

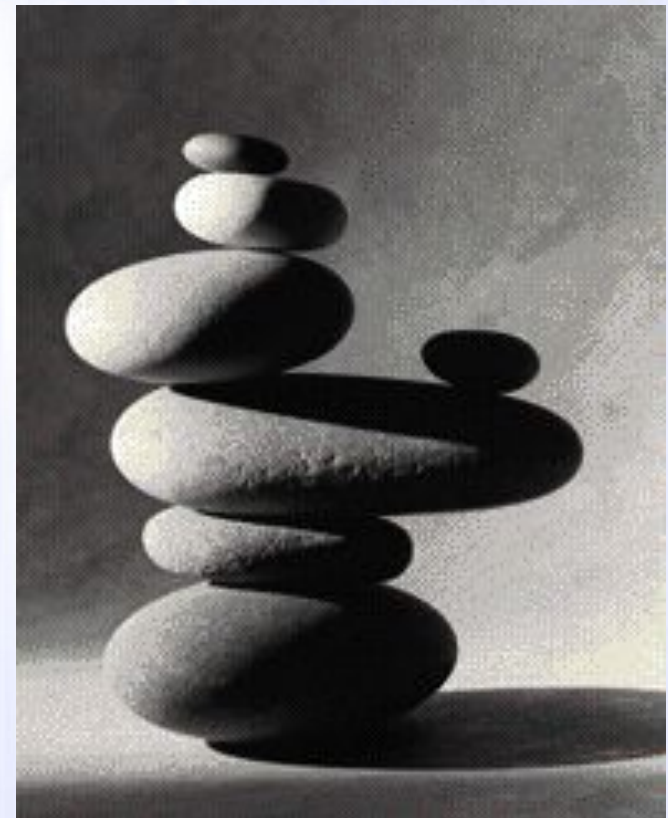
The Future of Brands

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NOVEMBER 23 RD , 2007

Structure

- ❑ A Brand for whom, what?
- ❑ Thoughts on the future
 - ❑ Economic system
 - ❑ Technology
 - ❑ Individual
 - ❑ Society
- ❑ Brands and their management in the future



In the last decade....



To the Consumer

A Brand :

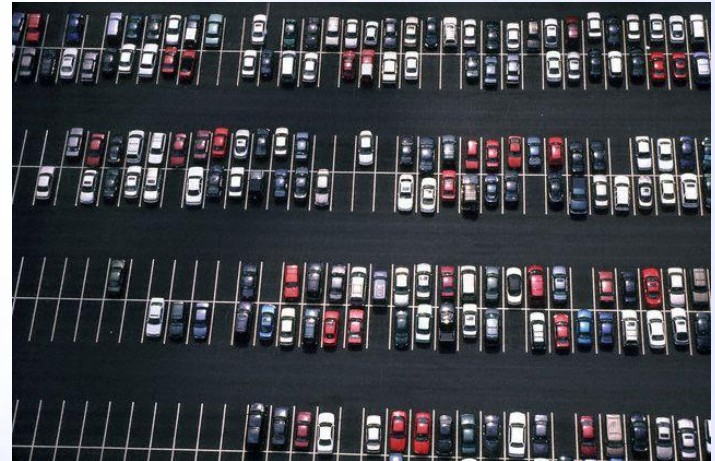
- ☐ A time saving device
- ☐ A trust mark
- ☐ A choice simplifier
- ☐ A badge



To the Business

A brand was:

- An Account to park all cost inefficiencies



Result

- ❑ Shakeout in every industry as cost inefficient Brands have paid the price
- ❑ Re-evaluating Brand premiums
- ❑ Debate on the future of Brands
- ❑ Rethinking Brand portfolios
- ❑ New business models





Economic Systems

Economic Systems

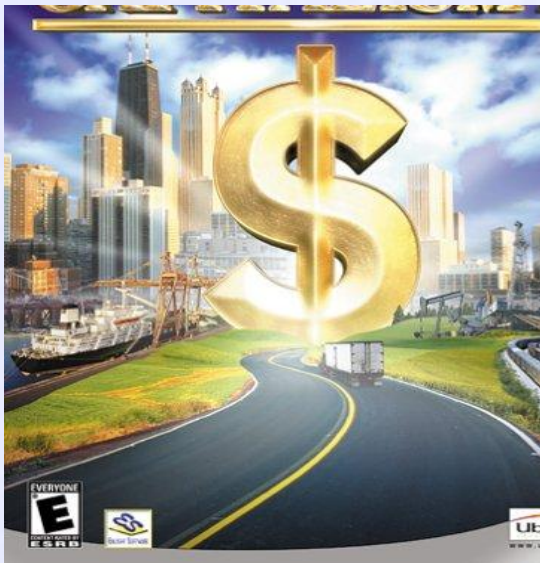
- In the past two decades capitalism has emerged as the most preferred economic system

This is likely to stay that way

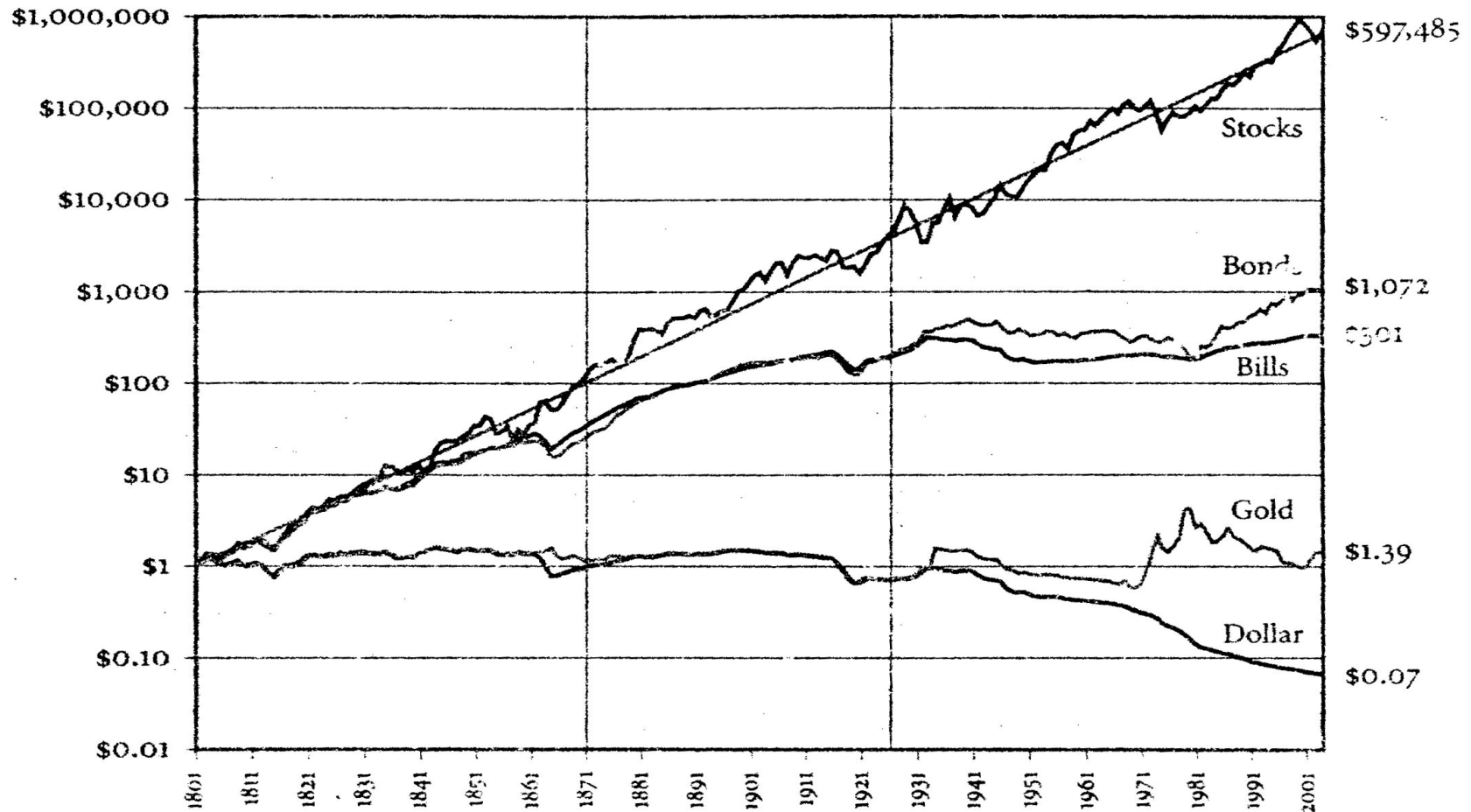


Economic Systems

Capitalism → wealth creation → stock market



Stock on Wall Street Vs Other Avenues



Total Return Indexes 1802-2003

S&P 500: Top-20 Performing Survivors, 1957-2003

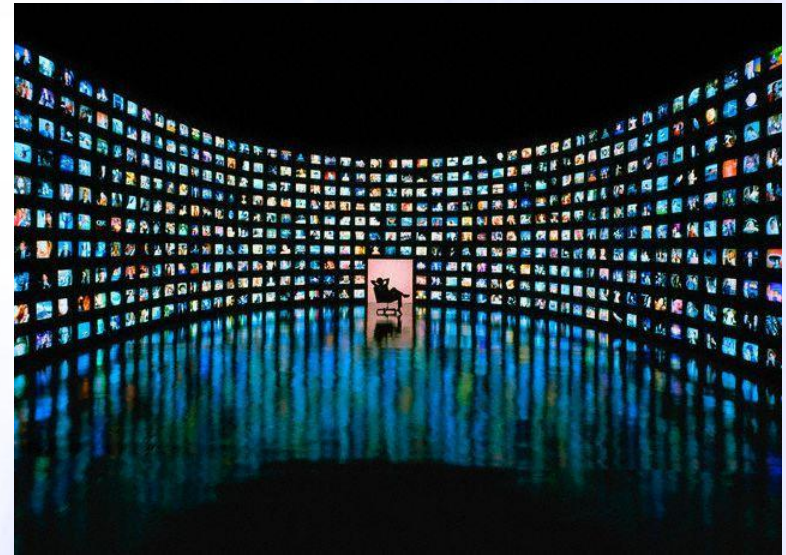
Rank	Company	Accumulation of \$1000	Annual return
1	Philip Morris	\$4.60 mill	19.75%
2	Abbott Labs	\$1.30 mill	16.51%
3	British-Myers Squibb	\$1.20 mill	16.36%
4	Tootsie Roll Industries	\$1.10 mill	16.11%
5	Pfizer	\$1.05 mill	16.03%
6	Coca-Cola	\$1.05 mill	16.02%
7	Merck	\$1.03 mill	15.90%
8	Pepsi Co	\$0.87 mill	15.54%
9	Colgate- Palmolive	\$0.76 mill	15.22%
10	Crane	\$0.74 mill	15.14%
11	H.J.Heinz	\$0.64 mill	14.78%
12	Wrigley	\$0.60 mill	14.65%
13	Fortune Brands	\$0.58 mill	14.55%
14	Kroger	\$0.55 mill	14.41%
15	Schering – Plough	\$0.54 mill	14.36%
16	Procter & Gamble	\$0.51 mill	14.26%
17	Hershey Foods	\$0.51 mill	14.22%
18	Wyeth	\$0.46 mill	13.99%
19	Royal Dutch Petroleum	\$0.40 mill	13.64%
20	General Mills	\$0.39 mill	13.58%
	S&P	\$0.12 mill	10.85%



Technology

Impact of Technology - Products

- ❑ Faster is Better
- ❑ Old is Antiquated
- ❑ Shortened interval between Desire
and Satisfaction – need for
instant gratification from all
products
- ❑ People will engage less in
time intensive activities,
with no immediate pay off



NOW IS GOOD, THEN IS BAD

Impact of Technology - Communication

- ❑ The Internet
 - ❑ People –Hunger to connect
 - ❑ Access to Knowledge – Basics, Compare, Expert view
 - ❑ Opens up Engagement with Company and Society
 - ❑ Distribution



Warning: Individual Relationships – Electronic Relationships

Impact of Technology - Business

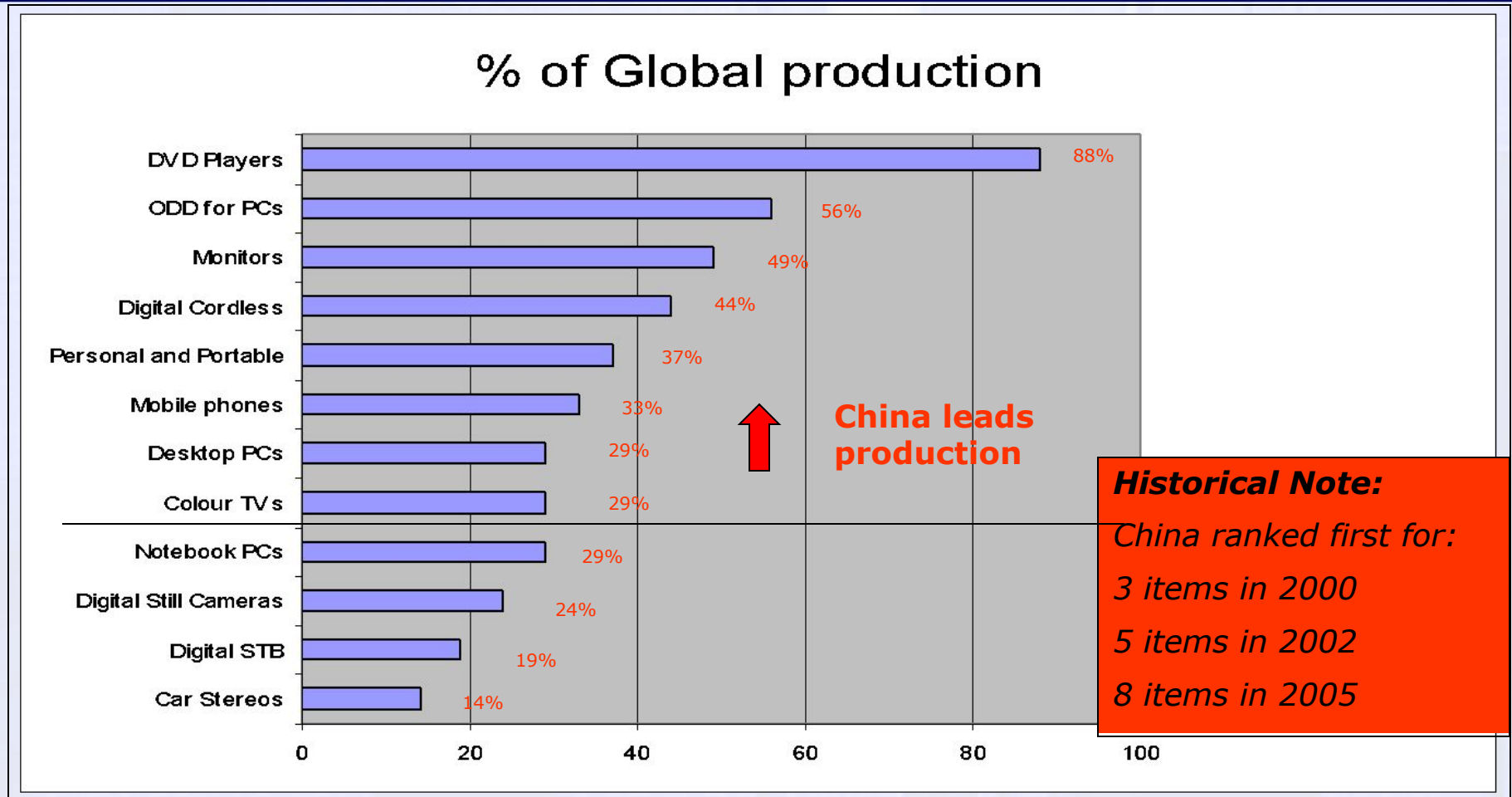
- ❑ Innovation ❑ commodity cycle shortened
- ❑ Cost of innovation - alliances
- ❑ Scale & Affordability
- ❑ Global Platforms



Indian Durable Prices – Last 36 months

Product	Jan-06	Dec-07
Entry level color TV	100	65
21 Flat color TV	100	50
29 Flat color TV	100	50
DVD Player	100	35
Home Theatre	100	52

China : Electronics Factory of the World

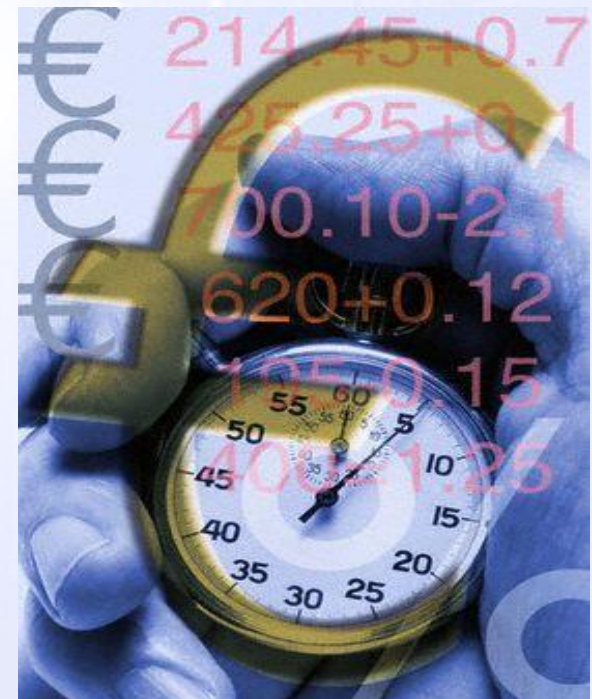


Source: iSuppli China and WW data

In 2005 China leads global production for 8 of 12 key electronic products categories

Impact of Price Erosion on Businesses

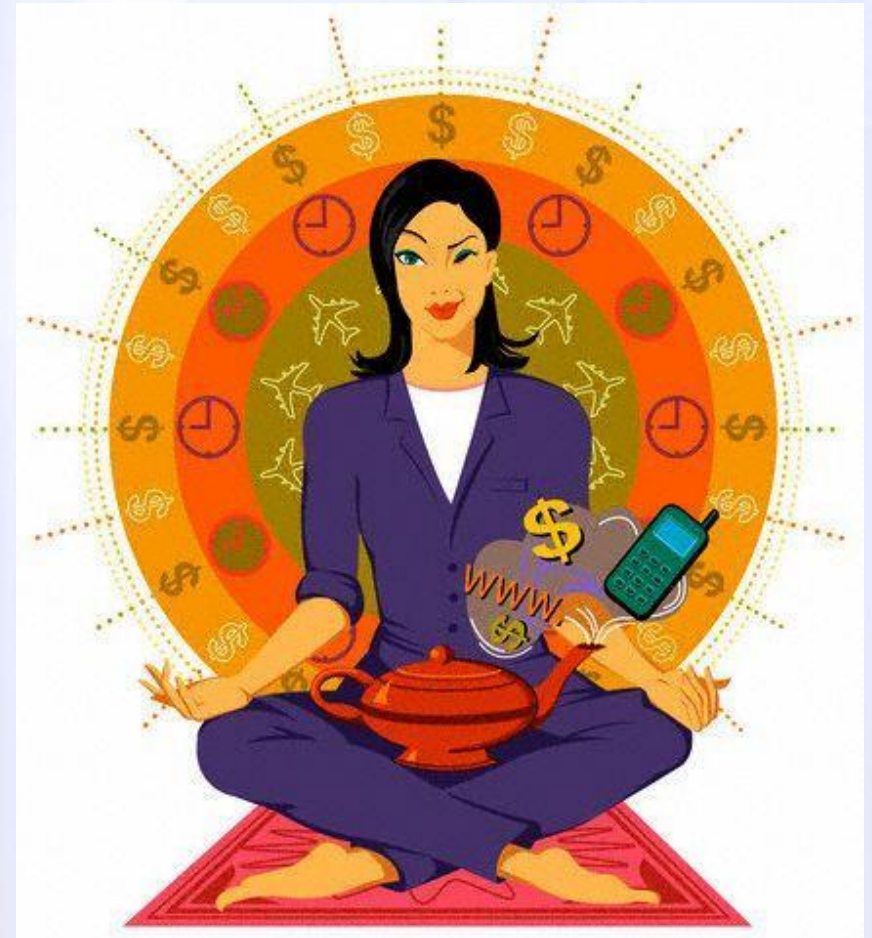
- ❑ Rethink Brand Premiums every month
- ❑ Managing
 - ❑ Innovation on time
 - ❑ Supply chain on time
- ❑ Life expectancy of products
- ❑ Service Vs Replacement
- ❑ Role of Emotional values & Premium



The Individual

The Individual

- ❑ Wiser, more demanding and worried
- ❑ Will seek balance in his/ her life
- ❑ Individual mobility will grow rapidly
- ❑ Condensed information capsule
- ❑ Prolongation of the idea of beauty, health

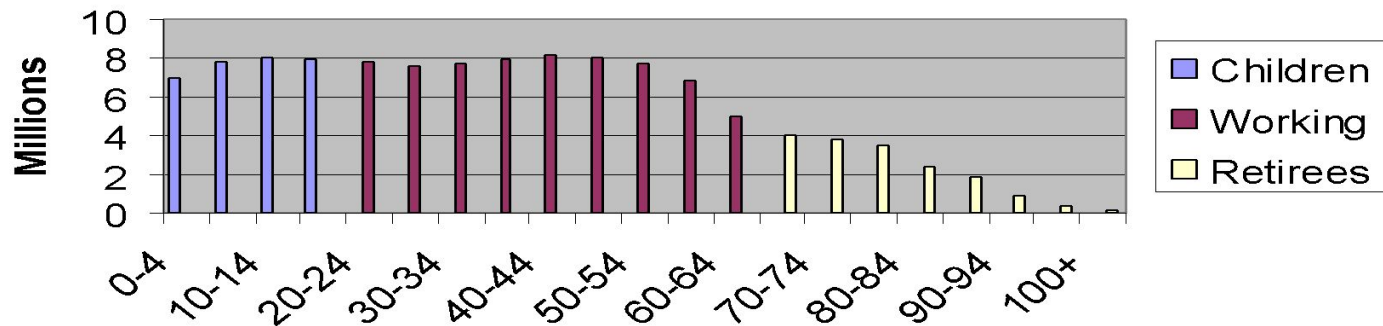




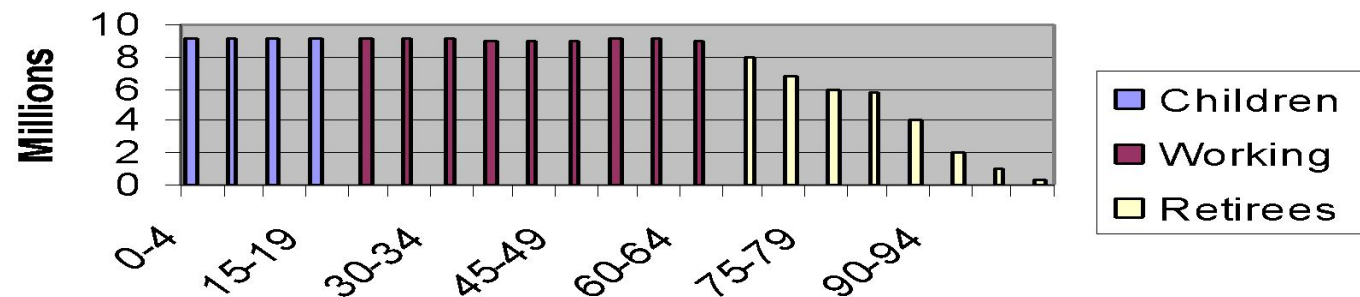
Society

Population profile for the United States in 2005 and 2050

United States Population Profile 2005

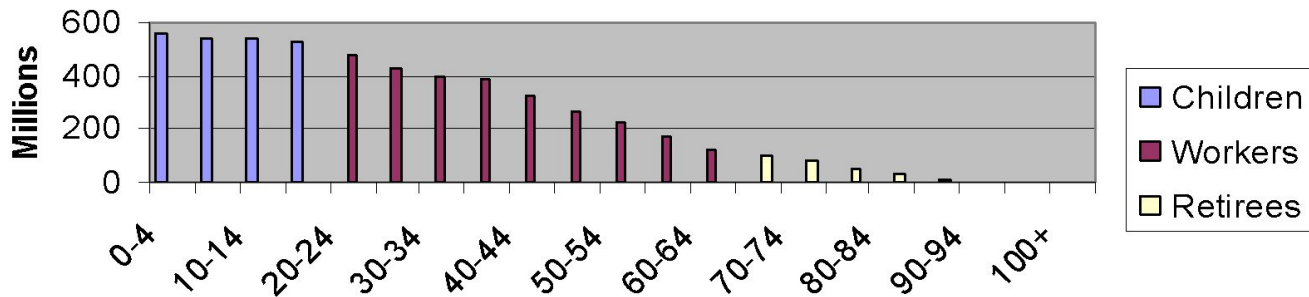


United State Population Profile 2050

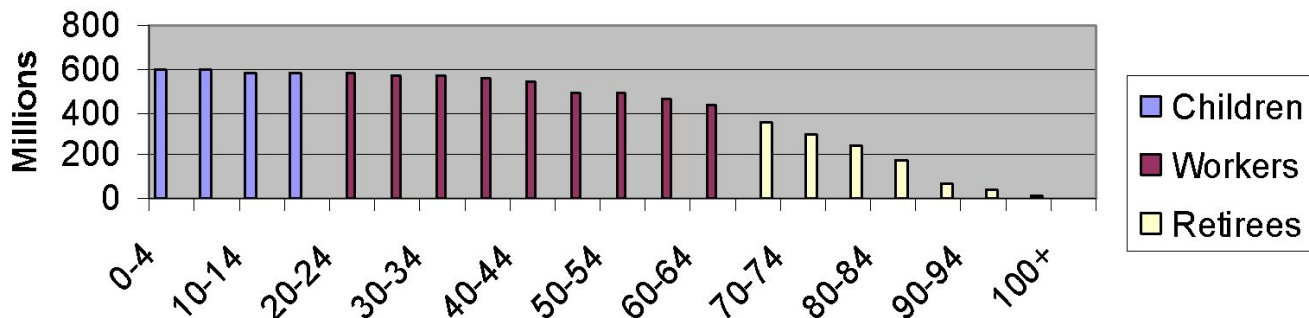


Developing world population profile 2005 and 2050

Developing World Population Profile 2005



Developing World Population Profile 2050



Society

- ❑ People will seek identity symbols beyond their family – Clubs, Colleges, Sports etc
- ❑ Mutation of Tradition and decline of Deference
- ❑ The good opinion of public will be important
- ❑ Youth has always demonstrated that the next generation don't want what mom and dad had



Recap of the future

- ❑ Cost inefficient brands fade
- ❑ Capitalism is King
- ❑ Technology – shortening cycles
- ❑ The individual – wiser & worried
- ❑ Society – new symbols & low deference



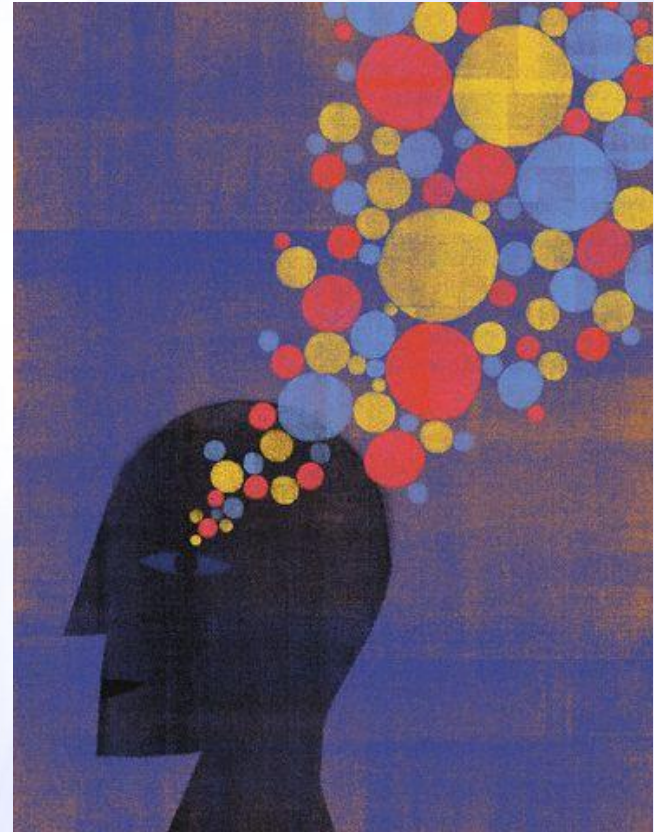
Brands and Brand Management in the Future

- ❑ A “Customized Brand” or a “Confident Choice”
 - ❑ Customized : Exclusivity, Design
 - ❑ Confident Choice : Value superiority, Easy Access, Ethical, “Am I Obvious”
- ❑ Fashion/utility crossover
 - ❑ E.g.: Cars, Mobiles, Sneakers, Taps, Switches
- ❑ Successful brands will be creative centered and Idea centered



Brands and Brand Management in the Future

- ❑ Alliance Brands will Mushroom, “Passion is the Question”
- ❑ Brand Premium – Building deeper trust
- ❑ Brand Evaluation : Advertising, PR, Internet, NGOs, Financial Analysts
- ❑ Brand Teams : Word Inflation, Thought Recession



One final thought

- Really strong brands will be those that do the thinking for the consumer

