

RIDING THE BIG WAVES INTO OUR EMERGING FUTURE

David Morgan, Executive Director Analytic & Insight Services, IRI

At Summit 2006, David Morgan, Executive Director: Analytic & Insights Services at IRI, took a look at what trends the consumer can expect in the future

Changes to the FMCG world have rarely come quicker or been more dramatic than they are today. In order to prepare for the future, it is important to learn how the innovations that have changed the world affect us today.

Three such innovations are so much a part of everyday life for many people, it is easy to overlook their significance. The first and perhaps most obvious example is the mobile phone. Its growth over the past decade has been nothing short of phenomenal. And whilst talking to people from wherever you are is clearly a massive boon, texting is perhaps the one of the more surprising successes of the mobile phone revolution. Sending texts is twice as common as sending emails despite the latter being, essentially, free. For Generation C (where C stands for connected) it's all about personal connectivity.

Meanwhile, the iPod has changed forever the way people listen to music. By enabling the user to unbundle individual tracks from albums, the iPod provides the opportunity to make bespoke choices. This empowerment of the consumer is an emerging theme within FMCG.

Finally, the coffee house Starbucks, has combined internet availability with the chance to personalise their own products and so taps into the consumer zeitgeist in two areas at once.

Over the course of time, the consumer has changed from being a captive audience, to being captivated and empowered. The future is likely to see the consumer in a state of chaos, in the sense of being overwhelmed with information and choice. Where choice was once controlled and became vibrant, it is now veering quickly towards overload. Supermarkets now hold an average of 50,000 items, which means shoppers choose one product out of 1000 in every minute of a typical 50 minute visit in-store. Meanwhile, the retail channels themselves are becoming massively complex, in terms not only of offerings in-store but also of the types of store to choose from.

One of the challenges for the players in the industry is to be agile enough to anticipate changing market dynamics and accelerate change faster than the rate of change in the market. It's also necessary to simplify the process of acting on wider and deeper insight, and to execute real change in the store itself.

Perhaps most crucial though is to understand the complete shopper journey, from the user at home, through choice of store, right up to location, range, merchandising pricing and promotions in-store. Leading manufacturers share a strategic interest with their top customers to target shoppers to increase loyalty in the classical mass retailers and penetration within hard discounters and small formats.

The way to ride these big waves of the emerging future is through shopper-centric marketing, becoming an analytic enterprise, driving true collaboration whilst not forgetting to attend to the bedrock. And like an iPod, the best strategy is to be fast, customised, empowering, consolidated, collaborative and easy to use.

