission

• Global MONITOR

• Global Streetscapes

➢ A platform of insights for brand-specific consulting & research

Unlocking Futures through Layered Solutions
The Futures Company Global MONITOR

• 20-country coverage (all regions)
• Tracking Global Energies worldwide
• Plus in-depth topical focus: Health, Sustainability, Generations, Economy
• Supporting scenarios, strategic planning, consulting & research

Illustrative results for 7 countries:

- Mexico
- Brazil
- United States
- India
- United Kingdom
- China
- France

Data have been standardized to enable proper cross-country comparisons
## The Range of Impact from the Recession

<table>
<thead>
<tr>
<th></th>
<th>2007 GDP chg (act)</th>
<th>2008 GDP chg (act)</th>
<th>2009 GDP chg (est)</th>
<th>2010 GDP chg (est)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mexico</strong></td>
<td>3.3%</td>
<td>1.4%</td>
<td>(5.8%)</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>2.0%</td>
<td>1.1%</td>
<td>(3.0%)</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>3.0%</td>
<td>0.7%</td>
<td>(5.0%)</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>2.3%</td>
<td>0.3%</td>
<td>(3.5%)</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>5.7%</td>
<td>5.1%</td>
<td>(1.1%)</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>9.0%</td>
<td>6.1%</td>
<td>5.1%</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>13.0%</td>
<td>9.0%</td>
<td>6.5%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

*Source: The World Bank*
The Global Energies

10 macro trends shaping consumer lives everywhere that have unique expressions in individual countries

- Stop-Go Lives
- Evolving Identities
- New Community Connections
- Seeking Experiences
- Professional Consumers
- Quest for Success
- Navigating Wellbeing
- Living with Risk
- Making a Difference
- Embracing the Authentic

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Large-scale economic, demographic, socio-political and technological factors shaping people’s lifestyles and needs.

Trends are the consumer values that arise in response to the drivers and which are expressed in consumer choices.

Marketplace manifestations of a Global Energy that show dimensions and nuances of business opportunities.
Trends are *Bending*...Not breaking

- Recession notwithstanding, the Global Energies remain strong – Not fads...will outlive downturn
- But the Global Energies have been affected by the recession – *Drivers* have changed
- The Global Energies have not been broken by the recession, but they are *bending*
Living With *Economic* Risk

- **Drivers have changed**
  No longer just personal risks.
  *Economic risk* has re-emerged as a primary concern.

- **Manifestations are new**
  Frugality more widespread.
  But it is more than frugality.
  It is a change in *aspirations, value, decision-making* and *the importance of brands*.

- **A global phenomenon with local implications**
  Today, I will look *globally*.
  But for clients, we look *locally*.
Eras of Economic Risk Perceptions

**Era of Readiness**
- Economic risk ever present despite best efforts to manage it.
- Standing on guard.

**Era of Indulgence**
- Risk manageable with new, high-tech economic tools.
- Indulging risk.

**Era of Consequences**
- Risk abruptly returns unexpectedly, creating uncertainty about situations.
- Reassessing risk.

Value found in…

- NEW FRONTIERS
- TRADING UP
- RESPONSIBILITY
Financial Perceptions

Things are going very/fairly well with your personal financial situation these days

Coping Strategies:
- Budgeting
- Delaying
- Scrutinizing

Source: The Futures Company
Global MONITOR (selected countries)

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Uncertainty has made consumers more thoughtful about their shopping

- More **cautious** and careful
- **Less frivolous** with money or debt
- But **consumerism** not dead!
  - Still **aspire** to better lives
  - Still motivated by better products and experiences

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In other words, what’s changing is the definition of value

- Consumers want better prices, but have not become frugal
- Instead, consumers are redefining what is worth paying a premium for
- The new dynamic is prioritization, which makes innovation more important!
  - Brands need an innovative difference that takes top priority
Brands face extra pressure from low-price brands during economic downturns

- Lien Lamey, Assistant Professor, Marketing, Lessius Hogeschool, Belgium
  - Studied business cycles from 1971 to 2003 in the U.S., from 1980 to 2003 in the U.K. and from 1975 to 2002 in Germany

- Main finding:
  - Private-label brands enjoy “asymmetrical” share gains during economic downturns

- Key question: How to mitigate private-label share gains during recessions?

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Innovation is the single most important thing to do during economic downturns

• Lien Lamey, Assistant Professor, Marketing, Lessius Hogeschool, Belgium
  – Studied 92 FMCG categories from 1985 to 2005 in the U.S.

• Main finding:
  – *Single best way to stop share loss to private-label brands is to increase “significant” marketing innovation*

• Marketing imperative: Innovate, innovate, innovate!
The Overhang of Uncertainty

- Economic risk returns
- Uncertainty unleashed
- Reconsideration & reinvention
- Value equation reconfigured

- Consumers want something new
- Habits & preferences in transition
- A marketplace where everything is new

A ‘perfect storm’ for INNOVATION

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Perceptions of *Economic* Risk

I have become more conservative in how I spend my money because of actual changes in my financial situation such as a loss of income or assets or because I fear what might happen to my financial situation in the year ahead.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Average</td>
<td>63%</td>
</tr>
<tr>
<td>Mexico</td>
<td>69%</td>
</tr>
<tr>
<td>US</td>
<td>60%</td>
</tr>
<tr>
<td>UK</td>
<td>50%</td>
</tr>
<tr>
<td>France</td>
<td>61%</td>
</tr>
<tr>
<td>Brazil</td>
<td>70%</td>
</tr>
<tr>
<td>India</td>
<td>43%</td>
</tr>
<tr>
<td>China</td>
<td>72%</td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)
Perceptions of *Economic Risk*

I am **happy to have short-term debt** to allow me to buy the things I want

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Down 11% points</td>
</tr>
<tr>
<td>US</td>
<td>Down 9% points</td>
</tr>
<tr>
<td>UK</td>
<td>Down 4% points</td>
</tr>
<tr>
<td>France</td>
<td>Down 9% points</td>
</tr>
<tr>
<td>Brazil</td>
<td>Down 6% points</td>
</tr>
<tr>
<td>India</td>
<td>Down 4% points</td>
</tr>
<tr>
<td>China</td>
<td>UP 2% points</td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)

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Perceptions of Overall Risk

Lately, I’ve become more likely to consider the potential risks of each decision I make.

51% Global Average

55% 56% 47% 46% 57% 48% 41%

Source: The Futures Company Global MONITOR (selected countries)

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Perceptions of **Overall Risk**

I like to **take part in activities** that have an element of risk or adventure

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Average</strong></td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>47%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>39%</td>
<td>34%</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>36%</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>41%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>29%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)
Uncertainty Pervasive

The world I live in feels like an increasingly hostile and uncertain place

Source: The Futures Company Global MONITOR (selected countries)
Money is losing value as a measure of success

The amount of money you have is the best measure of personal success

Global Average
- 2008: 30%
- 2009: 28%

USA
- 2008: 20%
- 2009: 16%

Brazil
- 2008: 36%
- 2009: 35%

Mexico
- 2008: 32%
- 2009: 27%

United Kingdom
- 2008: 19%
- 2009: 18%

India
- 2008: 50%
- 2009: 46%

France
- 2008: 22%
- 2009: 17%

China
- 2008: 51%
- 2009: 47%

Source: The Futures Company Global MONITOR (selected countries)
# Price vs. Luxury Shifting

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Average</strong></td>
<td>51%</td>
<td>56%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>50%</td>
<td>54%</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>65%</td>
<td>66%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>55%</td>
<td>61%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>48%</td>
<td>56%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>59%</td>
<td>62%</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>61%</td>
<td>61%</td>
<td>39%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>40%</td>
<td>47%</td>
<td>23%</td>
<td>23%</td>
</tr>
</tbody>
</table>

*Important in personal life today to get best price on everything I buy*

*Always looking for more luxury, even in everyday products*

Source: The Futures Company Global MONITOR (selected countries)
Basic product utility making a comeback

A product’s style and design is as important as its performance

Global Average

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Global Average</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>2009</td>
<td>Global Average</td>
<td>47%</td>
<td>47%</td>
</tr>
</tbody>
</table>

USA

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>USA</td>
<td>38%</td>
<td>35%</td>
</tr>
<tr>
<td>2009</td>
<td>USA</td>
<td>44%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Brazil

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Brazil</td>
<td>2008</td>
<td>44%</td>
</tr>
<tr>
<td>2009</td>
<td>Brazil</td>
<td>2008</td>
<td>47%</td>
</tr>
</tbody>
</table>

Mexico

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Mexico</td>
<td>62%</td>
<td>56%</td>
</tr>
<tr>
<td>2009</td>
<td>Mexico</td>
<td>56%</td>
<td>56%</td>
</tr>
</tbody>
</table>

United Kingdom

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>United Kingdom</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>2009</td>
<td>United Kingdom</td>
<td>34%</td>
<td>34%</td>
</tr>
</tbody>
</table>

India

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>India</td>
<td>52%</td>
<td>46%</td>
</tr>
<tr>
<td>2009</td>
<td>India</td>
<td>46%</td>
<td>46%</td>
</tr>
</tbody>
</table>

France

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>France</td>
<td>34%</td>
<td>27%</td>
</tr>
<tr>
<td>2009</td>
<td>France</td>
<td>27%</td>
<td>27%</td>
</tr>
</tbody>
</table>

China

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>China</td>
<td>65%</td>
<td>63%</td>
</tr>
<tr>
<td>2009</td>
<td>China</td>
<td>63%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)
Yet...No loss of interest in experiences

**Important in personal life today to live life to the maximum**

<table>
<thead>
<tr>
<th>Country</th>
<th>Global Average</th>
<th>Mexico</th>
<th>US</th>
<th>UK</th>
<th>France</th>
<th>Brazil</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63%</td>
<td>72%</td>
<td>68%</td>
<td>65%</td>
<td>74%</td>
<td>64%</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)
Yet... No loss of interest in fulfillment

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Average</strong></td>
<td>65%</td>
<td>↑ 73%</td>
<td>49%</td>
<td>↑ 57%</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>75%</td>
<td>↑ 82%</td>
<td>60%</td>
<td>↑ 71%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>69%</td>
<td>↑ 80%</td>
<td>48%</td>
<td>↑ 56%</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>57%</td>
<td>↑ 72%</td>
<td>39%</td>
<td>↑ 49%</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>59%</td>
<td>↑ 67%</td>
<td>35%</td>
<td>↑ 41%</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>78%</td>
<td>↑ 83%</td>
<td>62%</td>
<td>↑ 73%</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>62%</td>
<td>↑ 67%</td>
<td>54%</td>
<td>↑ 60%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>67%</td>
<td>↑ 77%</td>
<td>64%</td>
<td>↑ 69%</td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)
Yet...No loss of interest in self-enhancement

<table>
<thead>
<tr>
<th></th>
<th>Important in personal life today to be in control of your life</th>
<th>Important in personal life today to schedule time for me</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Average</strong></td>
<td>2008: 78%↑82%</td>
<td>2008: 64%↑69%</td>
</tr>
<tr>
<td>Mexico</td>
<td>2008: 83%↑86%</td>
<td>2008: 74%↑78%</td>
</tr>
<tr>
<td>United States</td>
<td>2008: 83%↑87%</td>
<td>2008: 64%↑73%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2008: 81%↑87%</td>
<td>2008: 56%↑67%</td>
</tr>
<tr>
<td>France</td>
<td>2008: 79%↑81%</td>
<td>2008: 61%↑70%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2008: 82%↑84%</td>
<td>2008: 69%↑69%</td>
</tr>
<tr>
<td>India</td>
<td>2008: 74%↑76%</td>
<td>2008: 60%↑61%</td>
</tr>
<tr>
<td>China</td>
<td>2008: 80%↓79%</td>
<td>2008: 79%↓75%</td>
</tr>
</tbody>
</table>

Source: The Futures Company Global MONITOR (selected countries)
Interest in meaningful innovation *undiminished*

I like to *try new products and services* (versus I prefer to stick with the products and services I have always used)

Source: The Futures Company Global MONITOR (selected countries)
## Summary: Post-Recession Value Scorecard

<table>
<thead>
<tr>
<th>More Important</th>
<th>Less Important</th>
<th>No Less Important</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price</strong> ✓</td>
<td><strong>Luxury</strong> ✓</td>
<td><strong>Experiences</strong> ✓</td>
</tr>
<tr>
<td><strong>Performance</strong> ✓</td>
<td><strong>Badge</strong> ✓</td>
<td><strong>Control</strong> ✓</td>
</tr>
<tr>
<td><strong>Fulfillment</strong> ✓</td>
<td></td>
<td><strong>Balance</strong> ✓</td>
</tr>
<tr>
<td><strong>Creativity</strong> ✓</td>
<td><strong>Design</strong> ✓</td>
<td><strong>New products</strong> ✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Responsibility</strong> ✓</td>
</tr>
</tbody>
</table>
Not simply about price...It’s about total value

- This is about the search by consumers for a new value equation in light of uncertainty
- Opportunities & implications for savvy marketers
- Will review a few selected ideas, with illustrations from Global Streetscapes network

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Global Streetscapes Intelligence Network
46 cities across 28 countries worldwide
### Some Key Ideas & Implications

1. **Practice optimism** – In uncertain times, be a positive voice in the marketplace

2. **Reduce the risk** and resources required to do business with you

3. **Put renewed emphasis on** functionality, performance

4. **Transform economizing** into a badge of success & savvy

5. **Increase the control** consumers feel buying your brand

6. **Win loyalty** – don’t buy it – through greater innovation

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1: Practice Optimism

• Consumers are anxious but not defeated

• They want to bond with inspirational brands
  – Offer empathy, practical solutions and resolve
  – And make it fun!

Tuesday, March 31, 2009

“Don’t Worry, Buy Happy: Cheerful Stuff Sells Well These Days”
1: Practice Optimism

• Give people **hope**

• Offer a **positive way forward**

• Remember that deep discounting reeks of desperation
1: Practice Optimism

- Offer a chance to **ease the pressure and stress**
- Offer **small indulgences** that don’t require big commitments or complex decisions

**Relax – Brazil**
Brazilian cosmetics giant Natura recently placed 3 big words in strategic spaces in the city of São Paulo: Relax, Rest, Calm. The campaign is considered to be an indirect reference to the financial downturn but also a reference to the stressful life in the city.

**Happiness sale – India**
The shopping chain Central has come up with the ‘Happiness’ sale to encourage consumers to take people’s minds off the downturn. The copy reads “I am ready for my happiness challenge. Are you?” reflecting exuberance and a positive attitude.
1: Practice Optimism

• Be irreverent

• Connect with the outrage

Save the Traders – France
Volkswagen’s recession-themed ‘Save the Traders’ viral campaign shows a group of now-unemployed stock market traders singing a telethon-style anthem asking the public to ‘open their hearts, and their wallets too’ and give to impoverished traders who have lost their sports cars and private jets.

Sadness, please go away – Brazil
In the new advertising campaign from Havaianas sandals, a waitress asks a group of young people to stop singing and playing instruments because the world is in the middle of an economic crisis and everyone should be serious and sad. After a brief pause, the group launches into a joyful rendition of the song ‘Tristeza por favor vai embora’ (‘Sadness, please go away’).
2: Reduce Risks & Resources

• Make doing business with your brands **risk-free**
  – Guarantee satisfaction
  – Simplify complexity
  – Minimize potential losses
  – Boost service levels

Sachet marketing, Asia
Smaller, single-use packaging formats reduce the costs of trial.
4: Transform Economizing Into Smarts

• Celebrate saving as **savvy**

• Transform trading down into a **new form of trading up**

**Honest Little Bear – Fiat**
Fiat eco:Drive campaign promotes the financial and environmental benefits of Fiat. New device tracks driving habits to help drivers become more fuel efficient. Joint new product of Fiat & Microsoft.

**eBags presents the recessionista,** n.: A woman who dresses stylishly on a tight budget. “Stay trendy (but less spendy) with our Summer Handbag Sale.”
ebags.com 8.06.08
6: Innovate

- Aim higher not lower
- Let consumers save money elsewhere...to spend on your brands
- Stay at the top of the priority list with innovative reasons to buy
6: Innovate

- Keep **adding value**
- Make no compromises
- Deliver **more not less**

**Home Classics soups – Russia**
As consumers go back to making their own soups, Campbell’s innovated with the Home Classics line of ingredients containing the “foundation” for soups consumers can make themselves.

**Panera Bread – US**
As restaurants struggle with drops in visits and check sizes, Panera continues to invest more. As CEO Ron Shaich puts it, “This is the time to **increase** the food experience.” As a result, Panera same-store sales are up 3.4%.

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6: Innovate

• Don’t simply cut prices – **Use innovation as the way to increase price/value**

• Not just the product, but **all aspects of the offering** such as packaging

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**Innovative & cheap shaving solutions – UK**

The King of Shaves Azor uses an innovative flex mechanism in the handle to sell blades at half the price of competitors. In the 4 weeks ending April 18th, it the 4th best-selling UK brand of 17.

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**Activia multi-packs – Russia**

In response to consumers cutting back on indulgent purchases, Activia has increased its multi-packs from 4 tubs to 6 to target loyal consumers with better price/value.
Trends pinpoint innovative sources of value

- All brands will be looking to prove their worth to consumers.
- Using a trends framework like the Global Energies is a means of thinking about value in new, innovative ways.
- As well as staying on top of how trends will bend as the global economy recovers.
Marketing Research Reinvented

• Some **old concepts** need updating
  – Example: “Consideration set”

• **Norms** for success must be ratcheted up
  – 99th percentile not 50th percentile or greater

• **Global view** essential (even for domestic planning)
  – Other countries can provide crucial out-of-the-box ideas

• The **size of the economy** must be figured in
  – No more researching category purchasing in isolation – The entire ‘shopping cart’ defines category competition

• An **innovation process** must define the core of research
  – Excellence not merely adequacy is the objective
In short...

Plan for the Recovery
& A New Era of Innovation

Thank You!

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