

NG57 CRISIS

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PENDULUM

Consumers and brands cross towards the values extolled by the crisis.

Jump right in. This seems to be the advice that Synovate imparts to brands through the study it's conducting on the attitude of the Spanish consumer in the face of crisis. It's a study syndicated and developed since 2008 by this multinational market research firm that's present in 60 countries and that has more than 120 clients in Spain. "Jump right in", because, not only is there no way of avoiding the crisis, moreover, the only solution is to face it to find channels for growth within it. How? Through a formula, as always: get to know the consumer, his or her attitudes and expectations, and answer them within the new economic and social context and above all within the context of new values. In this dual interview, *Synovate Spain's Director for Development*, Gerardo Fuksman, and David Cortadellas, Director of the Motivational Research Division and Head of Crisis Monitoring for the same firm, explore the emotions that guide the consumer in this turbulent environment. With the results of the third wave of the study, both Synovate directors tackle how perception of the crisis has varied and how consumers are coming to terms with it.

What was the objective of this study on the crisis?

Gerardo Fuksman. The majority of the investigations are ad hoc, but, since 2008, because of the crisis, we decided to undertake a syndicated study to in order understand consumer motivations. We asked ourselves if the crisis was the same for everyone, everywhere.

David Cortadellas. In this first wave, carried out in April and completed in August 2008, we used qualitative and quantitative investigation techniques in more than 1.200 interviews. There we detected that some consumers denied the existence of the crisis. In the second wave, at the end of 2008, we sought to understand the evolution of the crisis and above all to quantify it.

And what do the most recent results show?

D.C. Mid 2009 we conducted a third analysis in which we saw important changes, in that everyone recognizes and perceives the crisis, although different reactions exist that affect spending and saving strategies.

And nobody is denying the crisis?

G.F. Nobody is denying the crisis, but in reality, 80% of the active population is faring

the same as before or even better. These are people who are keeping their jobs and due to factors like the reductions in mortgages, have a greater income than before. In return, they are opting to save and retract from spending.

Why aren't those who are maintaining the same income levels, spending?

G.F. Because the values of spending, ostentation, and indebtedness have fallen, and values of responsibility and control have risen. If we lived *carpe diem* in the past, we live with prevention in the present.

D.C. If we recall the fable of the cicada and the ant, the pendulum now rests with the ant. Emphasis is placed on looking to the future, towards the mid-term and the long-term, with the idea of being able to control our situation.

Have we become more rational?

G.F. In this situation of crisis, we think it's our duty to spend responsibly. In reality, the engine isn't so much rationality, but fear, the need to control.. it's a natural reaction but at the same time it's deeply emotional.

D.C. We tend to think in Cartesian dualities, but it's just as emotional to refuse to enjoy

something as it is the other way round. Fear and anxiety when confronting what could happen are also emotions. The crisis has psychological impact: it awakens a fear of the future that affects consumer habits.

In a nutshell, we're more conservative.

G.F. Yes, but in the study, we've discovered that not all of us have become conservative in the same way. Therefore, it's essential to have in-depth knowledge of how consumers are qualitatively and quantitatively segmented when faced with the crisis.

"The values of spending, ostentation, and indebtedness have fallen, and

values of responsibility and control have risen"

D.C. We don't all ask the same of brands, communications, etc. For example, given the fact that there's less money to spend, there's been a trend of making products cheaper: low cost. But it's wrong to believe that we all seek these kinds of solutions within the crisis. Brands must learn to connect with the crisis, but do so in the most appropriate way in each case.

What should brands know in order to best respond to the crisis?

D.C. . In Synovate's motivational study we detected four main profiles, platforms or attitudes among Spaniards when it comes to facing the fear created

by the crisis.

Many of them seek stability, others resign themselves to it, a third group wants to avoid it and the last segment, which is more dynamic, tries to harness opportunities.

G.F. The message is that the crisis doesn't make anyone happy, but the four profiles are what they are and all of them can be acted upon, all create a margin for brands.

Who are the stability seekers?

G.F. Almost 45% of consumers.

Design

In harmony with the mood

Does design reflect the emotional state of the economy?

D.C. There's a theory that some esthetic lines are reproduced according to the state of social and economic anxiety. For example, the 60's are characterized by the taste for brighter colors. La-

ter, at the end of the 90's and the turn of the new century, part of this esthetic made a comeback, given that it also heralded a period of expansion, revisionism, rococo...

D.C. A return to basic shapes and discretion is detectable, including the classical and a fleeing from the striking and the supplementary. In fact, we can appreciate the intentional use of colors that stimulate

or to hold back, according to each individual case.

G.F. If we assume that the aforementioned four attitudes and strategies exist in confronting the crisis, there are also visual ingredients and graphics that respond to each of these four briefings. For example, for those who seek stability, there are packs that revive history and tradition.

They recognize they're in a crisis but they turn to their reference points - institutions, brands and ask for stability, that they don't change and that they accompany them as they have until now. In an instable environment they need something in which they can trust. They want guarantees and the least possible change. There are some popular sayings that define this attitude.

"Those who seek stability ask brands not to change and to accompany them as they have until now"

Phrases like...?

G.F. "Don't change horses in mid-stream" or "better the devil you know than the angel you don't."

How can brands appeal to this type of consumer?

D.C. Through their history and permanence, when it comes to brands with great presence that have always been there.

Can all brands offer stability?

D.C. No, not all can respond to this search for references and for peace of mind in the same

way. The consumer isn't dumb and knows if the brand is coherent with its journey or is doing something different for the crisis. For example, when Nestlé underlined its classic values, it applied a continuous line with respect to the past. It's a paternalistic strategy that it has already employed before.

Paternalistic Strategy?

G.F. Yes, like the communications by Pascual, Ariel, Nestlé, Danone (Dan-up, Actimel...), that strengthen the idea of security in the product, in purchasing...They signify a return to basics, which is key for the stability seeker.

Who are the resigned consumers?

G.F. Around 28% of consumers recognizes the crisis. The world has changed and they're looking for signs that confirm this experience. In other words, they believe it's their turn to adapt to the crisis and let themselves get caught up in the drama. They believe "misery loves company" or "when in Rome do as the Romans."

D.C. In reality, the four groups in the study are facing their

fear. The first group is fighting it by clinging to the stable. The second fights it by certifying their belief in the crisis. This is also a form of control.

"Resigned consumers want companies that understand their situation and take the drama out of the crisis"

How do they behave?

D.C. They motivate companies to first understand them and understand their belief in the crisis, and then to provide them with solutions that take the drama out of the crisis, for example, through low prices, or white labels.

So they need brands that empathize with their situation?

G.F. Yes, brands can appeal to this segment with empathic strategies. For example, in this crisis, Mercadona affirms that its products are cheaper but have more or less the same quality. With this, they're saying to the consumer "I understand what you're going through and I'm offering you a solution." Mercadona's dynamic was already there and now it's moved up a notch. In

a boom period this strategy wouldn't be empathic, but today it is.

Any more cases?

D.C. In the vein of "we know it's rough for you", communications have appeared from Telefonica, like the commercial in which a husband loses his job. Also, Caixa Catalunya's "anti-crisis pack", where a plaster on a nose enables the client to breathe more easily.

G.F. Some of the best answers to the crisis are found in these empathic offers to satisfy the resigned consumer. What's also certain is that they're not the ones that generate the most custom, nor which add much more value to the market.

"15% of Spaniards seek to avoid the crisis. They want to be optimists and non-conformists"

Does the need to help each other and paddle together translate to other fields?

D.C. In sports, idolization of the individual or the stars has yielded to a moment of fervor for teams, like the Spanish selection or the Barça selection. The

Values

From permissiveness to control

Has the crisis changed our values?

G.F. Yes, before, there was a great permissiveness towards enjoyment and sophistication, today it's good and socially appropriate to restrict spending or purchase more restrained brands. Today it's acceptable to shop in Mercadona, H&M, Decathlon, and Ikea... These are low cost brands that were already growing but now experience an ideal breeding ground.

What role does the brand play in this new context?

D.C. There are a series of magnets that compel us to behave in one way or another. The crisis has changed the dominant magnet and therefore, the brand must gravitate towards this. If the brand previously revolved around values of expansion, today it must lean towards restraint. We have moved from applause and approval to complaint and control.

How can spending be stimulated?

D.C. As saving is the value the crisis has promoted to first division, brands must provide an added value that beats saving and curbs the current that counteracts spending. It's time to be very creative when offering the customer this extra value, just like the iPhone does.

group has more success than the individual. For example, Pau Gasol is valued thanks to his selection by the Spanish basketball team, but he's valued for his humility, his teamwork and his introverted character.

And the third group? Does it want evasion?

G.F. Around 15% want to forget the crisis, to distance themselves from the drama and escape. They identify themselves with the "I'm alive and I want to have a good time, let's see what tomorrow brings." They want to be optimists and non-conformists when facing the crisis.

The crystal ball

The footprint of the crisis in the market

Will the crisis affect our future habits?

D.C. It's hard to say, but we experience cyclical trends and therefore, we'll return to being bold, daring consumers. That's to say, if at first, some people denied

the crisis, now the snow has settled and what's more, it's still snowing. But will happen when the sun comes out? Will people continue to wear boots and gloves?

And in the short and medium terms?

G.F. The crisis will leave its mark in the immediate future. At the outset, 2010 will close

with stability. The crisis has made us see that we have to be more dynamic, innovative, open and closer to reality in order to create solutions. This also involves playing with the variables of the marketing mix in a different way, from communication to pack.

D.C. This attitude isn't always prevalent among those with money. Some people escape regardless of their financial situation. They think: *"I don't want to submerge myself in the world of sorry, I've sinned because I spend."*

"The consumer can fluctuate between different attitudes according to the moment or product he or she is going to purchase"

Do they reject resignation?

D.C. Yes, they refuse to be told about the gravity of the situation they are in, in contrast to those who opt for resignation.

They embody carpe diem. These aren't always unique or monolithic profiles, but rather attitudes that any person can adopt at a certain moment, or, even attitudes produced in certain categories.

Does the consumer fluctuate between these four attitudes?

D.C. As I said, it depends on the moment on the product they're going to purchase. That's to say, water doesn't summon evasion, it's not a credible or relevant category for escapism. It's a basic, as highlighted by the Aquabona campaign that says to the consumer that water is water and nothing more.

On the other hand, I can ask Coca-Cola for a moment of es-

capism, and therefore I'm prepared to pay for it. In fact with its "Open Happiness" campaign, this soft drink attempts to hook us to the platform of "you must be happy".

So do white labels have more success in certain categories?

G.F. Yes, for example, they have affected domestic cleaning products, but not soft drinks. If you buy Coca-Cola you're not going to switch to a white label because you're in an atmosphere of evasion.

D.C. First we have an impulse and then we argue or rationalize it. We use the crisis as an alibi for any impulse.

Another optimistic brand?

D.C. Matutano and its cam-

paign: "And today, have you smiled?"

G.F. Nespresso has increased its sales by 9% this year and nobody knows what the increase would have been without the crisis. It becomes difficult to separate the circumstantial and the structural, but it seems that this brand has found an opening in which, despite the crisis, consumers are prepared to pay.

D.C. The key is in recognizing that I can play a role as a consumer with water, another with beer, and another yet with nappies. We swing between these four attitudes with the emotions awakened by the crisis.

We're still left with the dynamic consumer.

G.F. This fourth and final group represents 12% of Spaniards. They're opportunists and therefore, the opposite of the stability seekers. Precisely because there's a crisis going on they believe that "it's good fishing in troubled waters" or "the greater the illness the bigger the pill".

D.C. Of course, they recognize that they are in a crisis, but they can spend even more than before if they find the opportunity that "suits me"

or "arrives just at the right moment".

Do they justify this opportunity hunting?

G.F. They purchase with a reinforced argument behind the decision.

"The fourth profile is that of the dynamic consumer, eager to harness and make the most of purchasing opportunities."

Thanks to offers or loans, they buy apartments, cars, and vacations, cell phones...

Vueling is a company that appeals to this sentiment and exploits this idea of "now is the time, later you won't be able to do it."

D.C. Fiat and the majority of car brands also lean on this strategy. Within this platform there's space for brands.

How do these four profiles help each brand?

G.F. The four profiles are valid in any category but it's important to understand them fully in order to best apply them. It's essential to know

what the consumer asks of our brand: stability, confirmation, escapism or opportunity. The research helps brands to choose their moment and consumer opportunity within the crisis.

Through promotions for example?

G.F. As a reaction to the drop in sales, some brands have opted to reduce prices and resort to promotions. However, some studies question promotions and ask whether people buy the goods because they look for them or rather, because they find them.

"It's essential to know what the consumer asks of our brand: stability, confirmation, escapism or opportunity"

Do promotions have secondary effects?

G.F. The promotions race has no limit. First, I offer one thing, then another, then more and in the end, what's left? Paying because they purchase my brand?

D.C. Promotions dismantle the brand's creative efforts and values.