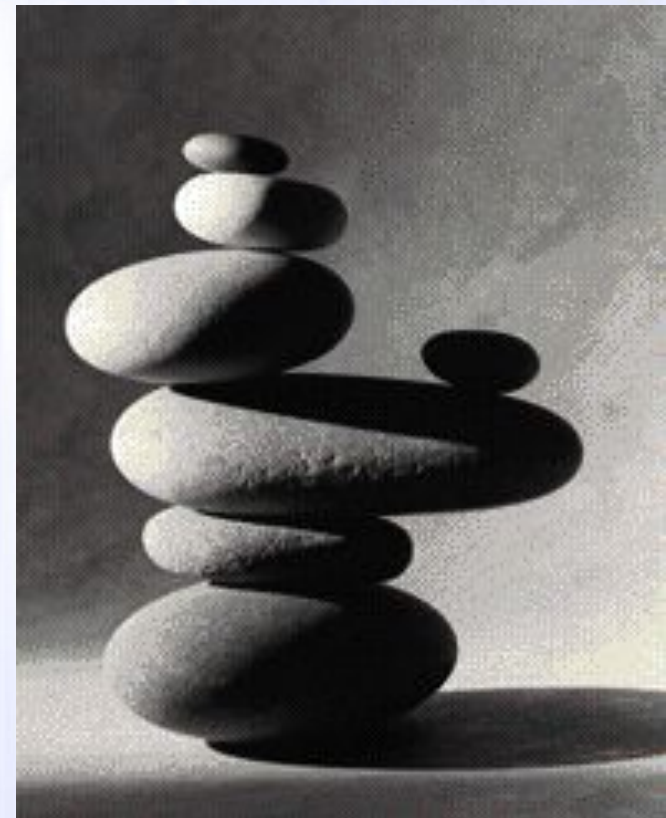


# The Future of Brands

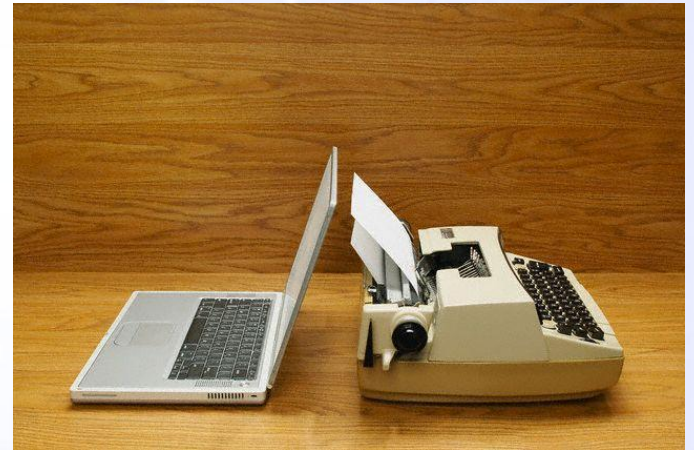
AIM, MANILA  
MARCH 2007

# 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 :

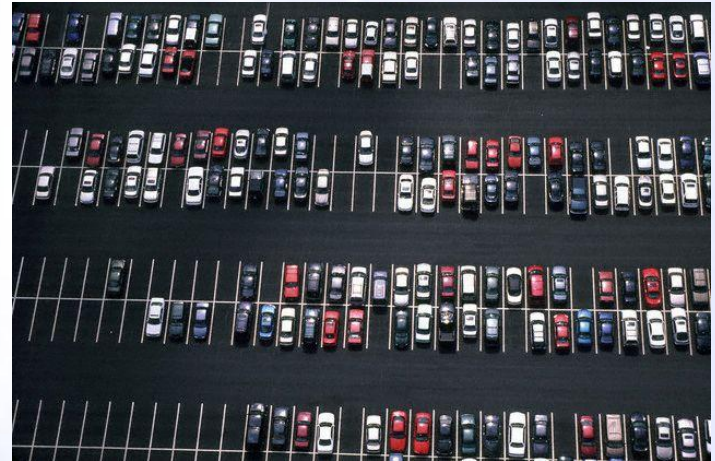
- A time saving device
- A trust mark
- A choice simplifier
- A badge



# 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

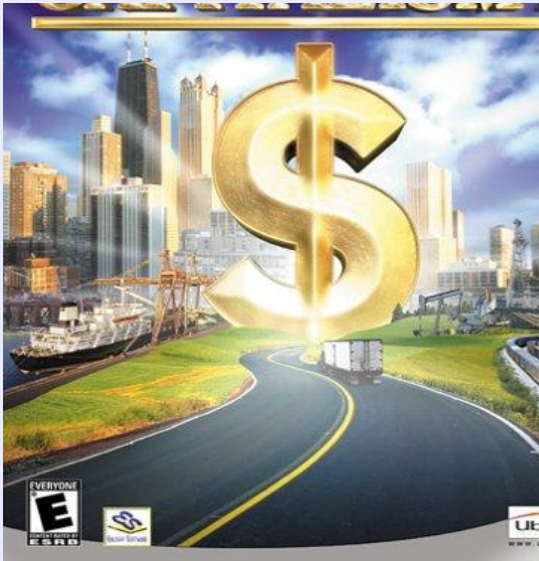
- In the past two decades capitalism has emerged as the most preferred economic system

This is likely to stay that way

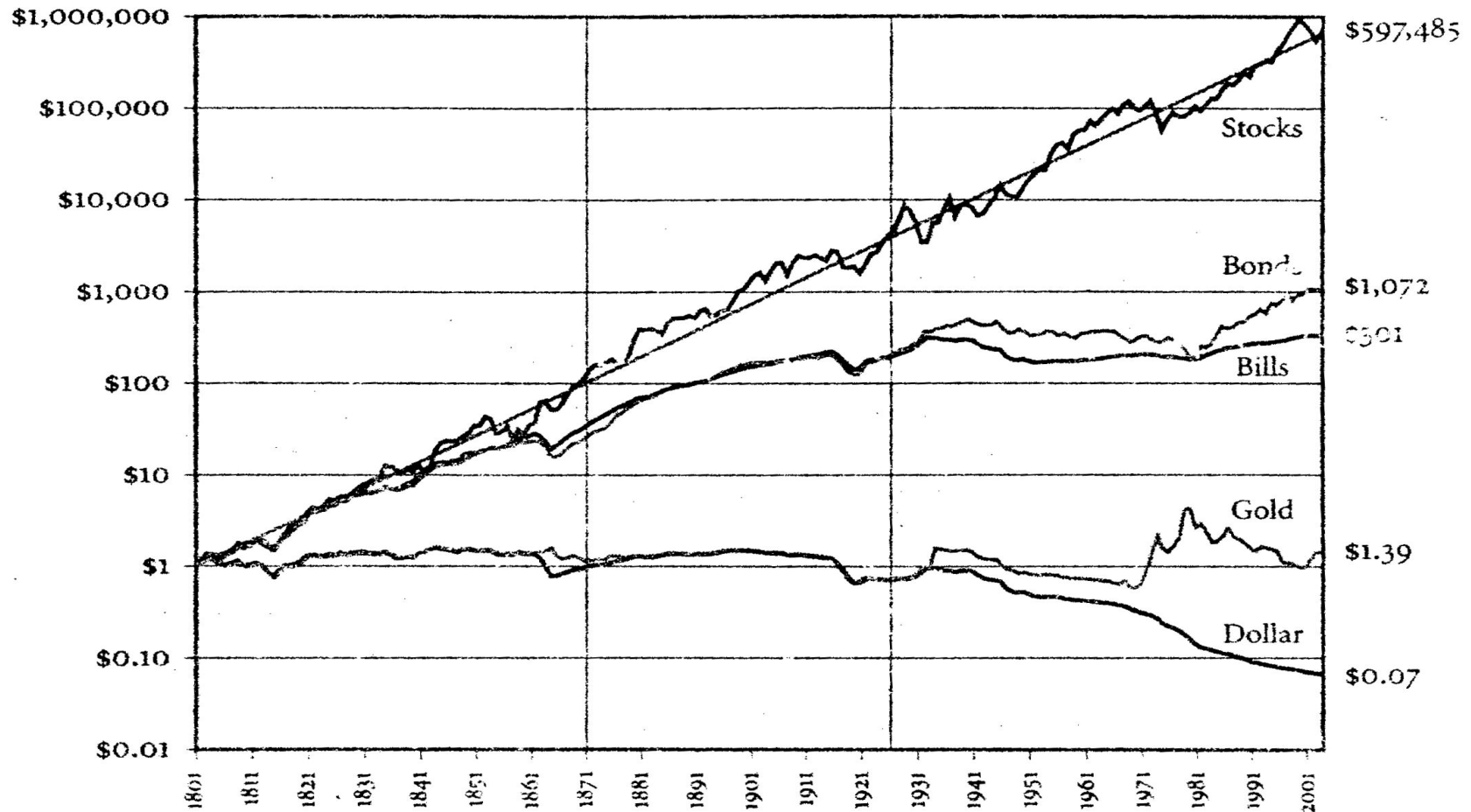


# Economic Systems

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

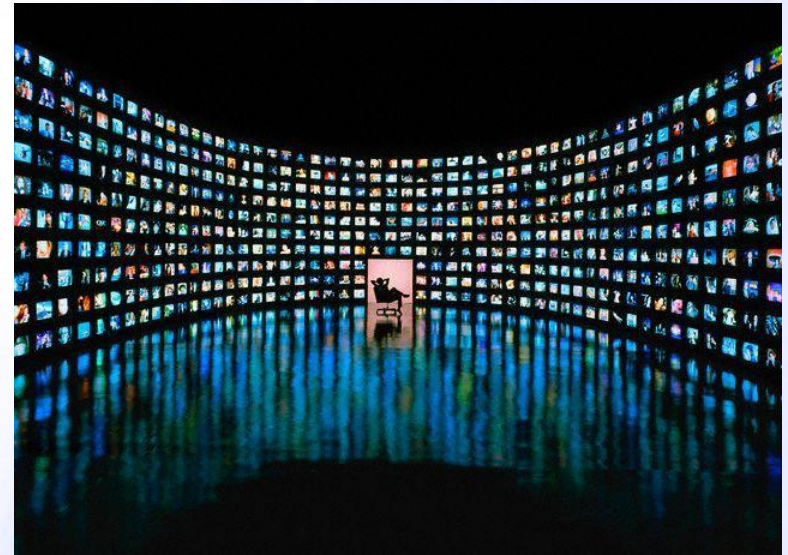
Rank	Company	Accumulation of \$1000	Annual return
1	Philip Morris	\$4.60 mill	19.75%
2	Abbott Labs	\$1.30 mill	16.51%
3	British-Myers Squibb	\$1.20 mill	16.36%
4	Tootsie Roll Industries	\$1.10 mill	16.11%
5	Pfizer	\$1.05 mill	16.03%
6	Coca-Cola	\$1.05 mill	16.02%
7	Merck	\$1.03 mill	15.90%
8	Pepsi Co	\$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%
	<b>S&amp;P</b>	<b>\$0.12 mill</b>	<b>10.85%</b>



# 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

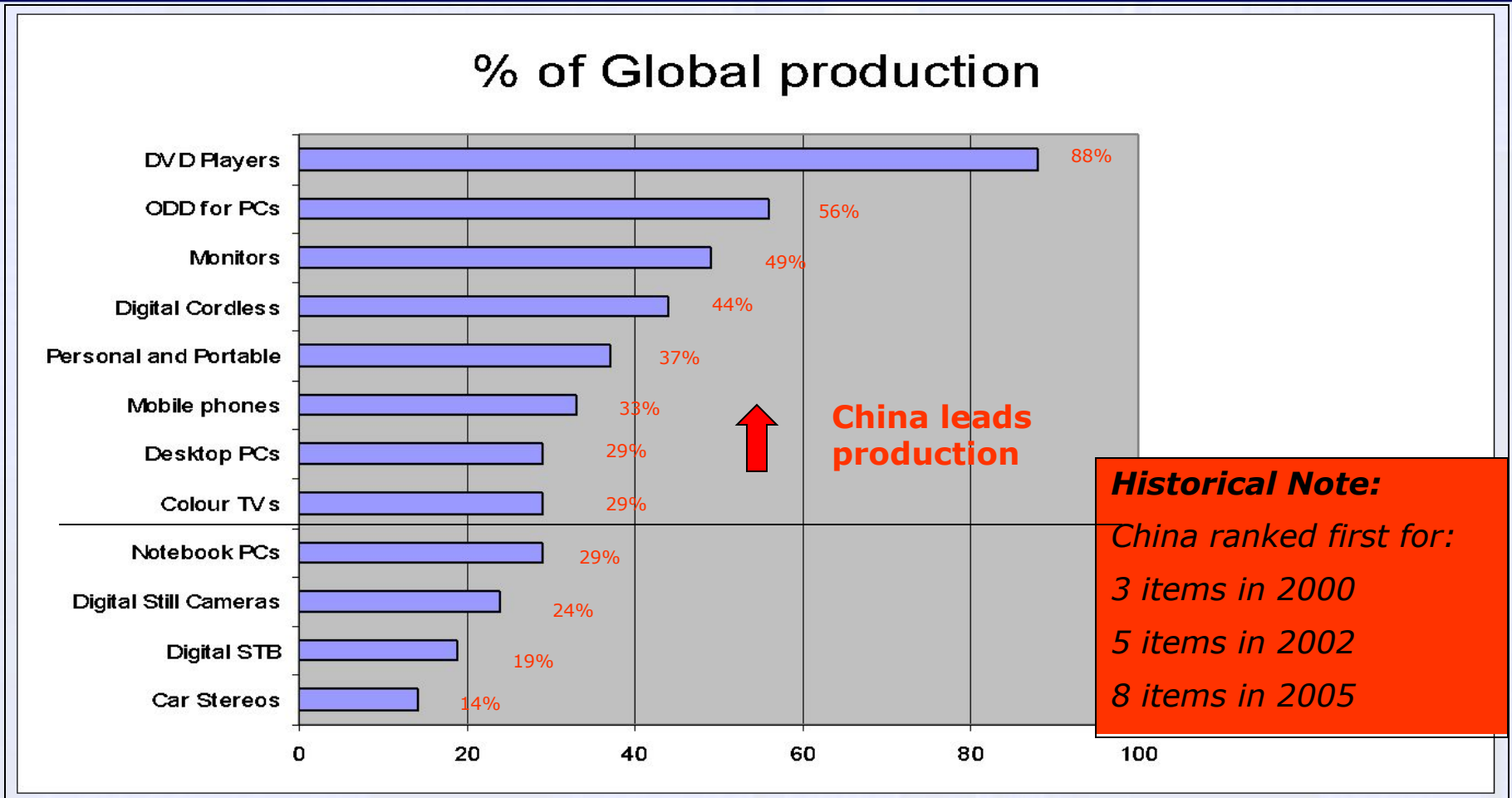
- ❑ Innovation ❑ commodity cycle shortened
- ❑ Cost of innovation - alliances
- ❑ Scale & Affordability
- ❑ Global Platforms



# Indian Durable Prices – Last 36 months

<b>Product</b>	<b>Jan-04</b>	<b>Dec-06</b>
<b>Entry level color TV</b>	<b>100</b>	<b>65</b>
<b>21 Flat color TV</b>	<b>100</b>	<b>50</b>
<b>29 Flat color TV</b>	<b>100</b>	<b>50</b>
<b>DVD Player</b>	<b>100</b>	<b>35</b>
<b>Home Theatre</b>	<b>100</b>	<b>52</b>

# 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

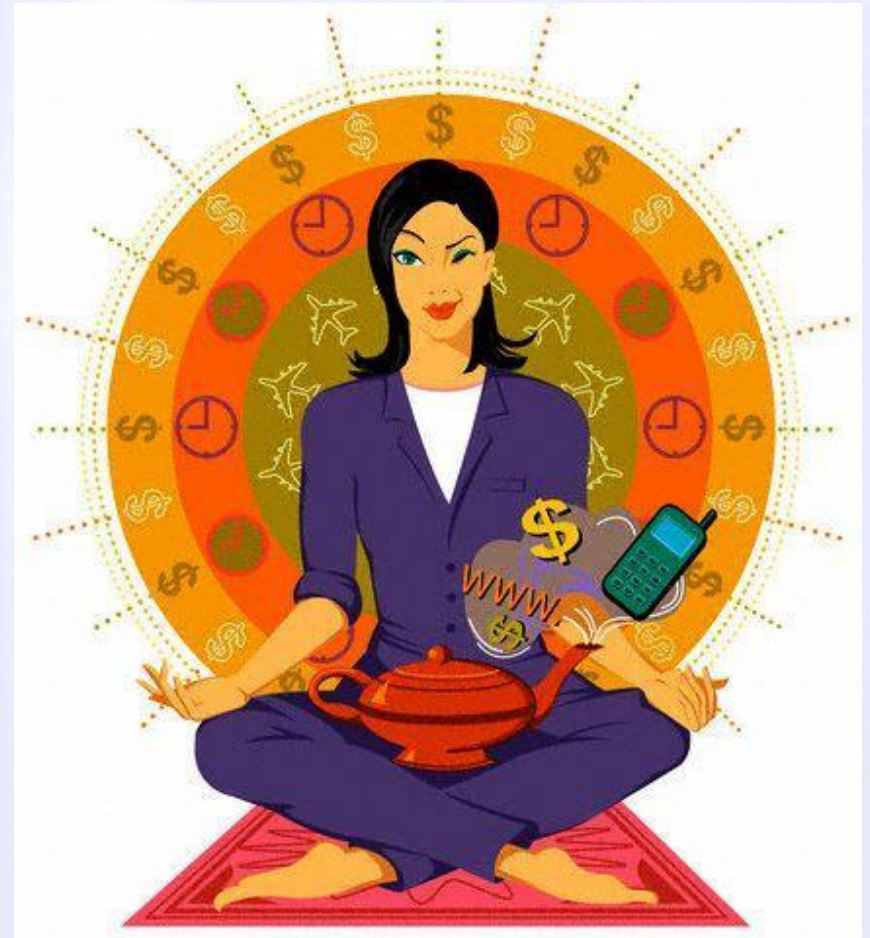




# **The Individual**

# The Individual

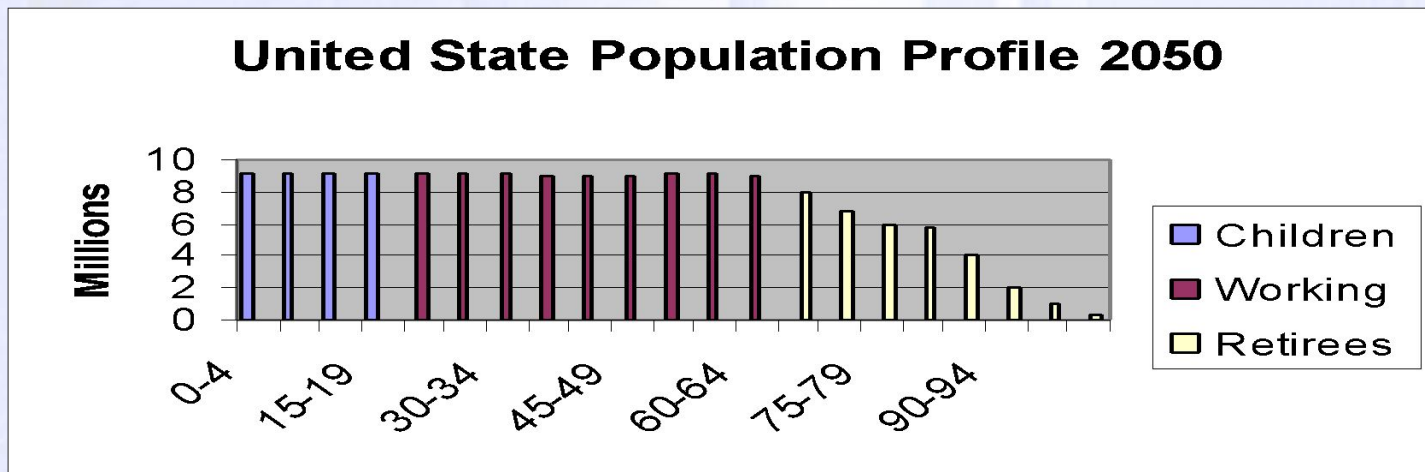
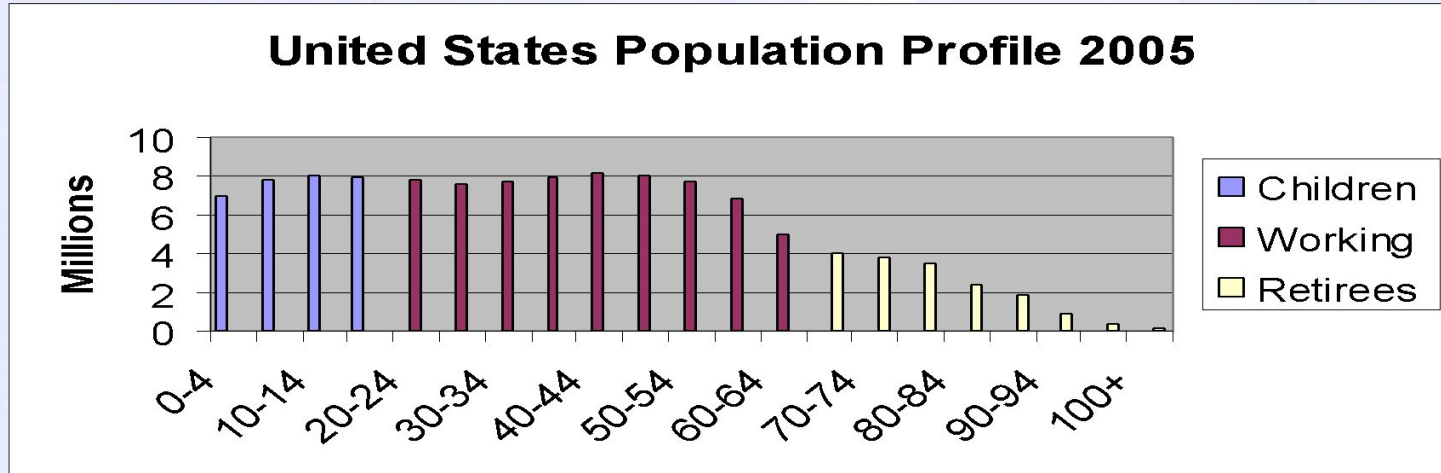
- ❑ Wiser, more demanding and worried
- ❑ Will seek balance in his/ her life
- ❑ Individual mobility will grow rapidly
- ❑ Condensed information capsule
- ❑ Prolongation of the idea of beauty, health



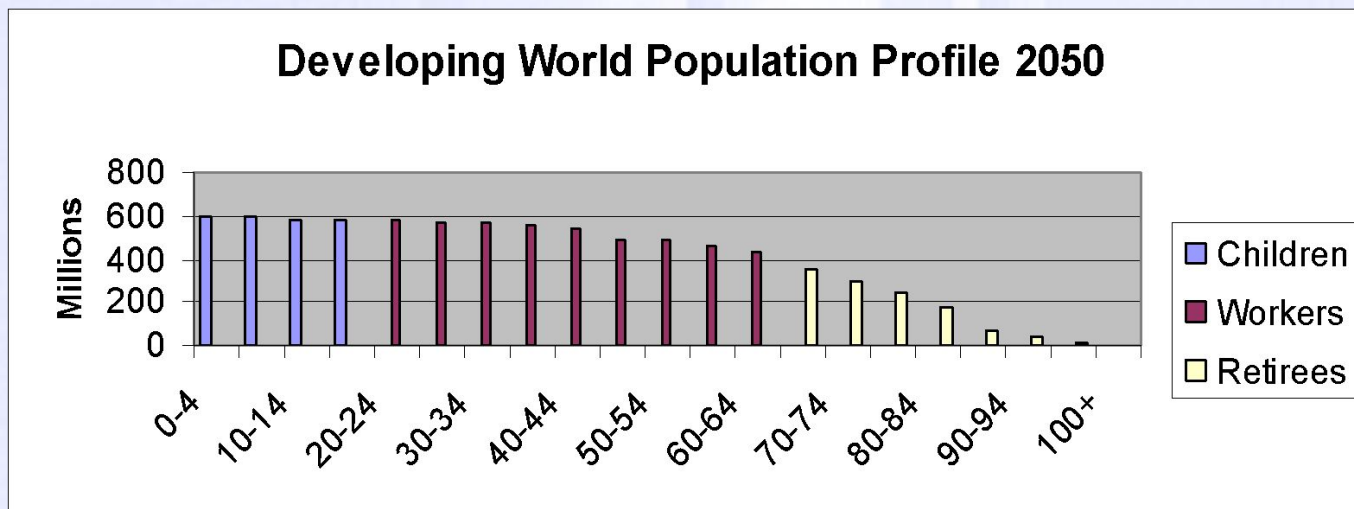
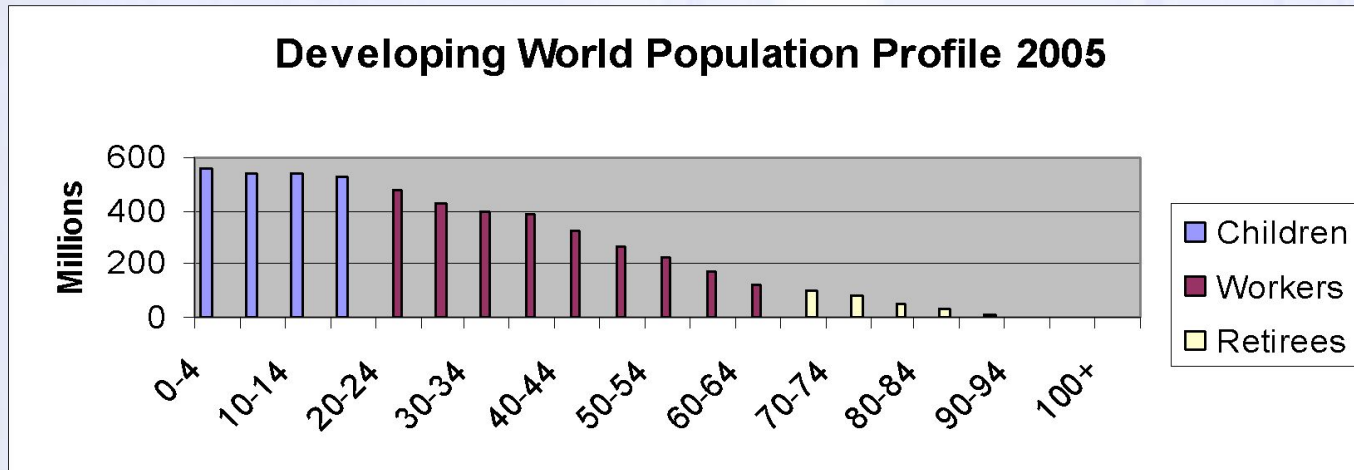


# **Society**

# Population profile for the United States in 2005 and 2050



# Developing world population profile 2005 and 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



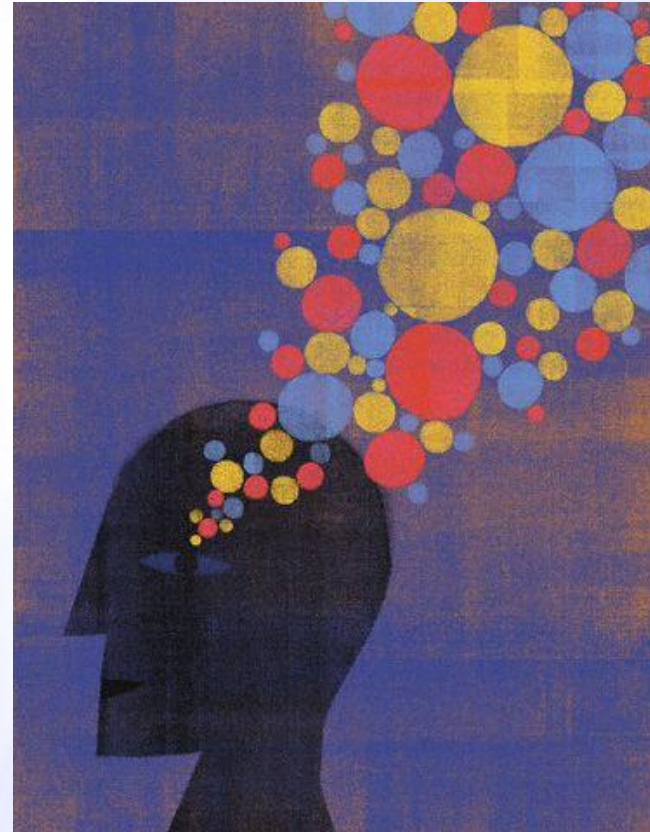
# Brands and Brand Management in the Future

- ❑ 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

