

Those who have the most are less materialistic while those with the least are the most. New Ask Afrika TGI results released Part 3: “*The Global Consumer Power Shift – 3 hypotheses*”

In recent years there has been a power shift from developed to emerging nations and this is likely to become increasingly prevalent. Generational shifts, the emerging middle class in the impact of technology have played significant roles in the global power shift. Consumers in emerging economies are gaining power and consumer behaviours are diverging in developed versus developing markets. A number of significant factors were revealed at Ask Afrika’s recent *TGI Global Consumer Perspectives 2013A* workshops, amongst which are the way consumers interact with brands in developed versus developing markets. The “*Global Consumer Power Shift*” which examines global trends in consumerism, is unpacked by Andrea Rademeyer, CEO of Ask Afrika, examining what this means for media and brand owners.

TGI have identified three high-profile hypotheses:

1. *The Global shifts in generations* -explores macro demographic changes and the impact on different generations.
2. *The rise & decline of the middle class* seeks the full story on the aspirations and expectations of this growing consumer group
3. *Influences* looks at the challenges to who is used as the authority when consumers seek information to inform their purchase and the impact of technology

The first theme allows for the study of a number of factors that influence the generational change. There is now a larger variation in household (HH) size around the world. For example the average HH size is 4.8, compare to 2.7 in Germany. Globally there is a better educated society overall, technology creates transparencies and speed of information gives access to learning. Yet, unemployment creates added angst for so many and global youth are hardest hit (18-24 year-olds). This has resulted in a less altruistic outlook than prior generations and may lead to a tipping point. The youth may therefore also not be seen as the ‘core’ target market as they were before. People are working longer and retiring later, baby boomers are often still active in the workplace and as economic drivers.

The second theme, rise and decline of the middle class seeks the full story on the aspirations and expectations of this growing consumer group in emerging markets. The middle class can be defined loosely as individuals who have average income and assets as compared to the rest of their country. This normally



represents about 30% of the population. *TGI* aim to find a consistent global measure and the *TGI* definition of middle class is Socio Economic Level 3, which is derived from several measures on an individual's ownership of consumer durables, assets and prospects (e.g. education level achieved, white goods have etc.).

In terms of the middle class *TGI* looked at: aspiration and ambition; consumption and finance and attitude towards brands. It was discovered that, on the whole, the middle class is not more materialistic or ambitious than anyone else. While the middle class in many markets are materialistic and ambitious, this is not what makes someone part of the middle class. Affluence drives this trend and this attitude characterises the more extreme classes, those who have the most are less materialistic, those with least are most. In the richest countries the middle classes are affluent enough for money not to be a driver of who they are. The middle class in developed countries have far greater incomes than those in developing markets, so comparative affluence has a key role in response to the question: Is money the best measure of success. In developing countries, the middle class are more materialistic and career driven.

The middle class in Egypt, China, India and South Africa are highly ambitious in comparison to Western counterparts and are willing to sacrifice family time to get ahead. While there is an appetite to be wealthy amongst the middle class in developing markets, we can see some first signs that they are becoming more conscious of the balance of work and family life.

The third theme is the influences on our lives and the impact of technology. *TGI* asked questions about what the main influences were in people's lives. Politics- how big an influence is political activity on consumers? Internet - how is this currently being used to aid purchase decisions? Social influence - how reliant are people on others to inform their purchase decisions?

Digital offerings, the internet, social media and crowdsourcing are now common currency for marketers and *TGI* examines the impact of the internet and who the authoritative sources on this platform are. If we take all internet users, the largest proportion are in China 23%, followed by USA, Brazil, India and Germany. It was in 2009 that China overtook USA with the comparative biggest number of online users.

But, as a proportion of the population, penetration of the internet is still comparatively low with only 38% of the Chinese population online. Therefore, there is still the potential for this already huge number to grow especially as there are only very few who access through broadband. It is a similar story in other developing markets, although slightly more dramatic in India, with only 1 in 10 of the population online.

So online appears to be a very useful channel in developed markets and a tool that will increase in importance in developing markets. But we are also highly conscious that the infrastructure to support growth of the internet would be difficult to achieve in many markets and that by only focusing on those with the internet misses out on a large proportion of the population.

Mobile phones have a similar penetration in the majority of markets. At least 70% of people own a mobile. Mobile phones are fairly universal though, so it isn't about apps or mobile internet in the main, but about using the mobile as a communication tool to pass on news or send offers through SMS.

Social media is being 'sold' as the latest and greatest tool for marketers. In terms of giving the ability to target and engage with consumers as a brand, it is unrivalled. But isn't, yet, the magic bullet for brand engagement that many promote them to be, a third of the population, at most, use social media.

TGI research for which *Ask Afrika* hold the South African copyright is a single source sample of 15 000 000, it has a global geographic coverage of 67 markets and measures services and products, media and brands. *Ask Afrika's* knowledge of brands is extensive and as *TGI* partners they are the leaders in brand expertise in South Africa, *TGI* research is the perfect vehicle for brand positioning and this will be explored further with *TGI's* annual *Icon Brand* winners, which are to be announced at an awards ceremony in Johannesburg on 19 July 2013.

ENDS

About Ask Afrika:

Over a period of almost two decades, Ask Afrika has grown to be the largest independent South African market research company. The company focuses on local relevance, benchmarked against the global context. Apart from its large South African footprint, Ask Africa also operates in a dozen African continental territories. Their exclusive product suite includes the Orange Index, Trust Barometer, Radio Moods, TGI Icon Brand and TGI (the Target Group Index).

www.askafrika.co.za

Issued on behalf of Ask Afrika by Stone Soup Public Relations

For further information, please contact Daya Coetzee

daya@stonesoup.co.za, (011) 447 7241