

EDITORIAL

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After much thought, we decided on „**Inclusive Marketing**“ as a theme for the **5th Annual Marketing Conclave** at SCMHRD this year. The quest began with trying to understand whether „**Inclusive**“ means „**Inclusion**“ in the social sense, business sense or otherwise And ... we came up with many interpretations.

Personally I feel that „**Inclusive**“ means „**All Encompassing**“. Upon reviewing latest papers and books on the subject it becomes clear that „**Inclusive**“ means to include everyone, being multicultural, straddling the marketplace and establishing a connection with each and every customer. **Success** in the new age is likely to mean paying attention to cultural cues such as music, food, colors and history to make an emotional connection with consumers and solicit their attention. **Profitability** may be linked to being culturally sensitive and choosing media outlets that target audiences.

Do you see these changes as opportunities or as a challenge or a problem? The emerging field addressing these issues is the diversity or **inclusive marketing** field. Doing the same will continue get you the same results. Some **Fundamental** questions you must begin to ask.

- Who do you target to solicit new customers?
- How, where, and who do you source for prospects?
- How do you reach out to these new and emerging marketplaces?
- Are your franchisees attracting and retaining the increasingly diverse consume¹rs?
- Or, are you continuing with your status quo sales and **marketing** management approach and ignoring a huge growing opportunity in your marketplace.
- Are your competitors rushing into these new markets ahead of you and gaining a competitive advantage?
- Do you have a plan to secure these new prospects, customers and clients?

We also extend this opportunity² to invite articles/papers on Inclusive Marketing. You stand a chance to present your paper during the Conclave. Chosen papers will be published in PRiMa. The intention is to invite as many learned and experienced people as possible to elaborate on their interpretation and practices. By way of this Conclave we hope to understand the meaning of Inclusive Marketing.

¹ For more details, mail to marketing@scmhrd.edu

EMERGING TRENDS IN MARKETING POST RECESSION

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Introduction

Nostradamus predicted that there would be mass destruction, world wars, unending misery and the end of mankind. The prediction did not all turn out all correct, in fact there is an increase in general prosperity across the globe. Agreed, that there are areas where people do not get food, water and shelter and some where there is more than plenty but this inequality is the reality of life and some inequality, no matter what the overall level of prosperity is, will always exist. Maybe there will be evolved levels of inequality. Study of this new trend I leave to some other occasion. Of course there would be a difference in capacities and intelligence and we will see a new world order. It is a sneak at this new order that I want to understand and where are we all headed??

One can look at some of the more prevalent trends and get an understanding. I looked up some articles and newspaper inserts and have some thoughts that are corroborated to some extent by the existing data.

It would be too simplistic and very incorrect to say

that one paper or an attempt at it can even begin to explain how the consumers who make up the economies and this world would behave comprehensively. In this paper I have tried to look at some consumer trends (since that is my area of interest).

It is important to acknowledge that consumers and their behaviors (attitudinal and behavioral) have become very complex. The more we study them the more we feel that there is yet a lot more to the consumer buying mystery. In fact the human brain is unfathomable (unless the neurosciences evolve methods to predict human responses in real life marketing situations). Add to this the fact, that the kind of exposure that we have and the complex information and communication maelstrom that we are in today only complicates and adds more variables than we can ever study at one time. Today, we not only have adults but also children and even those over 60 impacting purchase behavior. The children and the so-called elderly are now new segments under study. In fact the youth market is also a special and separate segment wielding a lot of power as consumers. The populations of the world are ageing and this trend will be on the upswing. Consumers and their researchers with grey hair and better biological systems thanks to the advances in medical science will probably rule the roost in times to come.

The defining and paradigmatic change has been the increasing empowerment of the consumers. Empowerment is the power of knowing what I want and having sufficient choice to exercise it and then the requisite ability to pay (of course as per own standards). Even the governments across the world are investing in educating their citizens of their rights. World over there has been a substantial increase in the number of literates and therefore the educated class who are more sensitive and aware of what they want and how they want to consume products and services.

Individual choices now rule and conformance is not the key to social acceptance. In fact standing apart from the crowd is considered a better option in terms of social recognition. There is an increasing trend towards individuality which has spawned new age practices like Experiential Marketing and Behavioral Targeting which aim to involve all the five senses of an individual and reach out to him on a personal level.

The change can be seen in new modes of communication and promotion being effectively used by companies in developing countries like India; in a country of 45 million internet users, almost 54 million hits were registered by the Tata Nano site in the first week of its launch. You may not see electricity in all houses but every house (kuccha or pucca) will have at least one cell phone. Practically everyone uses a mobile. In essence everyone has access to all kinds of technology and means of communication and the rural urban divide will cease to exist in sometime in terms of access to technology and new age services. Of course the issue of Ability and Will, will always remain.

All this has been happening at a pace faster than we can imagine and economies are going through their share of pluses and minuses. The consumer market today (post 2008) therefore is plagued not just by an evermore discerning consumer but also a roller-coaster economy which gives choices and sometimes reduces or even takes away the ability to pay. Indians traditionally have been conservative as far as spending is concerned and now add the dreaded R word (recession) and consumers stop buying luxury items, stick to utility, pare down expenses and delay to some future date what can be managed without. These are dangerous times to be in for marketers and advertisers. After this recessionary trend is gone the marketplace will achieve a normal but it will surely be different from what we have seen before and the past and more importantly the

current experiences will rule future behavior patterns. The future is going to be very very complex.

David Mercer captured this possibility when he predicted the following:

1. The future of humanity is, in general, no longer constrained by any significant shortage of resources.
2. Accordingly, that future is now being progressively determined by social decisions, taken not just by a few leaders but by millions of us taking billions of small decisions as part of our daily lives.
3. The general, longer-term framework within which these specific, individual decisions are taken is largely provided by our expectations of what the future holds for us.

Trends

Let us look at the trends in decreasing order of intensity and this is obviously my opinion and you may have a different ranking.

I – The market is converging to one whole. Consumers at every level and location have access to products and services that they were not even aware of. Richard Watson in his book Future Files is also talking about global connectivity as a key trend and he goes on to substantiate it with facts like one billion people are online and this number is set to double in less than a decade, 2.5 billion cell phone users and this number is multiplying like bacteria. Like I said before there will always be an issue of ability to pay and willingness to pay. But the ability to pay for a slightly different version of the product may change. Consumers want to use luxury products but without the price tags attached. They are

willing to look at duplicates and those markets are flourishing worldwide. The grey market is a huge competition that our rating agencies are not even measuring.

These are some interesting statistics and facts that I uncovered while researching for this article (from the book 'Drops of Nectar' by leading spiritual guru from India, Swami Chidanand Saraswati) and they tell a story!!

If you woke up this morning with more health than illness...you are more blessed than the million who will not survive this week.

If you have never experienced the danger of battle, the loneliness of imprisonment, the agony of torture, or the pangs of starvation...you are ahead of 500 million people in the world.

If you have food stocked up, atleast one or two sets of clothes, a roof overhead and a place to sleep...you are richer than 75% of this world.

If you have money in the bank, in your wallet, and spare change somewhere ... you are among the top 8% of the world's wealthy.

If you can read all of this message, you are more blessed than over two billion people in the world that cannot read at all.

The present therefore is much better than where our parents began and probably will look better by the time our children (if all of us get married and also manage to have children of our own!?) grow

up or become an active consumer, whichever is earlier!

II Affinity to Technology

Technology has grown and evolved in leaps and bounds and what was a fantastic assumption even 20 years ago is a definite possibility today. Along with this development is (as Fontanella said) the commoditization of many of the technologies that were developed in the past century. Stan Davies³ described that era as being characterized by emergent technologies".

It began with processes being performed real time and doing everything on the drawing board first then the simulation on a small scale as a means of testing made popular by the Japanese. It reached its peak with digital technology that abolished conventional concepts of time and space.

That era created such products that captured the imagination of the consumers and created a demand that created a lot of wealth for those who understood it and made and sold those products (the quartz movement in watches is one such example). They say it took this era only 20 years to duplicate what the old economy accomplished in over 100 years. Some of the more celebrated names are Akio Morita of Sony, Bill Gates of Microsoft, Jack Welch of GE, to name just a few.

That has also ridden its high point and now with Social networking, technology in your palm and villagers in bullock carts ordering their seeds and fertilizers by cell phone we have reached the new and next high point.

³ Stanley Davies, *Future Perfect* (Addison-Wesley:Massachusetts, 1987)

Watson refers to this age as GRIN technologies (Genetics, Robotics, Internet and Nanotechnology). This clearly signals that we are moving towards times when there will be hyper connectivity, hyper convenience and a more aware society and consumers. Markets are going to be less differentiated than they were before.

III Low Market Differentiation

There is an increasing trend towards

- connectivity
- living and eating convenience
- shopping
- good health

Even if some of this is just lipservice, it is important to note that people are using these words comfortably and we see them in different forms around us.

Indian mobile services companies and handset vendors have identified the rural market as a new growth opportunity, as urban markets are getting saturated.

A vast majority of these cell phone users use the pre-paid plan, between 90 to 95%. And these subscribers are from differing market strata and locations. And the most important thing being that the behaviour of pre-paid consumers is more or less the same with respect usage and services subscribed to. Each one wants to be connected from the autorickshaw-driver, the farmer upto the executive. Every one wants more control over usage therefore the pre-paid connection and each one aspires to get a better unit whenever resources will permit them. It is not uncommon to see young executives who take up jobs, using

better units than their bosses! SMSs are used to cut costs and increase privacy by a vast majority.

Each one of us violates a rule, one way or the other – connecting while driving or while walking and does not think twice about it (blaming it on the increasing pressure of time and even so why are phones mobile anyways if we cant talk when we are moving‘) . Each one has the same perception about the importance of being connected – by keeping the cell phone on and maybe on silent or meeting mode during meetings, while watching movies, or while on board an aircraft (some phones now have an in-flight mode‘ to stop the blatant flaunting of rules). Each one wants to be in the mailing list of other cell phone users – to receive the daily dose of jokes/news/updates.

The mobile connectivity market has converged in ways we never thought possible. In more ways than one, the behavior of these consumers (multiplying manifold) is undifferentiated on the broader parameters.

Trend Towards Eating Convenience

There is an increasing trend to eating outside and also to consume food items that are ready to make or better still ready to eat. With the conditions like both parents working, lack of time, expertise in cooking not seen as a value add and all products from sugar laden candies to wheat flour talking the fortified language; there is an increasing trend towards consuming ready to eat and eating out. The per capita income and GDP has shown a steady increase in India and the number of people that frequent hotels and restaurants has also gone up significantly. A significant portion of these convenience eaters crowd the same places and use the same brands (what with Kelloggs coming up with a cereal pack

at the Rs. 10 price point which is targeted at the lower SECs).

The traditional wada-pav (an Indian veg burger) costs between Rs.5 to Rs.8 (approx 10-12 penny worth) and all kinds of people from all types of social strata buy it from the same outlet and consume it at the same place and expect the same kind of service. Some recent manufacturers have made new age versions of the traditional wada pav but even so the consumer is yet the same. This is so because even the lower SEC consumer wants the higher SEC service and cleanliness at a premium of Rs.1 or 2 and enjoys the experience. Like the cell phone users, they cut across all sorts of market classification. Bigger players in various product categories are trying to differentiate. But we know that any attempt to differentiate would bring the competition to equilibrium sooner or later once a differentiation affects market share and the money earned.

At one time, McDonald's started selling white ice cream for Rs. 7.00. It was a case of social pricing. Whenever I visited a store, there was a long line of buyers of this vanilla ice cream. The buyers cut across all major social segments and everyone wanted the same ice-cream.

The market just converged probably because of the price or a combination of many factors. But these factors effectively brought together people from different backgrounds to consume the same product, in the same place. Unfortunately, McDonald's pulled it out because competition followed the practice to bring market share to equilibrium.

Trend Towards A Shopping Community

While the crisis that started in 1997 took its toll on the economy, SM, Ayala, Robinsons and other major retailing giants continued building more retail spaces. What they built during this period adds to what they already had before the crisis. That brings the total space and growth in space to something that is disproportionate to our economic development.

The availability of retail space and the kind of experience that we get out of such space has created a mall culture. A study conducted by Dr. Leonardo Garcia of De La Salle University reveals a high frequency of usage among a cross-section of the consuming public.

Markets	% Visiting the Mall at least once a week
Teenagers	66%
Young Adults	59%
Adults	67%
Total	64%

Source: PMA Agora Digest, Volume I, 1st

Issue

Across the various segments, the mallers go to malls to be entertained, to shop, to eat/dine, and to look for specialty item. They crowd the same places to do practically the same things, at the same shopping hours, and during the same shopping days.

Trend Towards Wellness

When the SARs problem broke out, there was one product that was immediately emptied in retail stores – supermarket and drugstores. Generic Ascorbic Acid or Vitamin C. Because of the SARs outbreak, people wanted to strengthen their immune system. The prescribed product or medicine was vitamin C. There was a precipitating event that led to an increase in demand. The demand came from a cross section of the population. Just about anyone who was scared bought a bottle and took a dose of 1,000 mg per day. In the recent swine flu pandemic everyone bought some kind of mask and took all kinds of preventive precautions like yoga, pranayam, homeopathic medication, ayurvedic drugs to improve immunity. Everyone was equally concerned.

Cost of medical care is something that few people can afford. Because of stress, pollution and other external factors, the consequences of sickness at an early age are more real than imagined.

Paul Zane Pilzner differentiates wellness from the sickness industry. The sickness industry reacts to illnesses. The wellness industry prevents illness and attempts to prolong productive life. He predicts that the wellness industry would become a trillion dollar industry in less time that it took the PC industry and the auto industry to become one.

The auto industry was spawned by scientific breakthroughs in chemistry, metallurgy, and mechanics. The personal computer industry was spawned by scientific breakthroughs in physics and binary mathematics. The wellness industry is

being spawned by scientific breakthroughs in biology and cellular bio-chemistry.⁴

In developed economies, the wellness industry has created many millionaires in less time than two other industries. Soon, it will create its billionaires, again in less time that it took the other two industries. Because wellness cuts across class and demographics, it shows traces of a convergent market. When high-quality attractively priced products become available, we will see another huge market convergence in India.

4. Meaning of Market Convergence

The examples presented are cases indicative of market convergence. Economists have been studying market convergence and have come out with many theories. Marketing is left behind. Marketing practitioners, in fact, have to start understanding the principles and implications of market convergence.

Let me impress you with the definition of market convergence from the perspective of an economist:⁵

Convergence between previously disjointed markets can be viewed as the erosion of boundaries that define and isolate industry specific knowledge. The cross elasticities that might be invoked to conveniently separate markets no longer holds. Firms become more proximate in their technological platforms.

⁴ Paul Zane Pilzner, The Wellness Revolution, p. 4.

⁵ Johannes M. Pennings & Phanish Puranam, Market Convergence & Firm Strategy

I think marketing practitioners can do better than that. What happens to our future if we leave it to the care of economists?

Economists have created a visual or theoretical representation of this principle and they call this the convergence map where there is a transition from a relationship of one-to-many or many-to-one to a relationship that is many-to-many.

5. Significance of Market Convergence

What is the significance of the market convergence theory?

The perspective that we should take is to ask what strategic options are open to firms faced with market convergence and discuss the firm level initiatives that might make them more or less successful in their strategic.

When market convergence unleashed its might in such industries as communication, food and retail, how did we fare? The wellness industry is threatening to capture the imagination of a classless sector. How are we positioned to take advantage of this opportunity? What other markets have the tendency to converge? What are the predictors of market convergence. As marketing practitioners, we need to respond these questions. As marketing practitioners, we need to understand such trends.

As a concluding remark, let me quote Thomas Friedman:

Thomas Friedman describes the driving force behind human action at this stage of history.⁶ He writes that people around the globe are pretty much pursuing the same goal: ~~the~~ basic human desire for a better life; a life with more choices as to what to eat, what to wear, where to live, where to travel, how to work, what to read, what to write, and what to learn.⁷

In the process of pursuing the same goal of pursuing individual wants, we end converged, in some decisions following the same pattern of consumption and expressing the same aspirations and desires.⁸

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- Paul Zane Pilzer, The Wellness Revolution, p. 4.
- Johannes M. Pennings & Phanish Puranam, Market Convergence & Firm Strategy

⁶ Stephen Moore, p. 1

⁷ Ibid., p. 1