



# Feeling the Pinch?

The tactical and strategic learning emerging from the changing consumer landscape



Feeling the pinch?



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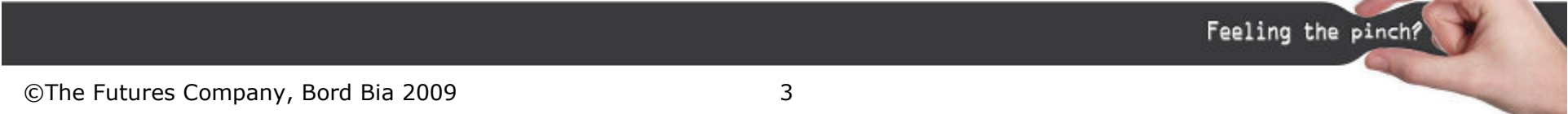
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# Introduction

- The purpose of the Consumer Lifestyle Trends programme is to deliver insight into the emerging consumer behaviours that will shape business in the short-to-medium term.
- The aim of this report is to provide insight into the changing needs of consumers in the Irish and GB marketplace in light of the current economic crisis. Rising anxiety has lead consumers to view the marketplace in new ways, demanding ever greater value. As the crisis deepens new concerns emerge and behaviours become more entrenched.
- For companies and brands to survive it is critical to understand how to navigate this changing landscape. Being tactically savvy will be critical to 'weather the current storm'. However it is important not to lose sight of the of longer-term goal and brand strategies. Whilst there is the pressure to reduce prices to meet the demand of consumers and retailers alike, short-term actions of this nature can undermine years of brand building. Finding new ways to tell your value story can be critical to ensure the attention of a consumer in flux.
- Equally as the crisis continues some attitudes and behaviour may change forever and a 'new consumer landscape' will emerge from the aftermath; one in which the excesses and frills of the boom era may no longer resonate. Some brands may lose relevance in this new marketplace. As a recovery begins to unfold, anticipating this challenge will enable company's to ensure that their marketing plans best place them for future success.
- Throughout the report we highlighted the tactics and strategies being used by some companies to connect with consumers and maintain a share of their spending. Some of these may or may not work for your categories or brands, however they show ways in which brand owners can continue to offer value, or even enhance their value in the marketplace whilst staying true to the their core values. Reducing price is not the only option!



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# Approach

- Research Study:
  - Initial information was gathered in late July 2008 in the GB from a nationally representative online survey of over 2000 GB adults (aged 18+) and a second wave conducted in February 2009.
  - Comparative information has been added in August for Ireland with a nationally representative online survey of over 500 adults (aged 18+) and a second wave conducted in February 2009.
  - Consumers were asked about their attitudes and behaviour with regard to the economy and their personal finances over the past year and the coming 12 months.
  - Trade offs and consumer spending behaviour have been explored in depth.
- Examples of marketing communications have been gathered from around the world using The Futures Company's Global Streetscapes network.

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# Executive summary


- Consumers are likely to want to manage their expenditure more tightly for some time to come, as expectations of a long recession grow. They are likely to be on the look out for areas of unnecessary spend and things that they can live without.
- There are many food categories that sit across the mental wallet spectrum. The basic mental wallet is most likely to be protected and indulgent mental wallet subject to cost cutting behaviour as finances become tighter. Equally, this highlights the extent to which different types of foods will compete with each other for the same pot of money.
- Significant advantages can be attained by positioning categories more as 'basics' or 'sanity' choices as these mental wallets are more resilient and less likely to be cut.
- Cutting prices can undermine brand equity and the cost of the marketing activity needed to return brands to the same margins once better times return may be higher in the long run.
- Three marketing strategies and tactics are emerging that are helping consumers in deal with the realities of today and 'weather the storm'.
  - **Cope:** Making your money go further through smart choices
  - **Retreat:** Staying on safe ground
  - **Escape & relief:** Raising your spirits and making light of the tough times
- As a recovery starts it will be important to understand the changing attitudes and values of your target consumers to ensure that your brand is well positioned for the 'new consumer landscape'.

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# Chapter 1:

## The Market Context



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# The Market Context

## A longer-term challenge

Ireland's difficulties, appear far greater than the broader Eurozone; economic activity is expected to decline by 5 per cent in 2009, the unemployment rate is already more than 10 per cent and a real challenge of deflation has already emerged as a potential longer-term challenge - the CPI was in January 1.7 per cent below its level of the previous month. The European Central Bank, forecasting a deep and bloody recession, may have to further reduce interest rates in the coming months. A factor that would certainly help get the Irish economy moving again .

Figures from the GB Office for National Statistics showed Britain's economy was in an equally poor position as it shrank by 1.5 per cent in the final three months of 2008 - the worst figures since 1980. The results lead to accusations from one of Mr Brown's own MPs that Government failures meant Britain was now heading towards a depression. The Bank of England have responded with the monetary policy committee cutting the bank rate to 0.5% on the March 5th and unveiling plans for quantitative easing – printing money to the tune of £75bn. Both actions are hoped to get the economy moving again.

## Toughening times for Ireland and the GB

**"The economy contracted by close to 2% last year and this is likely to represent the beginning of an adjustment that will see a reduction of up to 10% in national income over the 2008-10 period"**

Source: Brian Cowen, The Taoiseach  
Wednesday, 28th January, 2009



**Mr Brown maintained that only the plans he was putting forward would help Britain battle the downturn. He said he was "using every weapon" to fight it. George Osborne, the shadow chancellor, ridiculed the PM saying that Britain faced the "worst recession for a generation."**

Source: Telegraph  
Wednesday, 23rd January, 2009



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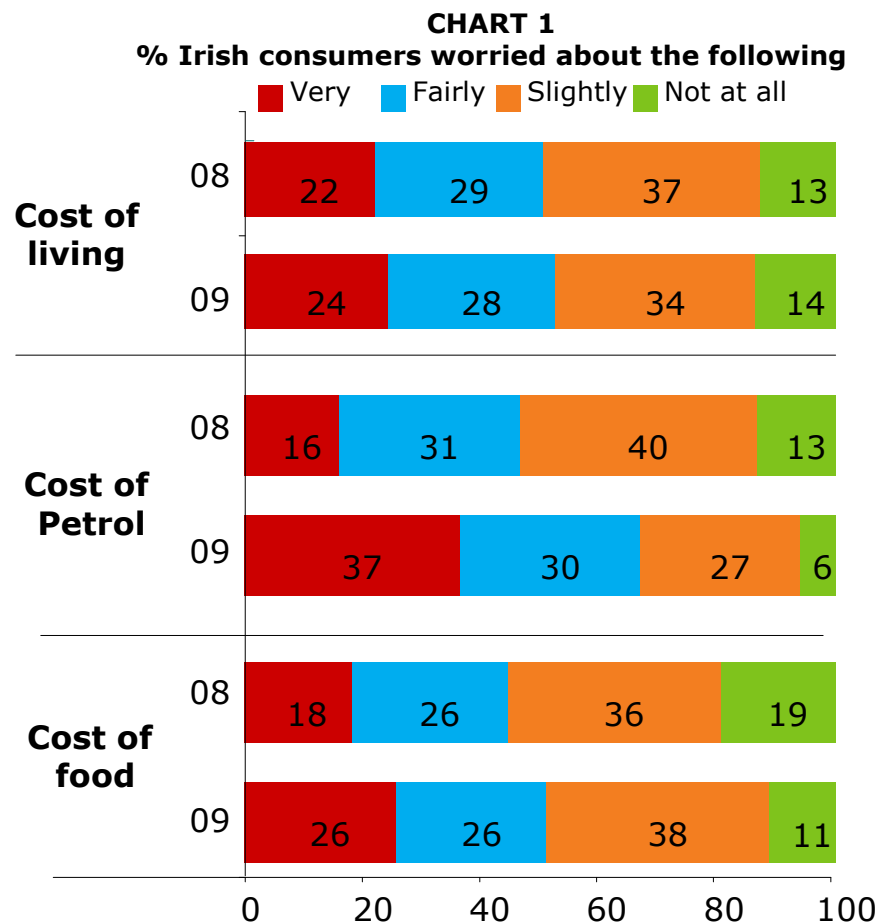
# The Market Context

## Anxiety about the cost of living remains high in Ireland

The current economic status of the Irish economy means that anxiety levels remains high. Consumers are feeling the pressures of a financial squeeze and the challenges of volatile prices on daily essentials.

Underpinning this anxiety is a fear of a worsening personal financial situation rather than rising costs. Between August 2008 and February 2009 the proportion of Irish consumers who feared their financial situation would get worse increased from 41% to 50% as a result of the current crisis.

Despite costs coming down since August on big ticket household costs such as Petrol and Food, many consumers are still worrying about meeting the cost of living (See Chart 1).



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# The Market Context

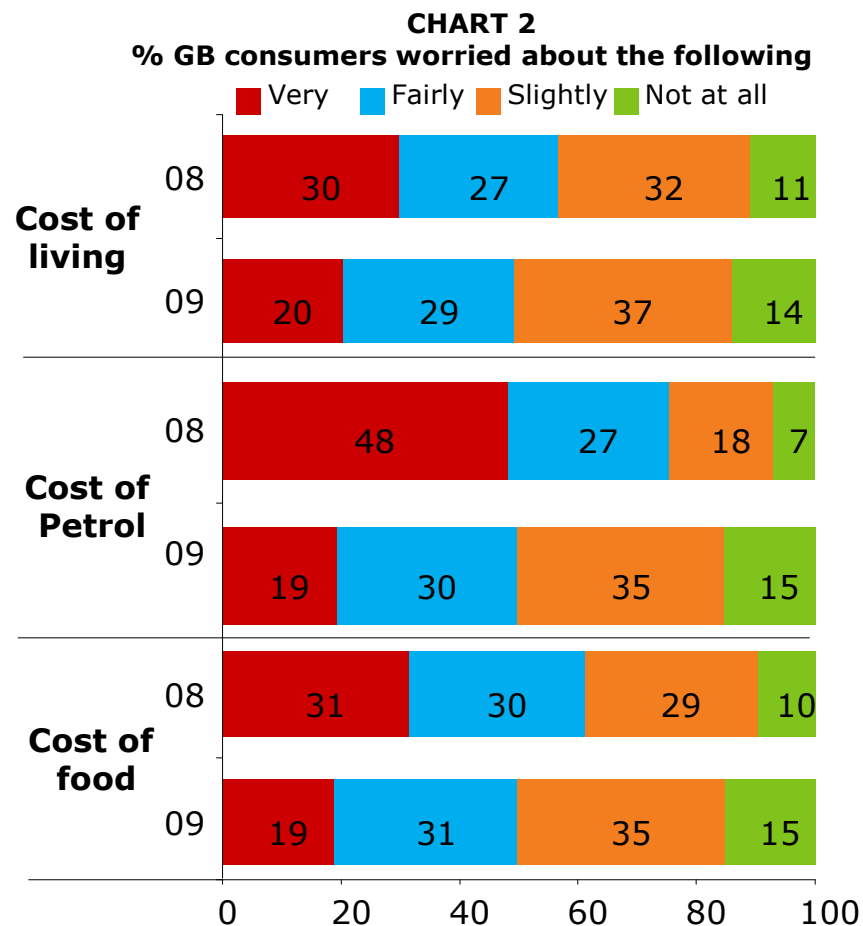
## An easing of concerns over meeting the cost of daily essentials in the UK

In the UK, consumers seem less worried by the challenges of meeting the cost of daily essentials. Falling prices of the basics, such as Petrol and Food, have eased shorter-term concerns in the GB more than in Ireland.

The percentage of GB consumers worried about the cost of living has fallen since August 2008 (see Chart 2). Falling petrol prices have alleviated worries in this area dramatically with consumers very or fairly concerned about the cost of petrol falling from 75% to 49%. Worries around the cost of food have also eased with those very or fairly concerned falling from 61% to 50%.

As a consequence, consumers in the GB feel slightly more buoyant about their future finances compared to Irish consumers. In August 2008, 54% of GB consumers feared they would be worse off over the next 12 months. By February 2009, this figure had dropped to 45%.

However, in both markets anxiety is still very high!



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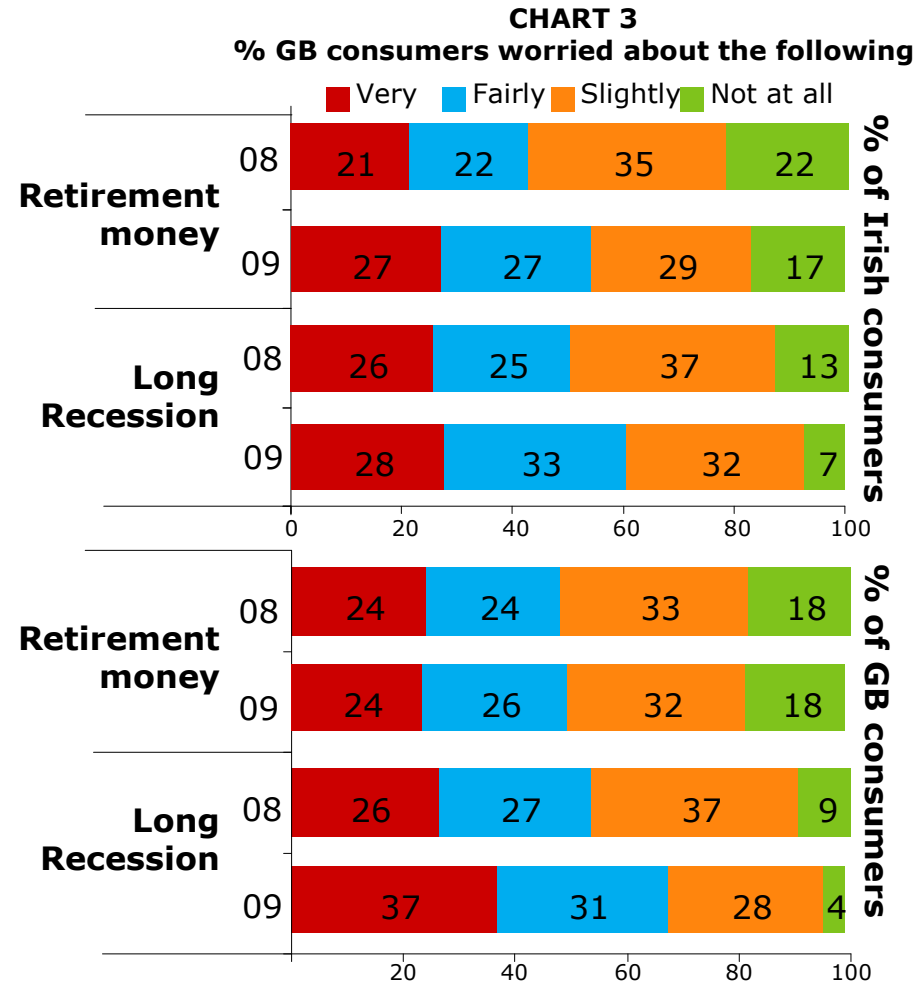
# The Market Context

## Larger longer-term concerns are emerging in both markets

Despite the easing of some shorter-term pressures on consumers' finances, other worries have come more strongly to the fore. The realities of the economic climate are starting to bring home wider and longer-term concerns.

More consumers, in both markets are worried about the impact of the crisis on their Retirement Money; most notably in Ireland, where those either very or fairly concerned have risen from 43% to 54% of the population. In the UK, the levels are similar with 50% either very or fairly concerned about Retirement Money in 2009, however concern started from a higher base in 2008.

Worries about a longer-term recession have grown in both countries. Many expect the duration to be long with 65% of Irish consumers expecting the recession to last 2 years, compared to 53% of GB consumers.




**Implication:** Consumers are likely to want to manage their expenditure tightly for some time to come

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# Chapter 2:

## Managing Mental Wallets



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# Managing Mental Wallets

## Understanding how consumers make trade offs and the vulnerability of your category.

During a slowdown, consumers tend to adopt a credit/debit approach to managing their finances - they look to save in some areas so that they can continue to spend in others.

The key implication of this is that brands need to understand the broader competitive context in which they are operating – encompassing not just direct competitors, but also direct and indirect substitutes from other categories. If yours is a category in which consumers are prepared to consume less, what are they spending on instead, and how do you need to shift value perceptions of your category and brand in light of this?

Feeling the Pinch study in February 2009 has sought to understand how consumers assign different categories to different 'mental wallets' and how their expenditure has changed accordingly. For some these mental wallets actually translate into a number of bank accounts that are ring-fenced for specific purposes.



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# Managing Mental Wallets



## Definitions:

- **Basic** expenditure is on those items that are essential, and seen as necessary, in order to live.
- **Sanity** purchases are those that, while strictly non-essential, are seen by consumers as essential little treats that make their days a little brighter.
- **Lifestyle** a core part of their identity and lifestyle
- **Indulgent** purchases are those that are seen as frivolous or expendable

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# Managing Mental Wallets

## Most consumers assign food categories to either the 'basic' or 'Indulgent' mental wallet.

Different consumers will assign different food categories to different mental wallets. Food is not seen as fitting into purely one type of budget nor is the type of food uniformly assigned. Different consumers will see the category in different ways. A number of patterns, however appear broadly consistent across Ireland and the UK. Where a high proportion of foods are either seen as part of a 'basic' or 'indulgent' mental wallet (see Tables 1&2).

Fresh fruit and vegetables and meat are most likely to be seen as part of the basic mental wallet, around 4 in 5 consumers place these categories in these wallets.

Many other food categories are assigned to the indulgent mental wallet.

**Table 1**

Ireland				
	% Consumers Assigning the Category to:			
Category	Basic	Sanity	Lifestyle	Indulgent
Eating Out	6%	15%	31%	48%
Coffee from coffee shops	7%	18%	22%	54%
Soft drinks	39%	20%	24%	17%
Alcohol for drinking at home	11%	37%	25%	27%
Fresh fruit and vegetables	83%	6%	9%	2%
Ready meals	11%	12%	24%	53%
Speciality foods	8%	12%	27%	53%
Meat	80%	9%	8%	3%
Takeaway food	5%	14%	22%	58%
Confectionary	13%	23%	19%	44%
Frozen fruit and vegetables	66%	10%	17%	7%

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# Managing Mental Wallets

## Most consumers assign food categories to either the 'basic' or 'Indulgent' mental wallet.

Foods that are associated with convenience and eating out seem more likely to be assigned to the indulgent mental wallet. Coffee from coffee shops and takeaways are the categories most frequently assigned to this mental wallet in both Ireland and the UK.

Notably, speciality foods are also assigned to the indulgent mental wallet highlighting that it potentially competes with many other food categories for consumers money.

The one key difference between how consumers in Ireland and the GB assign categories is for alcohol for drinking at home. Nearly 2 in every 5 Irish consumers see this as part of their sanity mental wallet.

**Table 2**

GB				
	% Consumers Assigning the Category to:			
Category	Basic	Sanity	Lifestyle	Indulgent
Eating Out	7%	15%	28%	50%
Coffee from coffee shops	9%	13%	20%	58%
Soft drinks	53%	19%	18%	10%
Alcohol for drinking at home	14%	28%	25%	34%
Fresh fruit and vegetables	80%	7%	11%	2%
Ready meals	19%	13%	28%	41%
Speciality foods	11%	13%	24%	52%
Meat	72%	10%	13%	5%
Takeaway food	8%	14%	21%	57%
Confectionary	15%	28%	17%	39%
Frozen fruit and vegetables	69%	11%	15%	5%

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# Managing Mental Wallets

## The tendency is to maintain basic expenditures.

The categories most likely to be seen as 'basics' are utilities, food and household and personal care. Many major food categories also are assigned to this mental wallet by both Irish and GB consumers.

Overall, spending patterns appear to be consistent across the majority of these categories. The broad pattern being to maintain expenditure, with approximately 2 in every 3 consumers doing so in the last 12 months. Where expenditure has changed, the pattern has typically been to cut back. Notable categories where consumers have sought savings are their overall supermarket shop and pension and investments. In GB meat has been more vulnerable to cut backs.

The one basic category that defies this pattern has been Fresh Fruit and Vegetables, a phenomena that is likely to reflect the rising prices we have seen in this sector and possibly, the importance that consumers place on this staple in their diets.

Table 3

Basics						
How spending has changed in the past 12 months						
	Ireland			GB		
Category	Up	Same	Down	Up	Same	Down
Utilities	29%	50%	22%	39%	40%	21%
Supermarket	11%	37%	53%	14%	45%	41%
Fresh fruit and vegetables	26%	65%	9%	22%	66%	11%
Household cleaning products	3%	75%	21%	4%	77%	18%
Meat	10%	74%	16%	10%	66%	24%
Petrol/transport	17%	51%	31%	21%	44%	35%
Tea and coffee at home	17%	74%	9%	11%	77%	12%
Toiletries	4%	72%	24%	4%	74%	22%
Frozen fruit and veg	12%	69%	19%	11%	69%	20%
Pension/investments	11%	60%	29%	6%	62%	32%

Table shows figures for all consumers regardless of whether or not the product/service was classified into this particular mental wallet.

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# Managing Mental Wallets

## Sanity expenditure is the next most protected mental wallet next to basics.

Both big ticket and smaller expenditures sit within the sanity mental wallet. Holidays are competing against everyday items, such as the daily newspaper or trips to cinema. Only alcohol categories are seen as being part of this mental wallet from food and drink categories.

Expenditure in this mental wallet is not as protected as the basic wallet and, dependent on the category, cut backs have occurred in spending across all categories. However, there are areas where spending has gone up.

Despite cost cutting in these categories, after basics, they are the most likely to be protected.

Table 4

Sanity						
How spending has changed in the past 12 months						
	Ireland			GB		
Category	Up	Same	Down	Up	Same	Down
Newspapers, magazines, books	5%	44%	51%	4%	51%	45%
Alcohol for drinking at home	29%	40%	31%	15%	49%	36%
Holiday (annual and short breaks)	7%	40%	54%	6%	41%	54%
Cinema	6%	40%	54%	5%	42%	54%
Wine	15%	44%	42%	8%	50%	42%
TV subscriptions	7%	61%	32%	6%	63%	31%
DVDs and games (buying or renting)	10%	37%	53%	7%	44%	49%
Going out (bar or club)	3%	27%	70%	3%	35%	62%
Beer	9%	43%	48%	7%	48%	45%
Spending on your internet subscription	7%	67%	26%	5%	70%	25%

Table shows figures for all consumers regardless of whether or not the product/service was classified into this particular mental wallet.

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# Managing Mental Wallets

## The lifestyle categories have seen some of the most severe cut back behaviour.

Food products, such as healthy drinks, and alternatives to the grocery shop – such as going to bars and clubs, and eating out, as well as alcohol, all fall within the lifestyle mental wallet.

As such, products and services related to these categories are more likely than their basic and sanity counterparts, to face significant cut backs by anxious consumers.

Table 5

Lifestyle						
How spending has changed in the past 12 months						
	Ireland			GB		
Category	Up	Same	Down	Up	Same	Down
Health drinks	4%	49%	47%	3%	50%	47%
Going out (bar or club)	3%	27%	70%	3%	35%	62%
Home improvements	9%	43%	49%	8%	45%	47%
Cinema	6%	40%	54%	5%	42%	54%
Music (CDs, Download)	6%	38%	56%	4%	42%	54%
Theatre, concerts, the arts	5%	38%	57%	4%	40%	56%
Eating out	3%	27%	70%	4%	33%	63%
DVDs and games (buying or renting)	10%	37%	53%	7%	44%	49%
Beauty treatments such as personal care, hair cuts	3%	41%	55%	3%	44%	53%
Beer	9%	43%	48%	7%	48%	45%

Table shows figures for all consumers regardless of whether or not the product/service was classified into this particular mental wallet.

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# Managing Mental Wallets

Table 6

## The majority of consumers have cut back heavily on indulgent categories.

Many food categories are seen to fit within this mental wallet. Expenditure within this mental wallet has been subject to heavy cut backs by the majority of consumers in Ireland and the GB; on average nearly 1 in 2 consumers state that they have cut back in the top categories in this mental wallet.

Notably, whilst many foods compete for this wallet other items such as domestic services, cigarettes and tobacco, gym membership and the lottery are also included in this category.

Food categories should be attuned to the promotional activity of these less obvious competitors and even consider positioning their benefits in relation to them e.g. visit the coffee shop and not the gym.

Indulgent						
How spending has changed in the past 12 months						
Category	Ireland			GB		
	Up	Same	Down	Up	Same	Down
Domestic services	3%	45%	52%	2%	53%	44%
Takeaway food	6%	30%	64%	5%	35%	59%
Cigarettes and tobacco	7%	53%	40%	5%	56%	39%
Coffee from coffee shops	4%	34%	63%	4%	39%	58%
Gym membership	6%	46%	49%	3%	50%	47%
Ready meals	4%	34%	63%	5%	42%	53%
Speciality foods	5%	43%	52%	4%	46%	51%
Spirits	6%	42%	52%	5%	47%	48%
Lottery	10%	48%	41%	5%	60%	35%
Eating out	3%	27%	70%	4%	33%	63%

Table shows figures for all consumers regardless of whether or not the product/service was classified into this particular mental wallet.

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# Managing Mental Wallets

## Implications:

- Many food categories are likely to be hard hit if the cost of other 'basics', such as Petrol and Utilities increase, as they are seen by many to be in the same mental wallet. Food companies could tactically show empathy at times when prices go up through promotions or special deals to help maintain expenditure levels.
- The lower vulnerability of many 'basic' food categories to cost cutting by consumers means that price reductions may not be needed to maintain the share of consumer spend.
- The food categories that fall within the 'indulgent' mental wallet are the most at risk. Here, price competitiveness or value is needed the most.
- Significant advantages can be attained by positioning categories more as a 'sanity' choice. This mental wallets are more resilient and less likely to be cut.

## *Weathering the storm*



### ***Cadbury's has gained growth despite the difficult trading environment***

The confectionery company reported sales growth of 5%, which the company attributed to Wispa's renaissance as well as innovative advertising activity including the Gorilla ads in 2007.



**A brand with a retro heritage**

Part of the success of Cadbury could be due to the fact that consumers see chocolate as a sanity purchase more than an indulgence in these harsh economic times.

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# Chapter 3:

## The Dangers of Price Cutting



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# The Dangers of Price Cutting

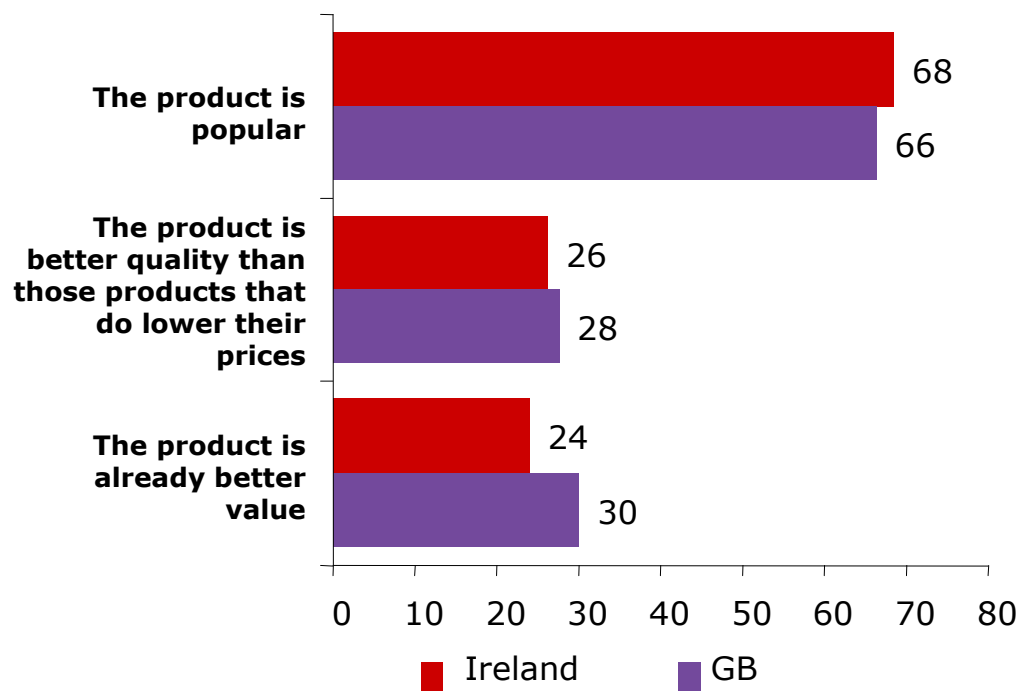
## Price is critical positioning tool for brands

Price has always been a critical tool in the marketing mix and its role in the current economic crisis has become evermore important. Pressures on reducing prices or offering good deals are significant from both consumers feeling the pinch and retailers keen to show that they are the best on price in the marketplace.

To some extent, relenting to this pressure is almost unavoidable, however such decisions need to consider the longer-term impact on brand perceptions. Once prices are cut these new levels become an expectation on future pricing for the brand. The cost of the marketing activity needed to return brands to the same margins once better times return may be higher in the long run.

The need for brands to be responsive on price is likely to be relative to the mental wallet to which they belong. Both 'Lifestyle' and 'Indulgent' categories may need to be more aggressive just to protect purchasing levels.

**CHART 3**  
% of consumers who would assume the following if a brand does not lower its prices during the current economic crisis



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# The Dangers of Price Cutting

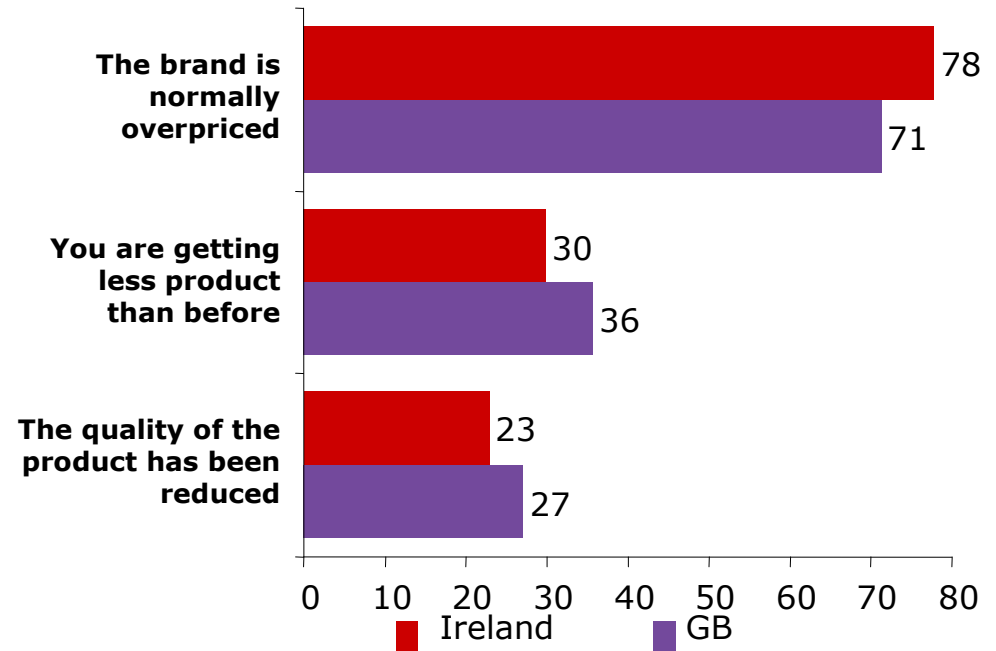
## Price is critical positioning tool for brands

Consumers in both Ireland and the GB may perceive brands that are less resistant to price reduction in a more positive light; 68% of Irish and 66% of GB consumers would see the brand as being popular in the current climate (see Chart 4)

Equally price reduction can create an number of negative perceptions about a brand most critic providing the sense that it was overpriced in the first place (see Chart 5).

It is important to note that value is more than just the price alone. Extra value can be delivered or communicated in different ways; these strategies and tactics (discussed in the next chapter) are likely to better protect brand equity that price reductions.

**CHART 5**  
% of consumers who would assume the following if a brand does not lower its prices during the current economic crisis



### Implications:


- Cutting prices can undermine brand equity and the cost of the marketing activity needed to return brands to the same margins once better times return may be higher in the long run.
- The mental wallet to which the category belongs may dictate the extent to which price will be important to the consumer.
- Value should be promoted through other strategies that allow brand equity to be protect (or, even built).

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# Chapter 4:

## The New Priorities of Consumers



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# The New Priorities of Consumers

**Three marketing tactics and strategies are emerging that are helping consumers to deal with the realities of today.**

**Cope**

**Making your money go further through smart choices**

- Controlling costs
- Greater financial awareness
- Being more resourceful

**Retreat**

**Staying on safe ground with the known and familiar**

- Staying at home
- More time with the family
- Sticking with what's familiar

**Escape & relief**

**Raising your spirits and making light of the tough times**

- Holding on to a little luxury
- Empathy and humour

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# Cope: Making your money go further through smart choices



## As consumers look to make savings, spending wisely and no frills have emerged as primary tactics.

Spending wisely searching for no frills solutions have emerged as the primary shopping tactics in Ireland and GB. Around 2 in 3 consumers in both countries stated that they would spend wisely in the next 12 month and 1 in 2 said they would buy no frills products. These were both preferred routes to trading down and cutting back.

As a result big name brands may suffer more as 62% of Irish consumers and 66% of British consumers agree that they are willing to sacrifice big name branding in order to save money.

Environmentally friendly produce, locally grown produce and convenience are other areas where significant proportions (approximately 25-35% of each population) are willing to make sacrifices.

### How brands can respond

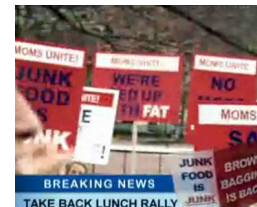


#### Define value in new ways.

Kellogg's recent campaign in the GB makes claim that Cornflakes costs only "10p a bowl".

The campaign also promotes heritage of brand vs own brand Cornflakes, via key messages "over 100 years of cornflake expertise" and "unique recipe", narrated in nostalgia-evoking English voice.

### How brands can respond



#### Show value savings.

Boar's Head cold meats in the US emphasizes savings of \$1000+ per year by brown bagging (the US term for eating sandwiches from a brown bag at work) instead of eating out from a deli.

The campaign also emphasizes healthy benefits of brown bagging versus eating out. In this way, brown bagging comes across not as a compromise, but an improvement over eating out.

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# Cope: Making your money go further through smart choices

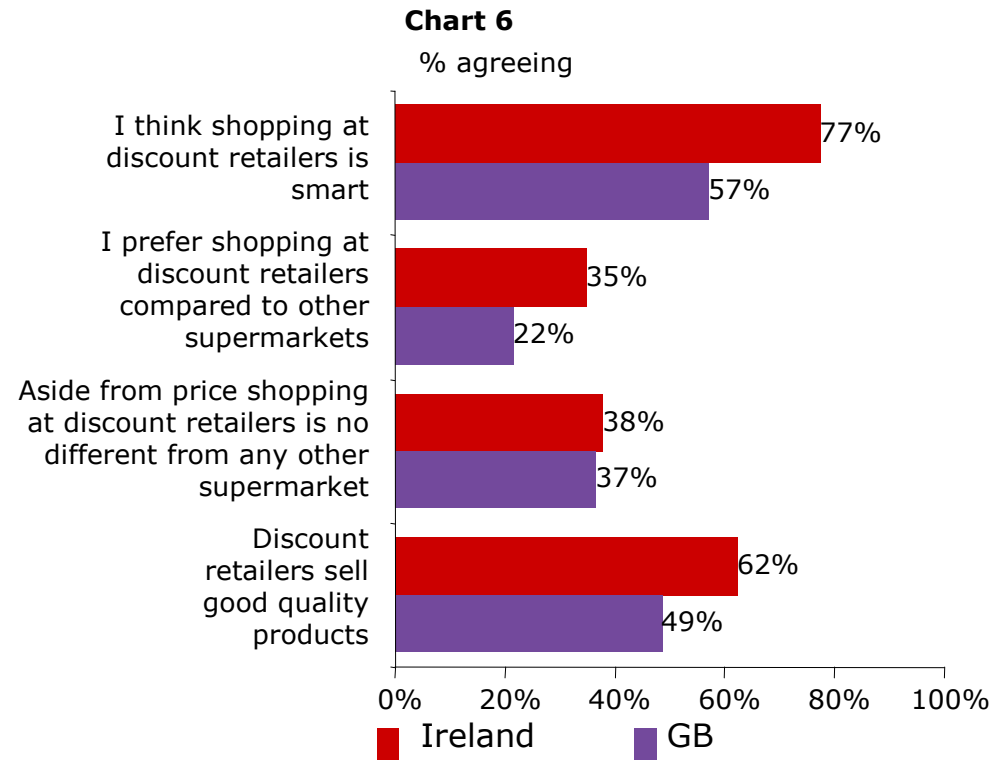


## As consumers look to make savings, spending wisely and no frills have emerged as primary tactics.

Spending wisely has lead consumers in both Ireland and the GB to seek new channels for better prices. Discount retailers have begun to emerge as a force as the desire to make budgets go further has lead many consumers to consider the likes of Aldi and Lidl as alternatives to their traditional supermarket choices. Once through the door many consumers have been surprised by the comparable quality of the products they find and the brand ranges, a factor that means this behaviour may become a norm even once the recovery starts.

Notably, the weak pound has made cross border shopping attractive for the Irish consumer. For the consumers that make these trips 15% will go monthly and 4% will go weekly to make savings.

Ensuring that your brands are in the right channels has become a greater challenge.



*Around 1 in 3 Irish consumers have purchased goods from retailers in Northern Ireland in the last 6 months*

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# Cope: Making your money go further through smart choices



## Implications:

- Help consumers understand your value proposition by:
  - Communicating the value it represents for a portion or meal serving e.g. 10 cents a bowl.
  - Highlighting the savings versus the alternatives e.g. cheaper than the deli.
  - Use your values to show longer-term value to the consumer e.g. using less energy or petrol or healthier for you.
- Consider new alliances to deliver a value solution for consumers e.g. cheese and bread for sandwiches.
- Make sure you follow your consumer into new channels of distribution, especially if they are where they buy your category.

### How brands can respond



#### Use values to promote value.

Fiat Eco Drive promotes financial and environmental benefits of fuel economy through Fiat Eco Drive campaign. "Honest little bear" device records driving habits and helps driver become more fuel efficient.

### How brands can respond



#### Find win-win-win alliances.

Campbell Soup is advertising its products as cheap soothing comfort food in these hard times. Working with cheese giant Kraft, they are promoting meals of soup and grilled-cheese sandwiches under the banner of 'The Original Dollar Menu'.

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# Retreat: Staying on safe ground

## As times toughen, staying at home is a way to save and feel secure and consumers look to the relationships they trust the most.

Consumers are looking for many different ways to manage expenditure. Re-entrenching to the home appears to be one route that is popular amongst both Irish and GB consumers; 60% of Irish consumers and 56% of GB consumers claim to spend more time at home to save money. However the desire to baton down the hatches is more than just about cost for some it is a way to forget, momentarily, the depressing nature of the outside world - 74% of Irish consumers and 68% of GB and agree with the statement 'I think of my home as a safe place to retreat to in these uncertain economic times'.

Equally, as reliable institutions fail, consumer trust has waivered and once unquestioned relationships have be re-evaluated. Brands that play to traditional values and, that have longevity and a history of meeting consumers needs through thick and thin have gained favour in these uncertain times.

### How brands can respond



#### **Making staying at home worthwhile.**

Marks and Spencer are offering a restaurant quality 2 course meal for £10 in store.

Choose from roast chicken, pork medallions, roast potatoes, vegetables, stuffing, fudge pudding, cheese selection and loads more. You can also choose from great wines by the bottle to compliment your meal.

### How brands can respond



#### **Remind them that stability is good.**

Nationwide's recent print and poster campaign takes a direct and reassuring approach, telling customers that despite everything they're reading in the media, they are the bank that can be trusted.

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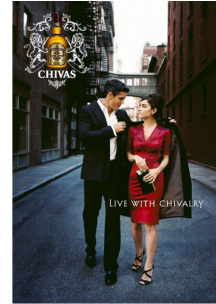


# Retreat: Staying on safe ground

## Implications:

- Brand and categories can play to consumers desire to spend more time at home and turn the occasion into more of an event.
- Trusted brands are especially valued during these times. Being solid, consistent and true is likely to resonate in today's economic climate. Consider emphasising the aspects of your company and brand values that reflect this mindset.
- Keep communicating as uncertain consumers need the reassurance of known brands. More consumers at home watching television may mean marketing expenditure may deliver higher than expected audiences at lower cost-per-thousand impressions.

## How brands can respond



### Revive traditional values.

Independent research published to coincide with the launch "Live with Chivalry" indicates this campaign is well timed. Global concern regarding the erosion of values is high and the overwhelming feedback is that friendship, loyalty, honour and intelligence are prized within societies around the world.

## How brands can respond



### Remind consumers that it is not worth the compromise.

Virgin's retro add that humorously recreates Virgin's first flight highlights its original differentiation from other airlines and reinforces that even in hard times some things endure and are not worth the compromise

Feeling the pinch?



# Escape & relief: Raising your spirits and making light of the tough times

## Consumers are looking for some good news and some fun to lift their spirits.

New of the financial crisis seems to occupy every news bulletin and conversation. For many consumers they know times are tough and the prospect of being reminded at every turn is starting to irritate. 65% of Irish consumers and 58% of British consumers agree that they would prefer it if advertising did not focus on the economic downturn.

Whilst the topic may be hard to avoid, helping to brighten the day with a little humour may offer some welcome light relief and help demonstrate empathy with a consumer seeking some escape.

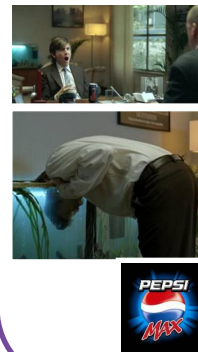
### *How brands can respond*



#### **Use tactical ranges that play on the new language of the crisis.**

These Selfridges chocolates make light of the recession to establish closer connection with consumer and lift anxiety.

### *How brands can respond*



#### **Show how tough time lead to desperate measures.**

In this Pepsi advert a guy sits in a crowded waiting area, surrounded by other applicants, until he is called into the room. He walks into the interview, sits down and then, for no apparent reason, starts pretending that his would-be boss is beating him up. He ends the charade by hurling himself into the waiting room, thus scaring off all the other applicants - except his buddy, who eventually gets the job.

Feeling the pinch?



# Escape & relief: Raising your spirits and making light of the tough times

## Implications:

- There is a strong opportunity to provide some light relief; in fact just focussing on the financial challenges of the current climate may begin to deter some consumers.
- Consider tactical promotions or even product extensions that make fun of the crisis.

### *How brands can respond*



#### **Encourage people to celebrate bad news.**

The 49 Grove nightclub in New York has kept a sense of humor about the recession. Their "Pink Slip Friday" promotion offers free drinks to bankers who have lost their jobs: "Party like it's your last paycheck! Bring in your pink slip or proof that you just got fired and get a free bottle on us!"

### *How brands can respond*



#### **Make light of the most dire situation.**

This restaurant in the GB highlighted the need for its customers to stay loyal and support the jobs of its employees.

Feeling the pinch?



# Chapter 5:

## A New Emerging Consumer Landscape



Feeling the pinch?



# A New Emerging Consumer Landscape

## A new set of consumer values maybe emerging.

The continuation of the crisis is bringing home the realities of today's world; the thought that the world will go back to way it was is becoming a distant hope. The world is changing and a 'new consumer landscape' is emerging from the aftermath; one in which the excesses and frills of the boom era may no longer resonate.

Glimpses of change were present before the crisis; the desire for the more 'real' and 'authentic' and the rising awareness of 'ethical' and 'environmental' concerns. The financial crisis may just be the catalyst that creates a true vanguard of change in many of the developed economies.

The challenge for some brands is that they may lose relevance in this new marketplace. As a recovery begins to unfold, anticipating this challenge will enable company's to ensure that their marketing plans best place them for future success.

Table 7

% agree that the economic downturn has changed their attitudes and behaviours in the following ways		
	Ireland	GB
I am more likely to consider the potential risks of each decision I make	62	49
I have become a more cautious person	62	49
I am grateful to have a job	58	43
Helped me prioritise what's most important in life	54	40
I'll never spend my money as freely as I did before	51	43
I feel less in control of my life than I did 12 months ago	45	37
I feel more exposed to the possibility of "losing everything"	43	37
It is changing how I see the world	41	29
I believe that society will be changed for the better	40	19

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# A New Emerging Consumer Landscape

## Old world values

Optimism  
I want it all  
Indulgent  
Risk taking  
Accumulation of stuff  
Trading up  
Packing it in

## New world values

Realism  
I'm clearer on what I need  
Considered  
Caution  
Making more of what I've got  
Trading off  
Downtime and release

### Implications:


- As a recovery starts it will be important to understand the change attitudes and values of your target consumers.
- Brand and products need to reflect these changes in their proposition, making any transitions as smooth as possible in order to maintain relevance and ensure success in the 'new consumer landscape'.

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## For Further Information

- For further information about Bord Bia's Consumer Lifestyle Trends Programme and this report, please contact the information team:
  - Tel: +353 1 668 5155
  - Email: [info@bordbia.ie](mailto:info@bordbia.ie)
- More in-depth content for all the trends and a copy of this report is available on the Bord Bia website; [www.bordbia.ie](http://www.bordbia.ie)



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