

What the current environment means for fine tuning marketing strategies in China

There is no time in China like today. On one side it is buffeted by the tsunami of global economic crisis, on the other side its consumer base is rapidly increasing in size and value. How can marketers make the best of this unique juncture in time and deploy the most effective strategies for establishing a firm position in China.

Presented below *ten strategies that the marketers can consider to thrive in these times.*

1. New strategies for new times

The changed economic conditions is affecting consumer behaviour and attitudes. Can the marketing strategies based on the understanding of the consumers in the prosperous times still hold water now. Consumers are changing their behaviour in several different ways and various underlying attitudes and values govern these changes. It is critical for us to re-look at the consumer and refresh our understanding to fine tune the marketing strategies.

2. Segment and decide

Not all the consumers react to the environmental changes in the same way. Different consumers have different reactions to the financial challenge – ranging from an extreme tightening of the purse-strings, to a nonchalant continuation of the current indulgences. Tightening may be reflected in different tangible and psychological ways. Manufacturers also need to offer a range of different solutions and propositions to meet these changes in behavior.

Additionally, different consumer segments may be affected to different extent – and growth may vary from segment to segment. In luxury goods, for example, connoisseurship and indulgence segments may grow more as compared to the pure status segment, as these consumers' relationship with luxury segments is not only emotional but also very tangible.

3. Find new pastures

In these times, growth may be easier to come about through geographical expansion, than competitive fight in the current markets. The impact of the slowdown is more pronounced in larger cities – though the smaller towns and villages are also affected if they relied on export based industries. Hence while growth may be challenged in the larger cities, it may be a good time to set forth and explore new markets in county towns, townships and villages. These are the markets which are growing at a faster pace and offer greater return for investments.

4. Emphasize value – re look at your brand portfolio

It does not take rocket science to conclude that in these times the consumers will look for value. The challenge is to offer value without compromising the image. There are different strategies to deliver value – some are appropriate and some ill-advised – some will damage the brand equity permanently, some will keep the image intact but still help adjust to the times. Research shows that direct price reductions are likely to damage more than temporary discounts, and decreasing pack sizes more harmful than increasing pack size at the same price.

5. Look at your distribution channels

A strained economic situation not only changes the consumer, but also changes the shopper. Consumers are normally more attached to the brand than the retail store, hence their first choice is not to change the brand, but try to locate the same brand at a cheaper price at another store.

With more time at hand and greater incentive to economize, more consumers are likely to shop at hyper markets than the more ubiquitous but pricier supermarkets and convenience stores. The search for value and bargains will also turn the shoppers to internet shopping—the only channel that will grow even faster than hypermarkets

6. Help the consumer – teach her, train her, comfort and reassure her

Research indicates that Chinese consumers' response to the economic challenge is cerebral. When opportunities are fewer and the competition more fierce the Chinese consumers will want to further enhance their skills and knowledge. Clearly it is very good news for companies teaching English or computer programming. But the opportunity is not confined to these firms – the FMCG industry could also take a more educative communication stance - wine makers could try to educate the consumers about appreciating fine wines, cosmetic companies could offer lessons on skin care and food companies could coach on diet and nutrition.

7. Family, home and security

When the going gets tough, the consumers tend to take comfort at home and in the arms of the loved ones. Recession is the ideal time to catch up with friends, take the children to the park and visit the parents, and in the process enjoy emotional warmth to compensate for the coldness of the economic climate. The children are likely to pay a heavy price for this, with parents having more time and inclination as well as a renewed determination to help their children with their studies. This offers opportunities to promote in-home consumption, rather than out of home consumption – which in many categories such as alcohol, is much more expensive.

8. Communication

It is not just the product but also the message which needs to reflect the current consumer mind. The communication messages of today needs to reflect sentiments of care and protection, rational and considered behaviour and performance and value. These tones of communication, which always appealed to the Chinese consumers, are likely to find even greater resonance in these times.

9.. Go digital

For the largest internet population in the world, internet has so far been a tool of entertainment and information – less so a tool for commerce. However the initial barriers are being overcome and consumers are discovering the joys of internet shopping. The attributes consumer associate with internet shopping are variety, enables detailed evaluation and comparisons and competitive prices. These are the attributes the consumer will be looking in the times of economic slowdown.

10, Keep a permanent hand on the pulse of the consumer

These are dynamic times. Things are changing at a phenomenal pace. As a result, so is the consumer mood and sentiment, which will have an effect on her decision making and the brands and products that she buys. If marketers don't feel her pulse all the time, they could go wrong. One can not just listen to the consumer once a year - marketers need to put their ears firmly on the ground and listen to every change of beat, every nuance of the consumer mood and continue to fine tune the strategy.,

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Written by Ashok Sethi, TNS China*