

The background is a dynamic, abstract composition of vibrant, blurred light trails in shades of blue, green, orange, and purple. These trails radiate from a central point, creating a strong sense of forward motion and depth, reminiscent of a high-speed train or a journey through a futuristic tunnel. The overall effect is energetic and visually striking.

# KANTAR

## Under Pressure in Southeast Asia

What marketers need to  
know for strategic planning

Webinar: Wednesday 1 March 2023

# Welcome



**Nelson Woo**

Senior Director Commercial,  
Worldpanel, Kantar Asia



**Jane Ng**

Brand Expert & GM, Insights  
Kantar Singapore



**Kathryn Clemente**

Innovation, Insights  
Kantar Singapore

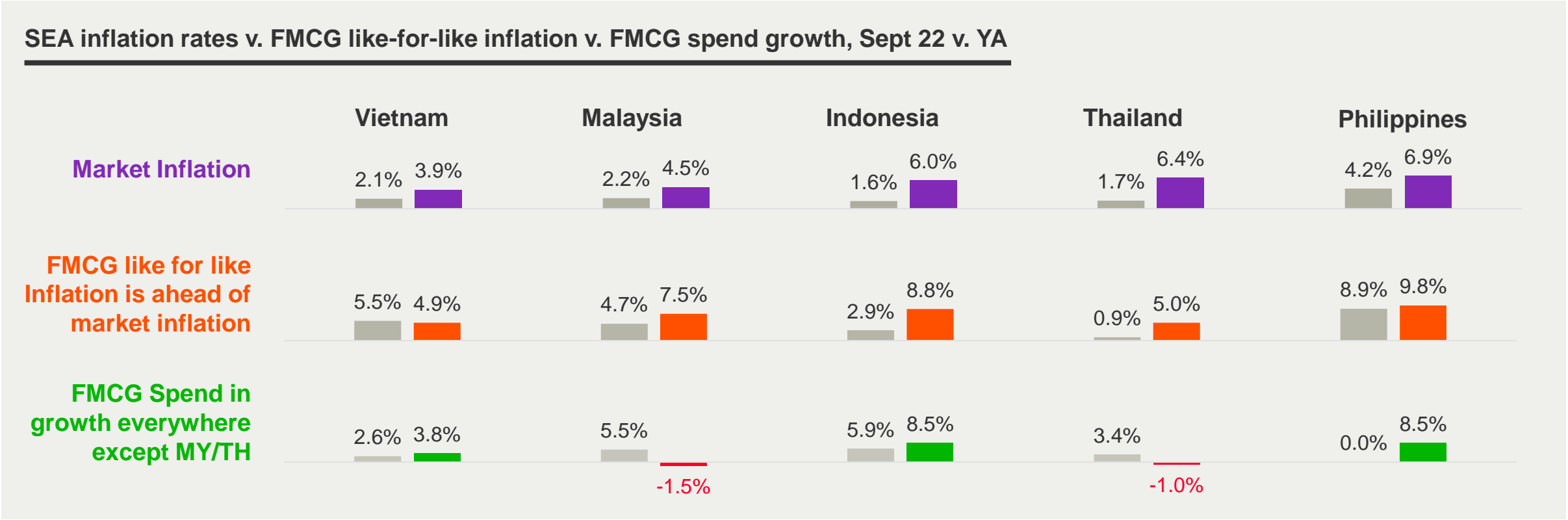


**Juliano Piccoli**

Creative & Media, Insights  
Kantar Singapore

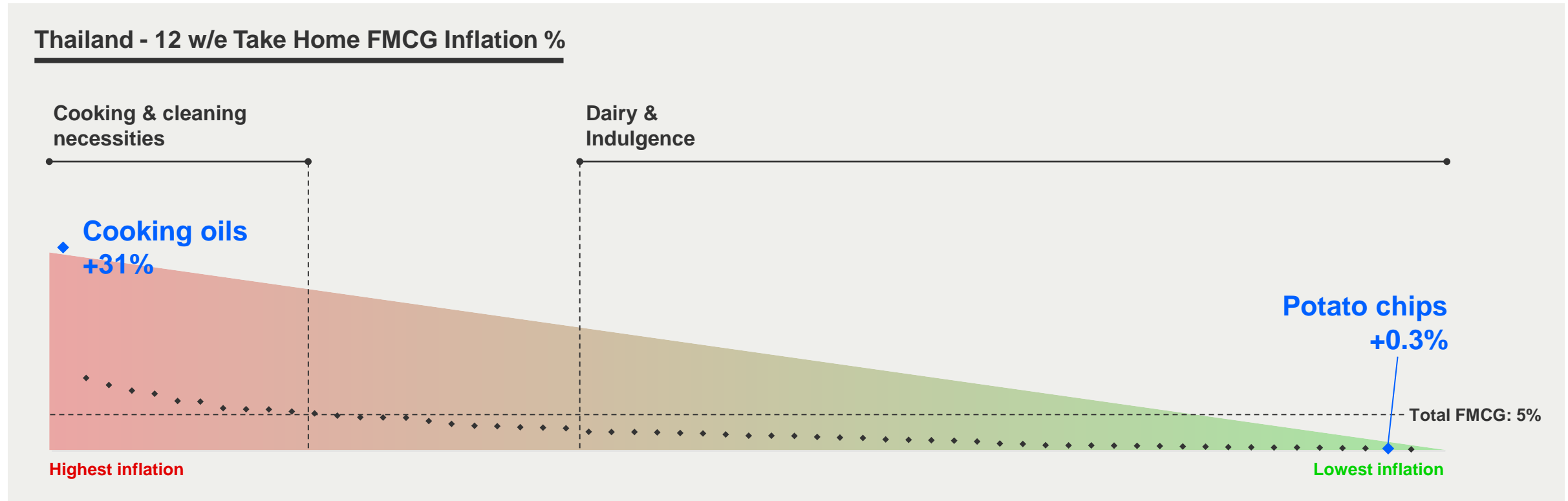
# Inflation in Southeast Asia is unique and market-driven

Don't average the region because the demographics and trade development are different



# The range of impact is huge, both in terms of what and who it affects

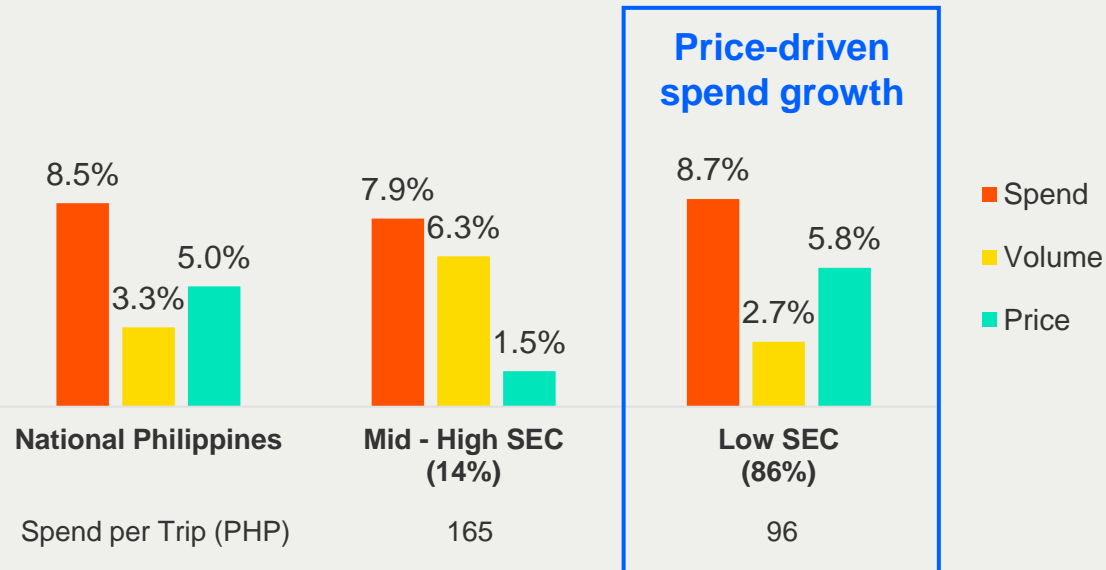
Do not average all FMCG because inflation varies greatly between categories





# Low SEC households in Philippines are even more vulnerable to inflationary pressure

Take Home FMCG Growth %, MAT Sept 2022 v. YA

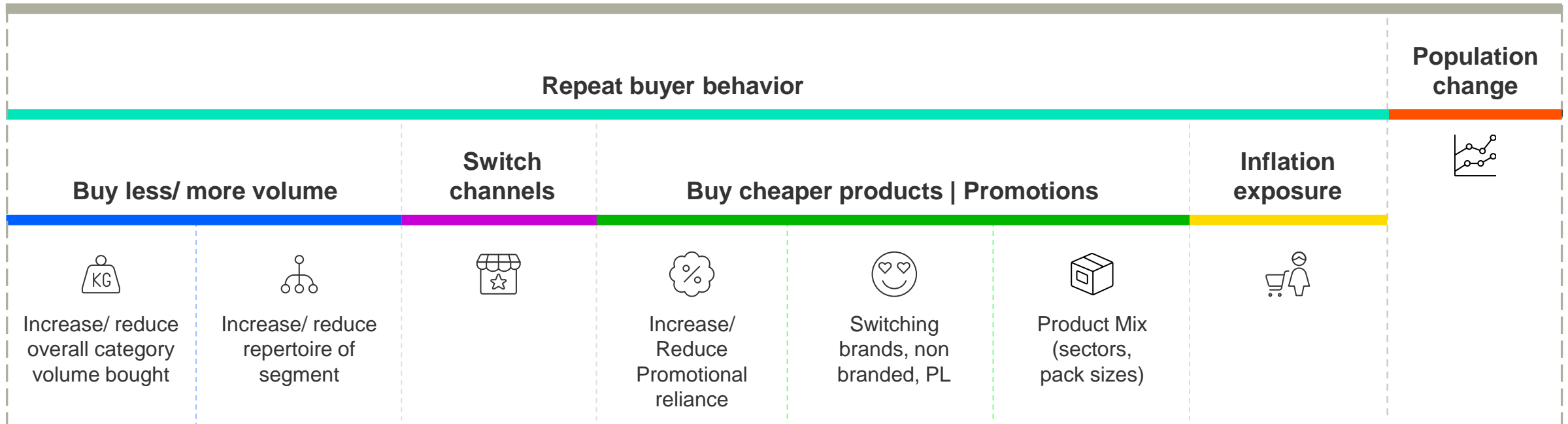


Thinking about how to price product is key to win low SEC shoppers as they:

- Mainly buy basic necessities only
- Mainly shop in general trade and/or proximity stores
- Have limited variety/choices of products
- Tend to buy smaller SKUs
- Have less option of promotions

# Shoppers have different strategies to cope with inflation

## Change in category spend (+/-ve)



# What marketers in SEA need to know for strategic planning to maximise margins and stay affordable

## Pricing

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How to price appropriately in inflationary times

## Brand

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Why building meaningful difference is essential

## Innovation

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Why innovation is key in volatile times

## Creative & Media

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Where to focus media spend and how to get the creative messaging right

## Q & A

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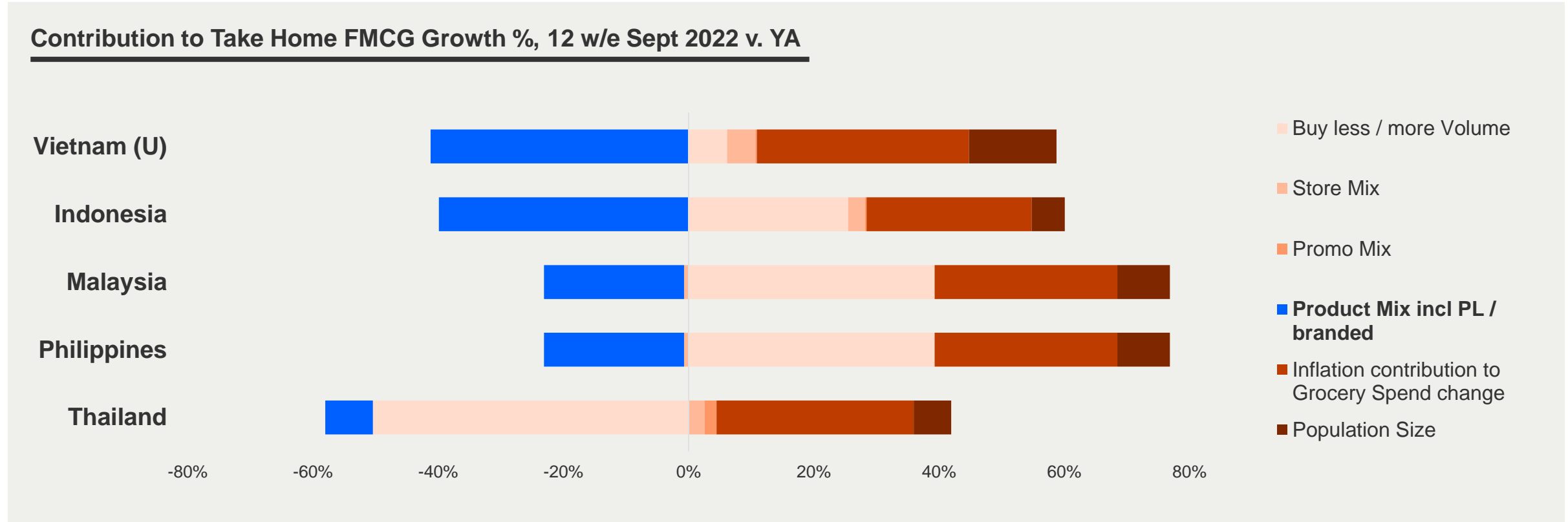
## Pricing

How to price appropriately in  
inflationary times



# SEA consumers are switching to cheaper products

It's key for brands to reduce price sensitivity



# 6 in 10 categories in Malaysia promoted above FMCG average

But more promotions do not always result in more growth, so the key is to drive it effectively

Spend Contribution on Promotion % by Categories, MAT Sept 2022

**56 / 90**  
categories

**26** categories **promoted more** than last year

**24** categories suffered **decline**

**37 / 90**  
categories

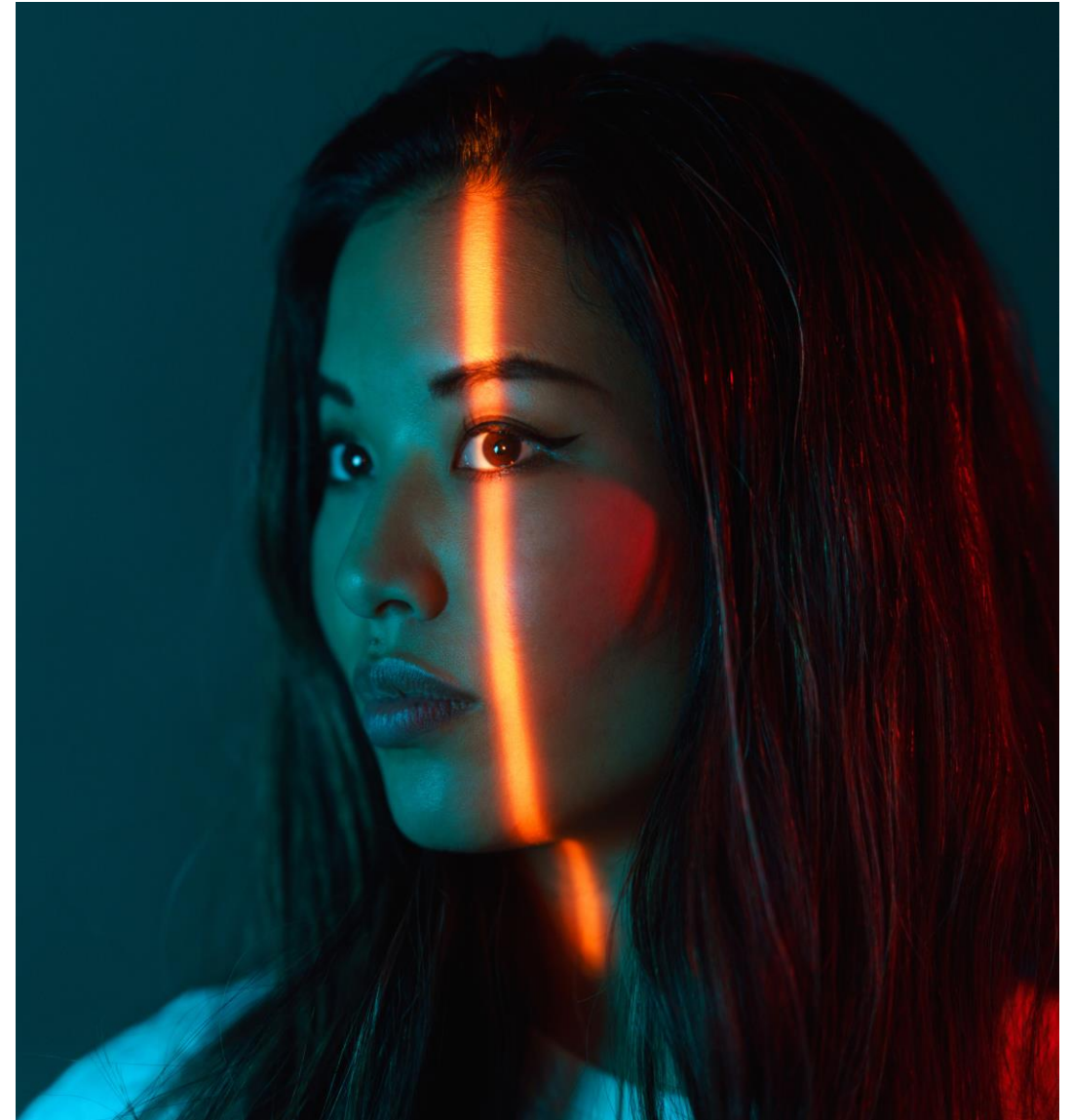
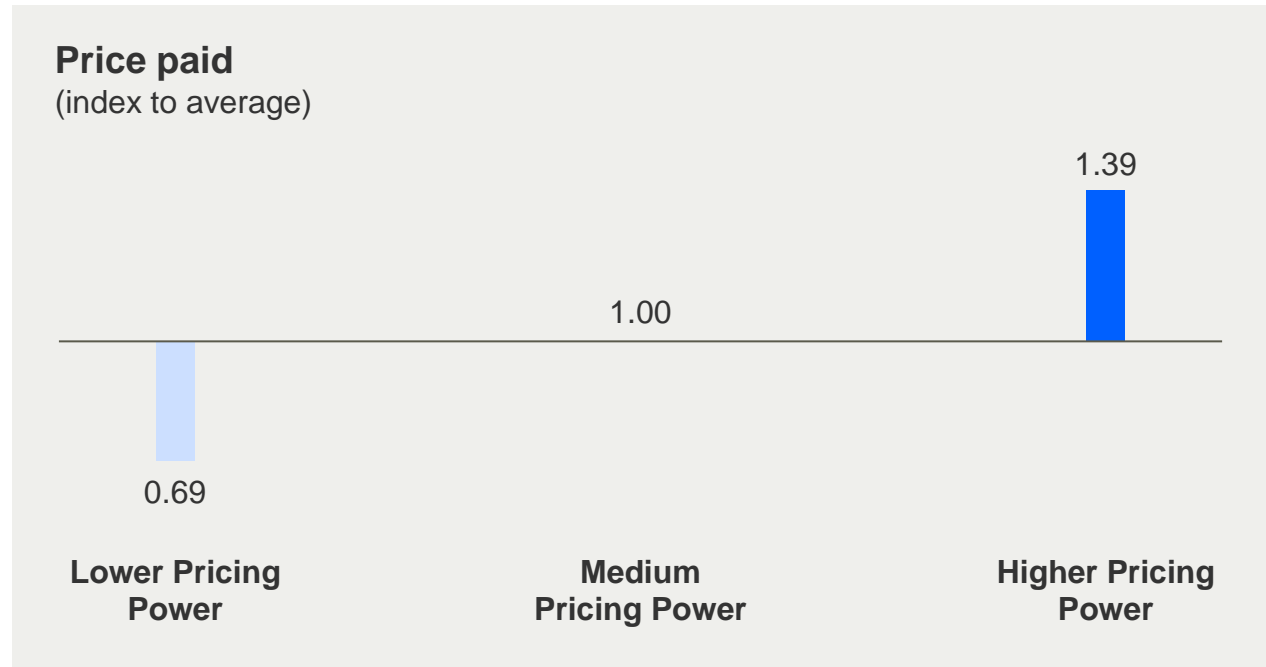
**21** categories **promoted more** than last year

**29** categories suffered **decline**

Total FMCG  
Average: 23%

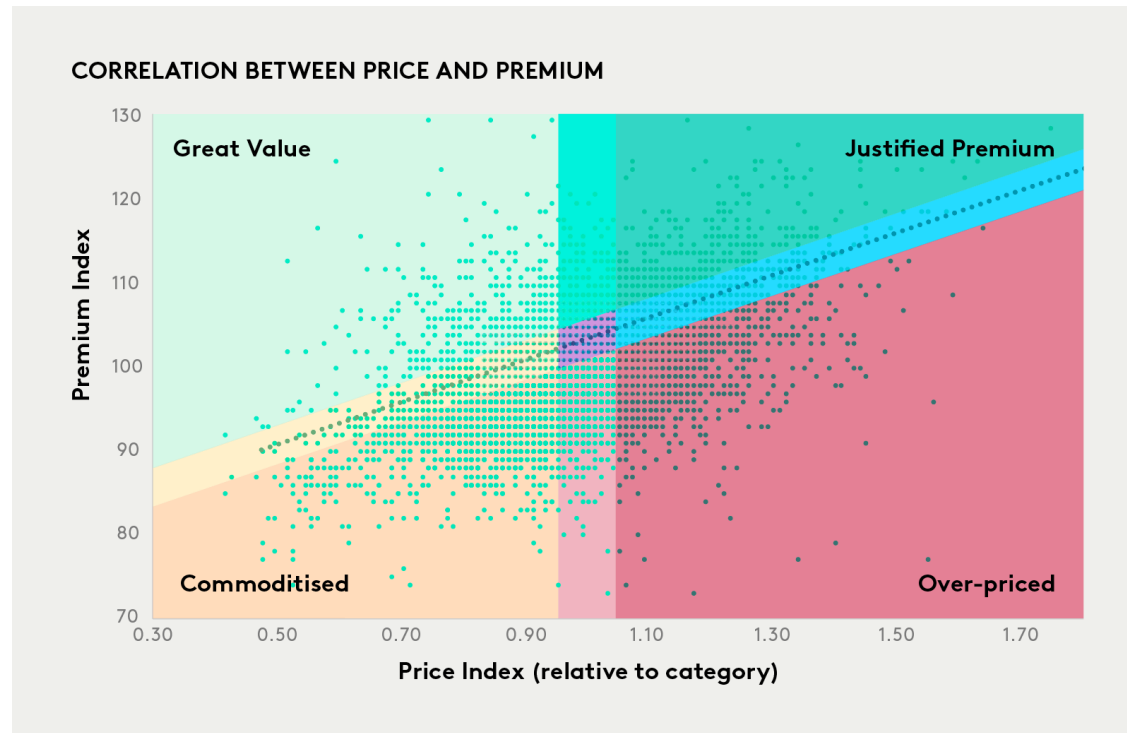
# People are willing to pay double for brands with high pricing power

So how can brands keep their margin and pricing power in a way that is affordable and accessible to consumers?



# But it's not just about price

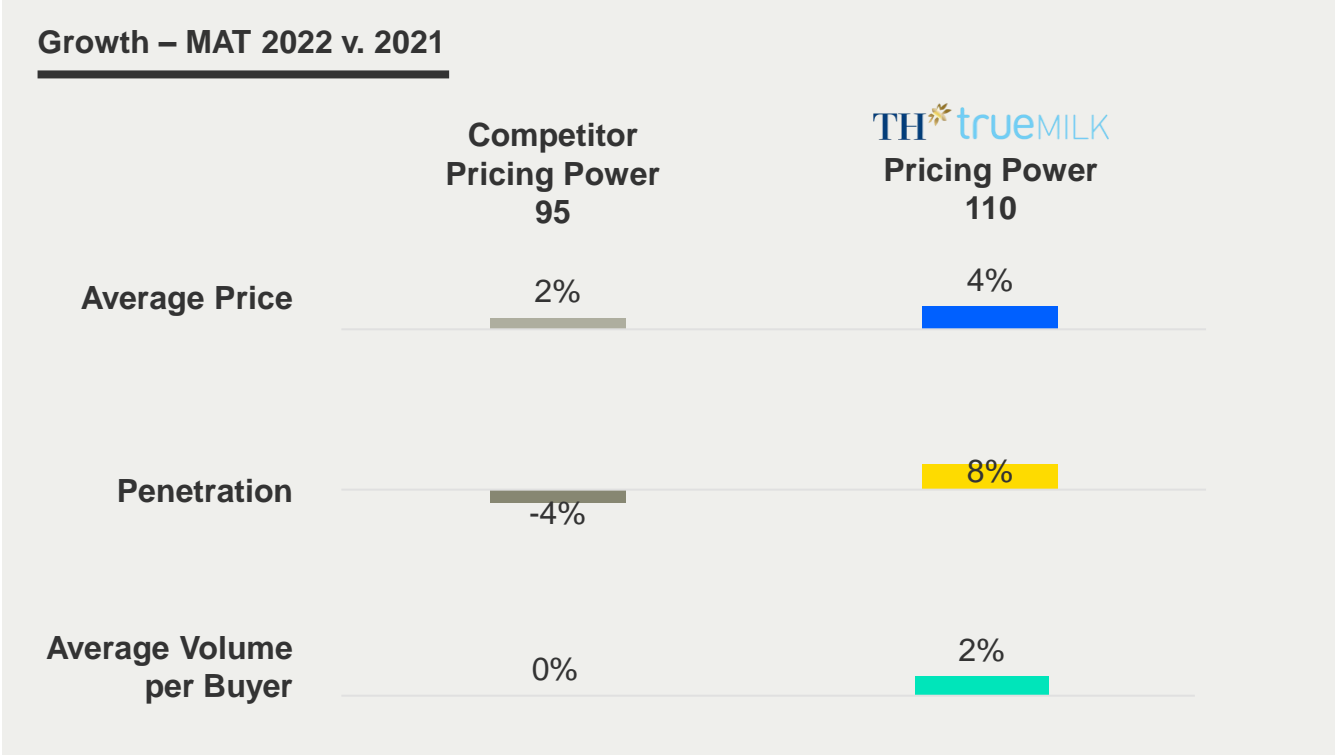
Maintain margin and Pricing Power in ways that are affordable and understandable to people





# Brands with high Pricing Power continue to grow in terms of penetration and volume

Dairy & Milk Products Vietnam



I.

# Make the move from price to value



## Do not resort to promotion mode or shrinkflation tactics

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Instead focus on your brand as a value producing asset and align your interests to those of the consumers to ensure that you are meaningfully different



## Reduce price sensitivity

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By making 'reducing price sensitivity' your campaign objective (vs. share gain or share defense), the profit gained will be much greater by comparison



## Maintain your Pricing Power

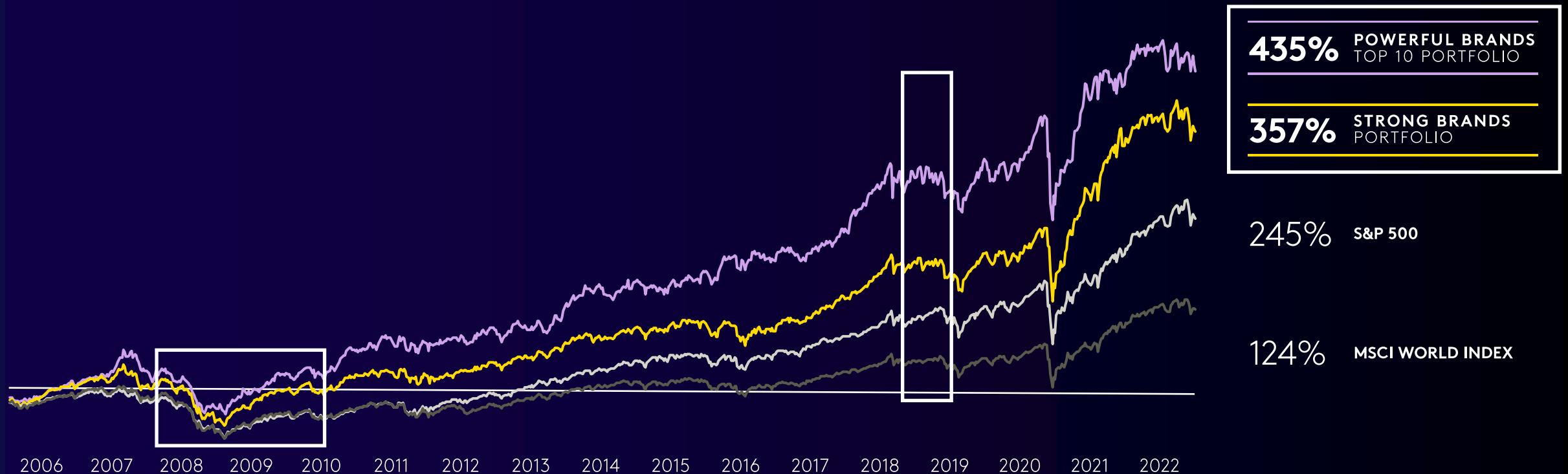
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In ways that are also affordable to consumers

## **Brand**

Why building meaningful  
difference is essential

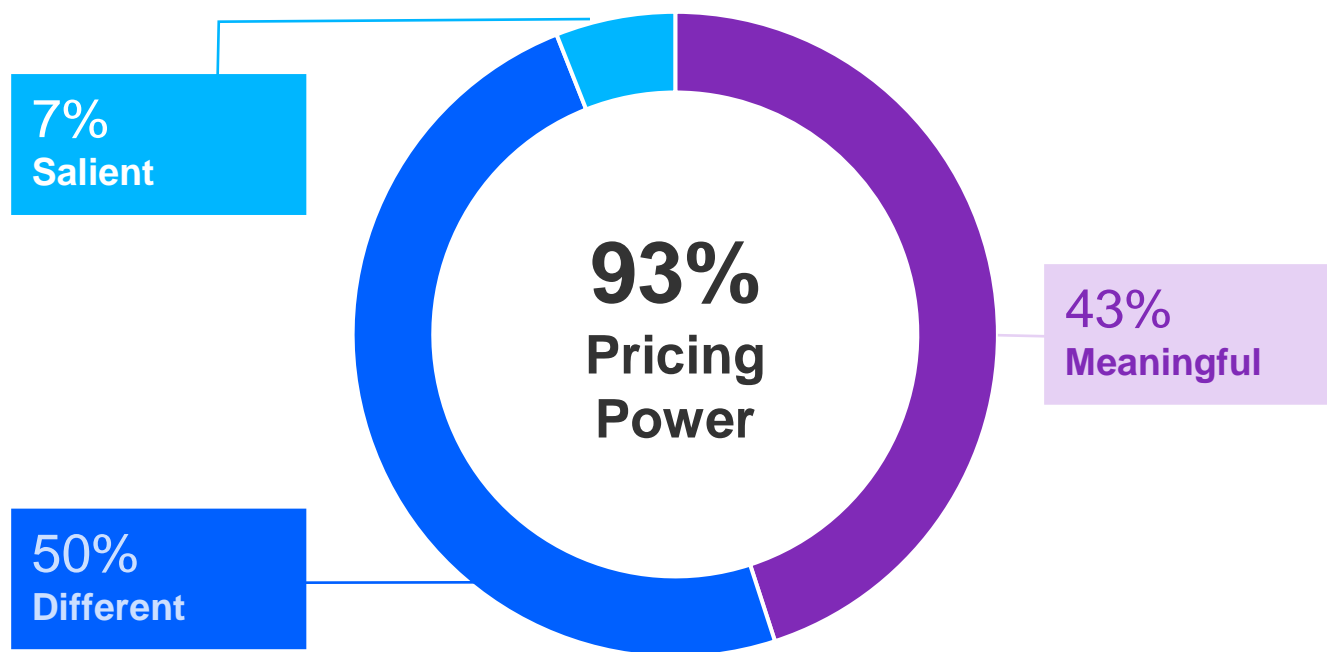
# Kantar BrandZ: Strong brands bounce back more quickly





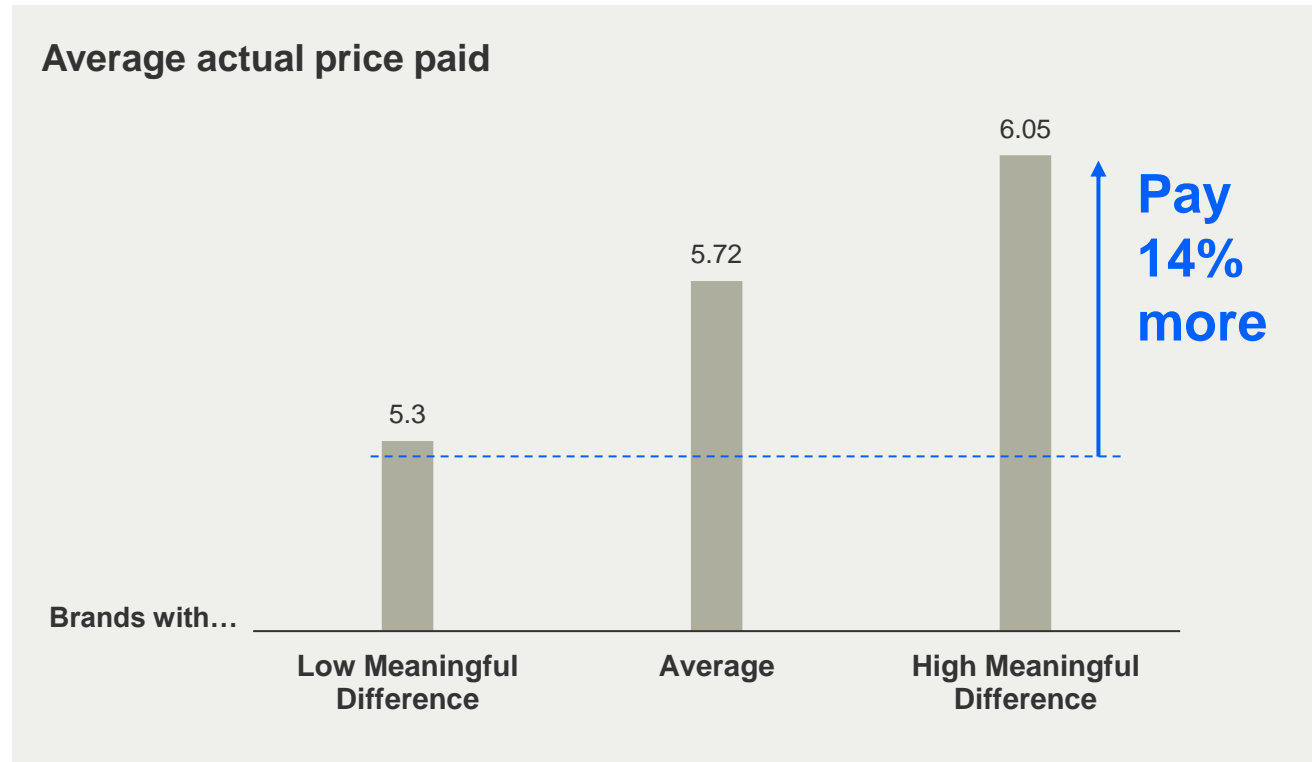
# Meaningful Difference drives Pricing Power

Margin drivers in SEA



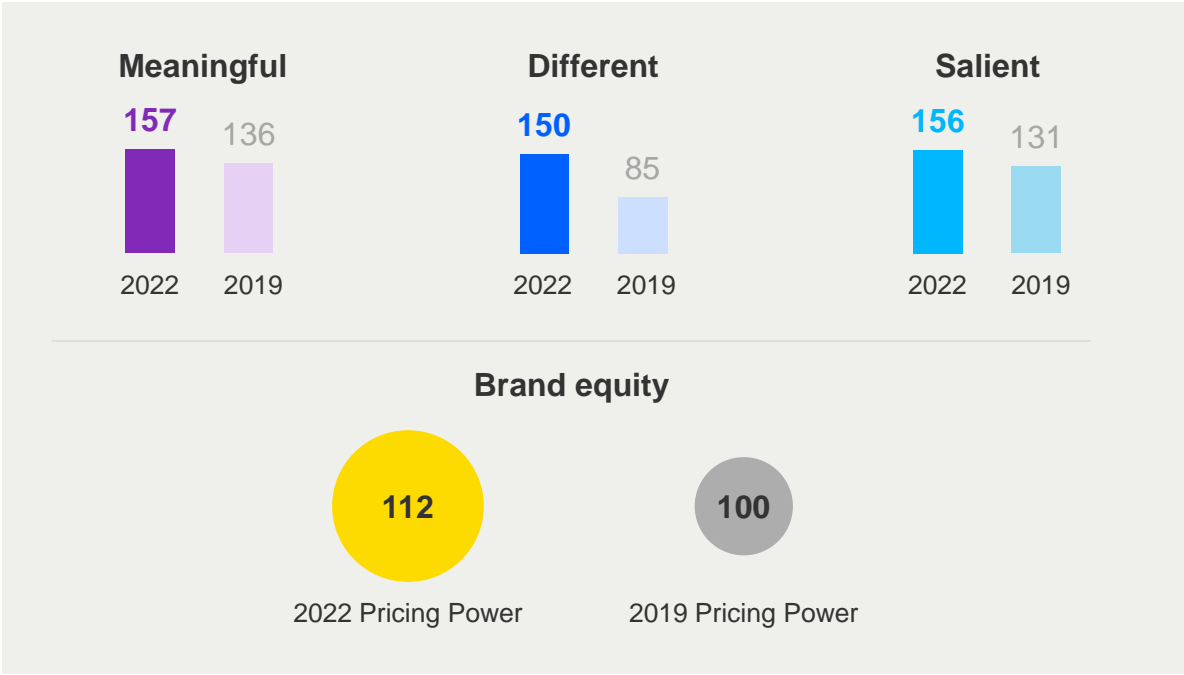
# The Power of Pricing Power

Is your brand meaningfully different?

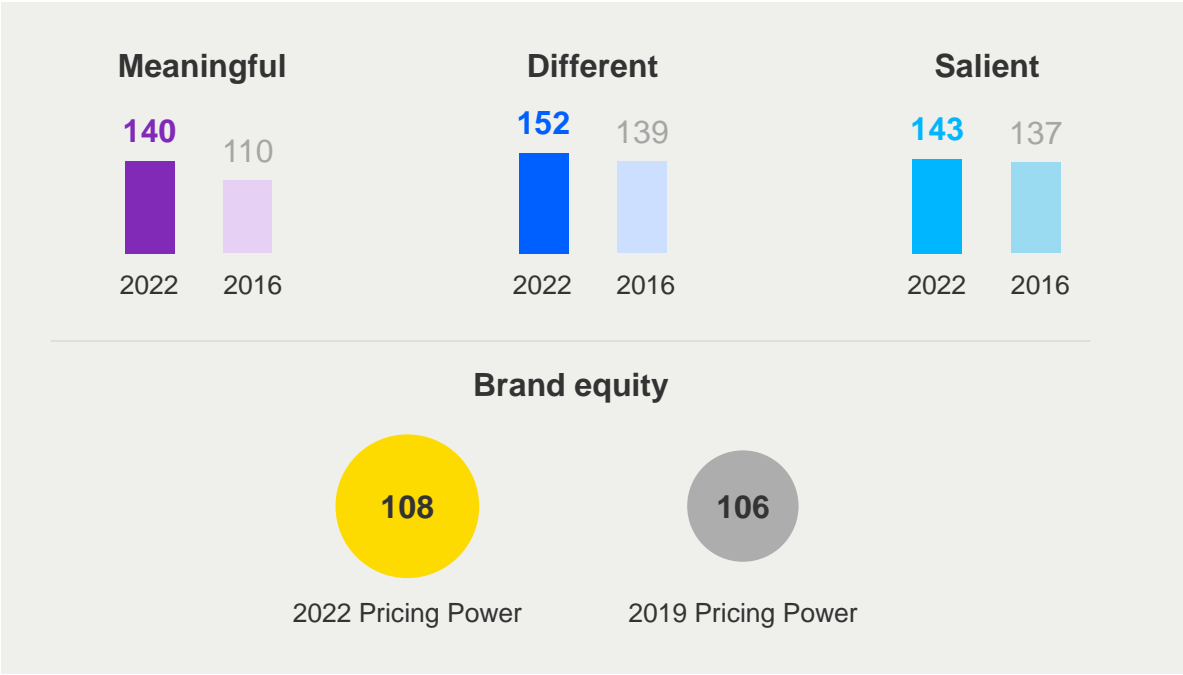


# Investing in your brand consistently over time builds Pricing Power

## Tiger Beer in Vietnam



## AIS Telco in Thailand



## II.

# Continue to build meaningful difference



### **Invest in your brand to build meaningful difference**

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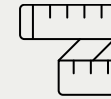
The more a brand is perceived as different, in addition to the belief that it stands for something, the more valued it is



### **Exhibit empathy and consumer understanding**

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Level positively with the consumer's thrifty mindset and speak with clarity about the tangible benefits, that surplus value they are bringing when it's needed most



### **Measure your Brand Equity to increase Pricing Power**

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Measure the different dimensions of your brand's equity (Meaningful, Different and Saliency) to increase your Pricing Power



## Innovation

Why innovation is key  
in volatile times

# A strong innovation pipeline has been proven to protect and even grow brands in challenging economic times

After the last great recession, winning brands launched...

60%



more innovations  
than competitors

63%



of overperforming businesses  
take a **long-term view of the  
future** – the best growth predictor

Brands perceived as highly innovative have grown...

7x



**faster than competitors**

# Innovating during challenging times: Disrupt or be disrupted!



**Meet new opportunities**



**Be consumer-centric;  
reinforce value proposition**

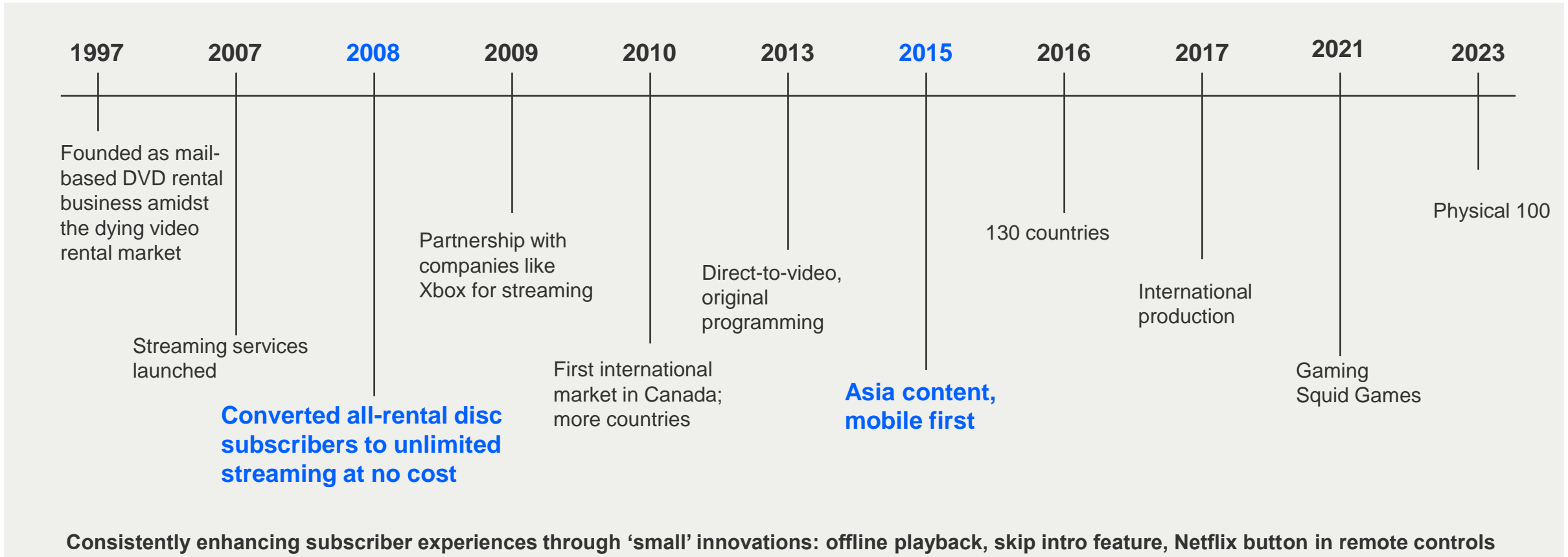


**Be fit for brand**



**Balance pipeline across  
core, stretch and  
breakthrough innovations**

# Netflix: always pivoting to weather ongoing disruptions





# Renovating to overcome the impact of sugar tax

*Highlight*

## Nestle Malaysia says no increase in product prices

Bernama / Bernama

July 03, 2019 16:27 pm +08

The Malaysian Reserve

Home / Business / Minimal impact from sugar tax on FMCG companies

## Minimal impact from sugar tax on FMCG companies

Rakuten Trade Sdn Bhd VP for equity research Vincent Lau believes the affected companies would adapt by reformulating their drinks to minimise any damage to sales and brands.

"We are not increasing the price at this stage. We will find a way to absorb the impact," chief executive officer Juan Aranols told the media at the company's open house here today.



### III.

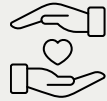
# Futureproof your innovation strategy to drive brand growth



## Meet new opportunities

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Address new needs, new moments, new routines or new priorities that emerge from changes.



## Be consumer-centric

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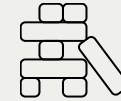
Do not innovate for the sake of it. Invest in innovations that are fit for purpose and reinforce your value proposition.



## Be fit for brand

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Create innovation help enhance the brand's perceived meaning and differentiating proposition.



## Balance your pipeline across core, stretch and breakthrough innovation

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Core brands for stable income stream; stretch innovation for incrementality, and breakthrough to secure future.

## **Creative & Media**

Where to focus media spend  
and how to get the creative  
messaging right

## **Marketing spend to grow by a fifth despite recession fears**

Marketing budgets are expected to grow by an average of 20% over the next year, despite fears of an imminent recession, according to a survey of 101 CMOs at large digital-first businesses.

## **Coca-Cola 'significantly' ups marketing spend in preparation for 'dynamic' 2023**

*The drinks giant's core strategy for dealing with the likely challenging economic environment in 2023 will be to "lean into growth", its CEO has said.*

### **CPG ADVERTISING**

## **P&G Is Slashing Marketing Spend As It Goes All-In On The Reach Metric**

## **Unilever pledges boost to 'brand and marketing' spend**

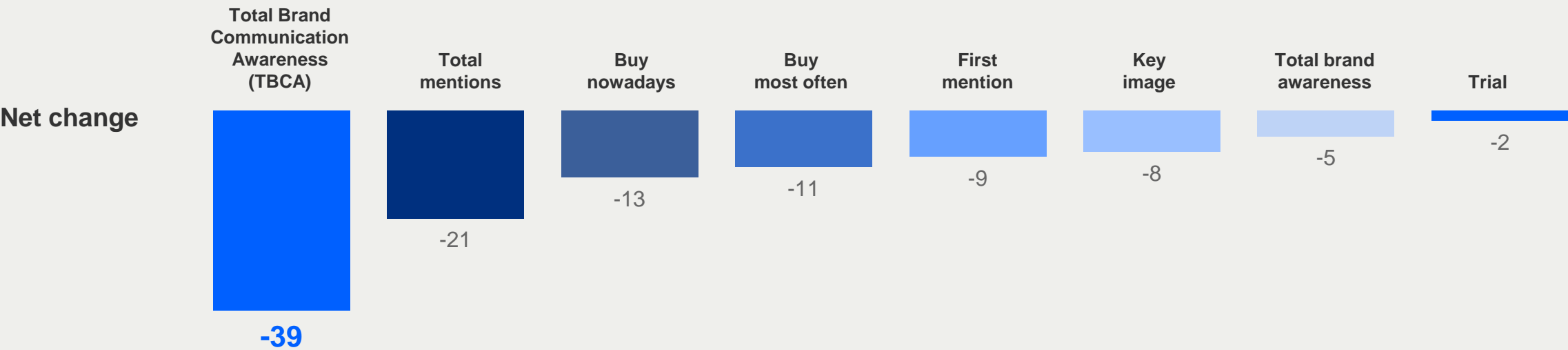
FMCG giant's commitment to invest in marketing during cost-of-living crisis contrasts with many companies cutting back adspend.

## **HOW TOP TV ADVERTISERS PLAN TO SPEND AMID ECONOMIC HEADWINDS**

Despite Microsoft's decision to curtail TV ad spend, other major brands aren't expected to follow suit

# Brand advertising recall declines 39% within six months after stopping TV ads

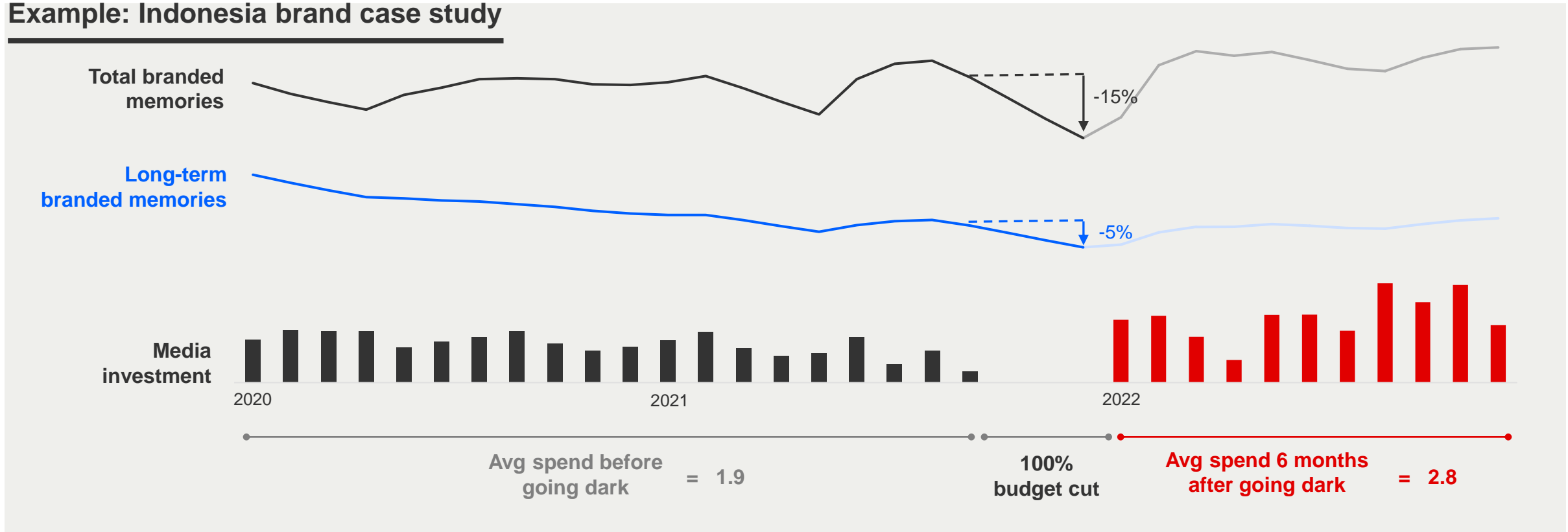
## Net effect on brand measures 6 months after TV advertising stops



(Net Change = percent of brands increasing - percent of brands decreasing)

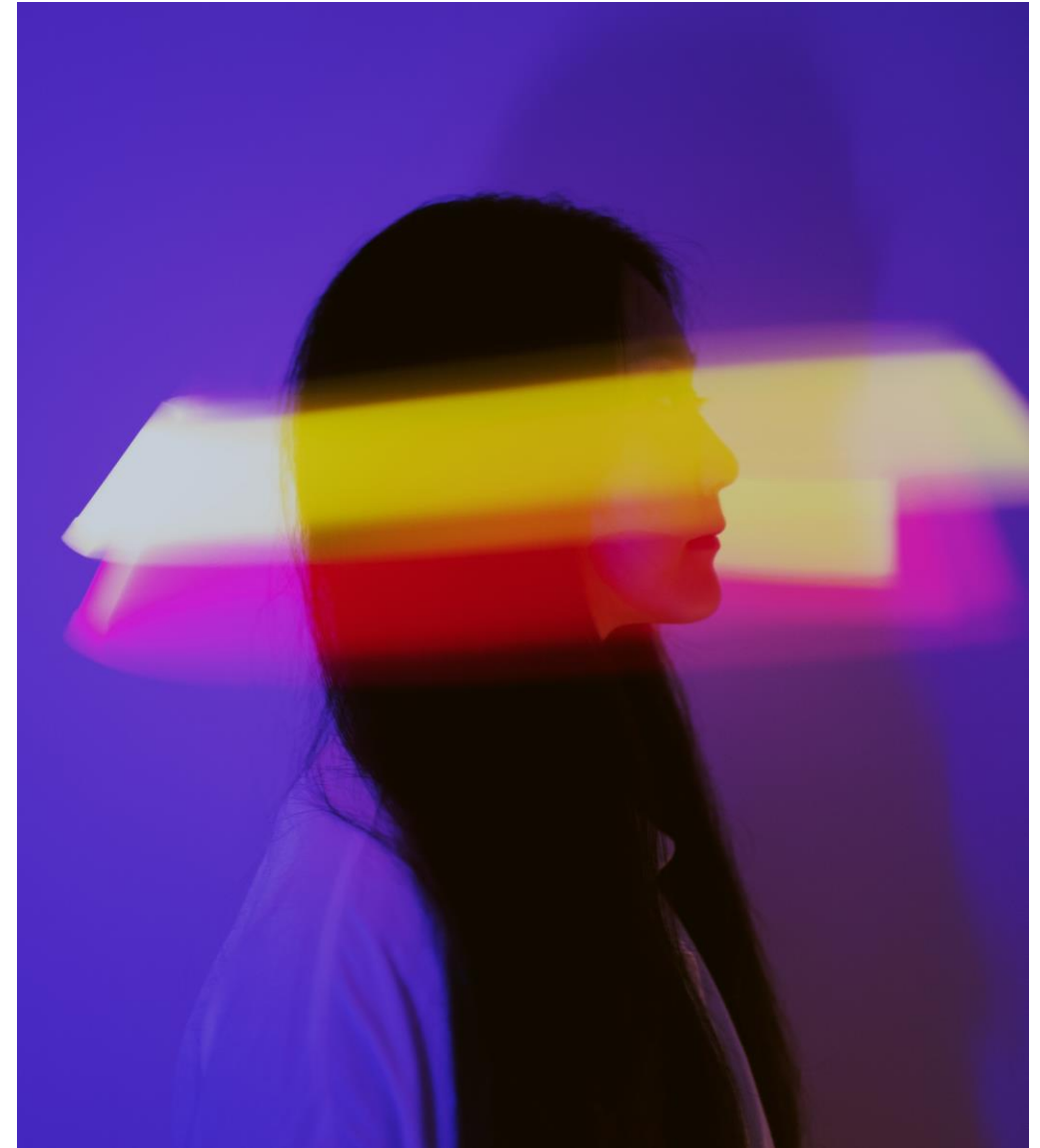
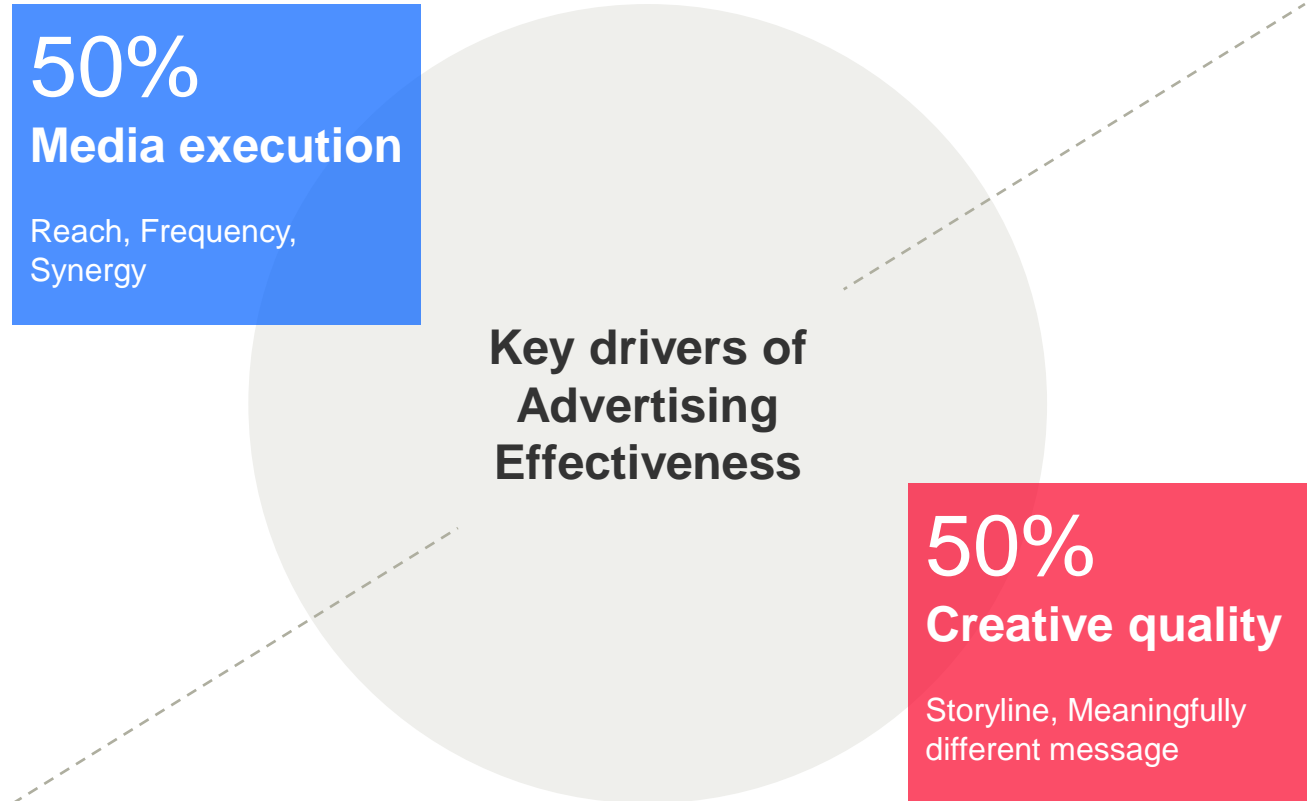
# The consequences of drastic budget cuts show that regaining lost long-term memory requires considerable effort

## Example: Indonesia brand case study





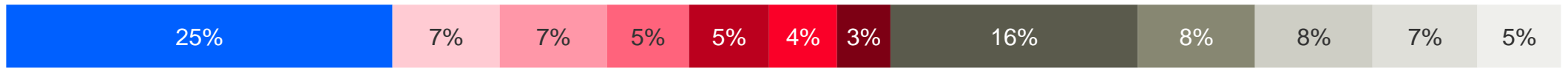
# Ad ROI is increased when media execution is matched with excellent creative



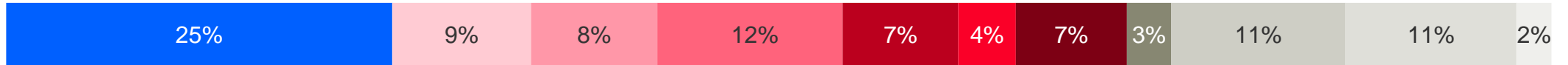
# But, how do you pick the right touchpoint for the right agenda?

By keeping a brand's online and offline touchpoints in balance

## Share of investments



## Awareness (helps Salience)



## Association (helps Meaningful Difference)

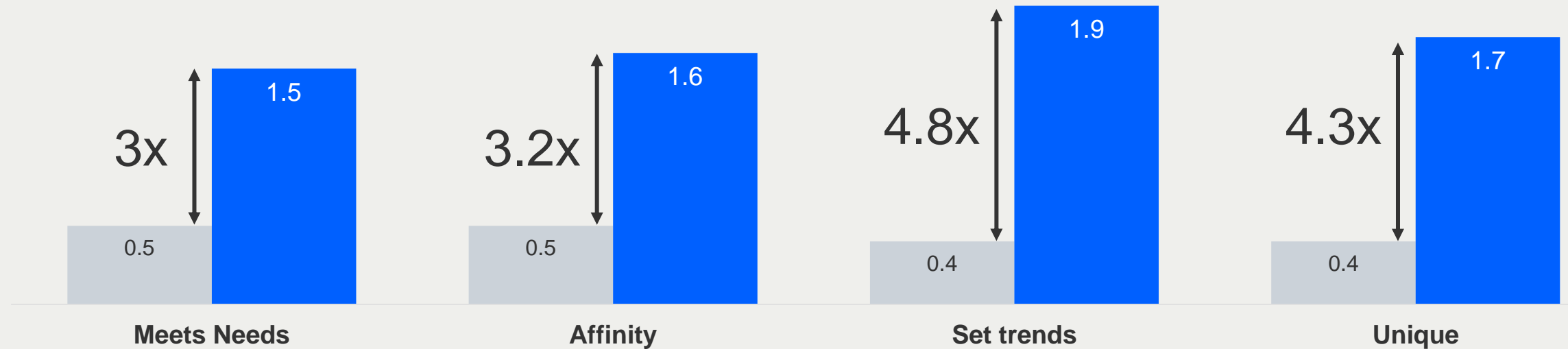


■ TV ■ Facebook ■ YouTube ■ Online Display ■ Twitter ■ Instagram ■ Online Video ■ Newspapers ■ Cinema ■ Outdoor ■ POS ■ Radio

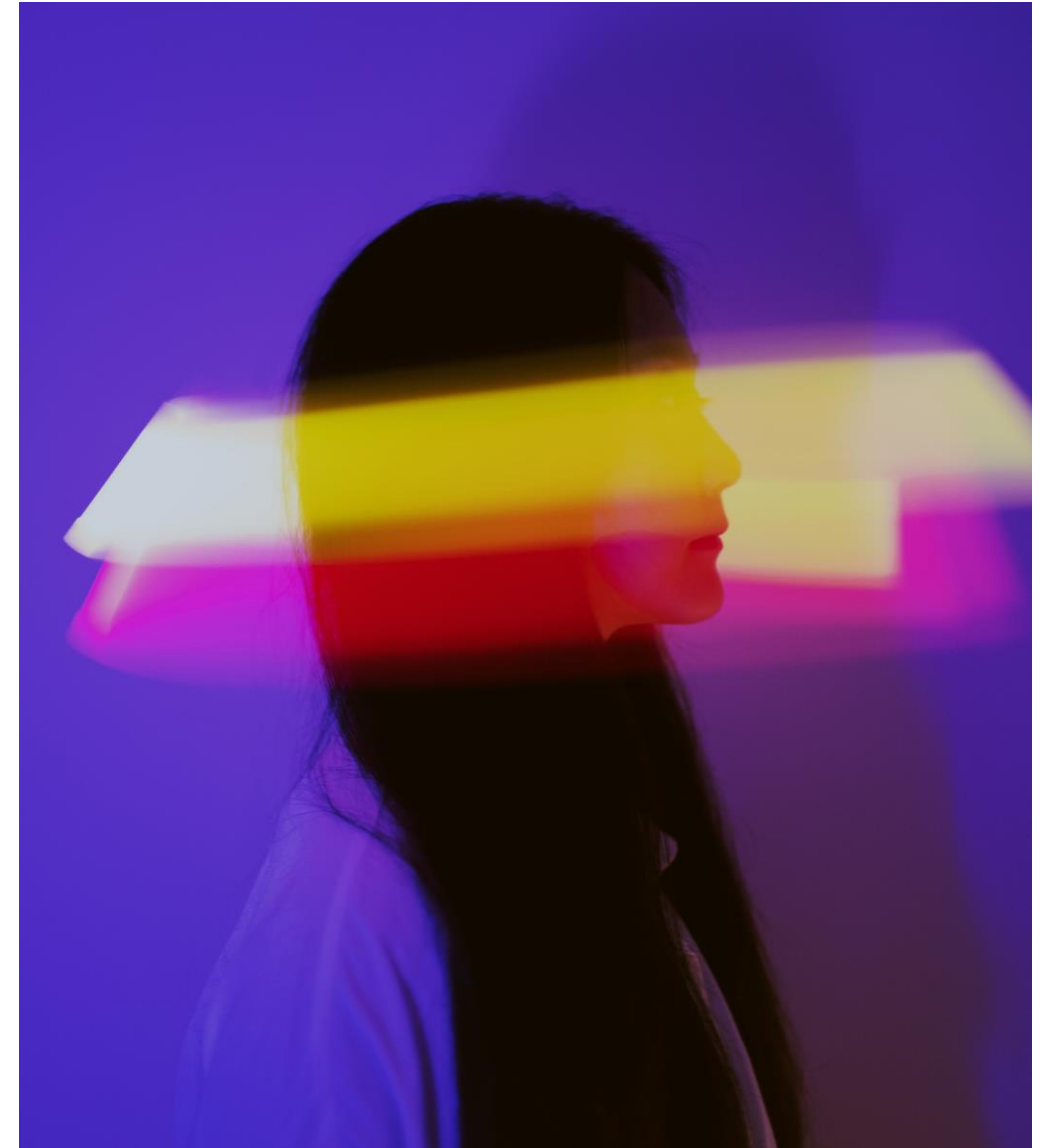
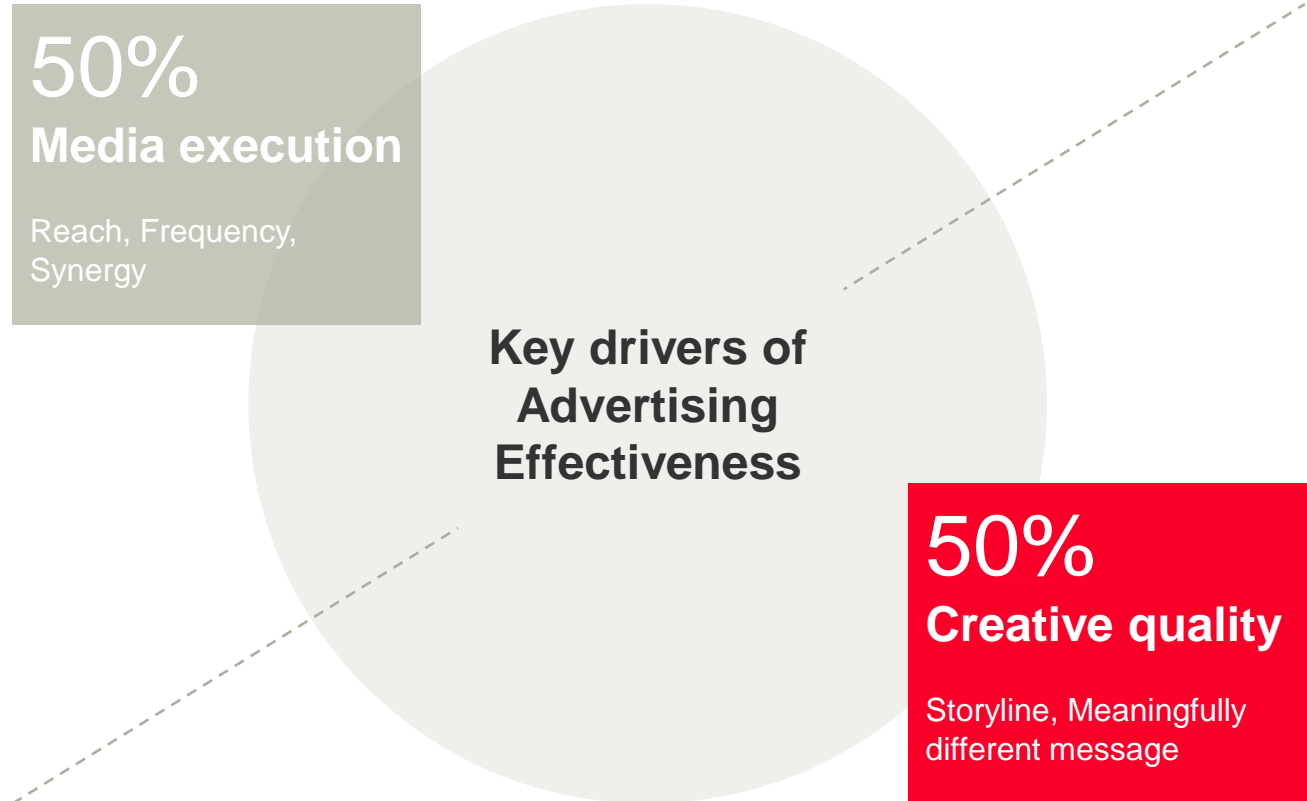
# How can brand's stretch their digital dollar further in SEA?

Digital touchpoints are no longer playing just a supporting role, they deliver higher share of equity impact than TV, with disproportionately higher ROI

## Return on Investments Equity Metrics in SEA

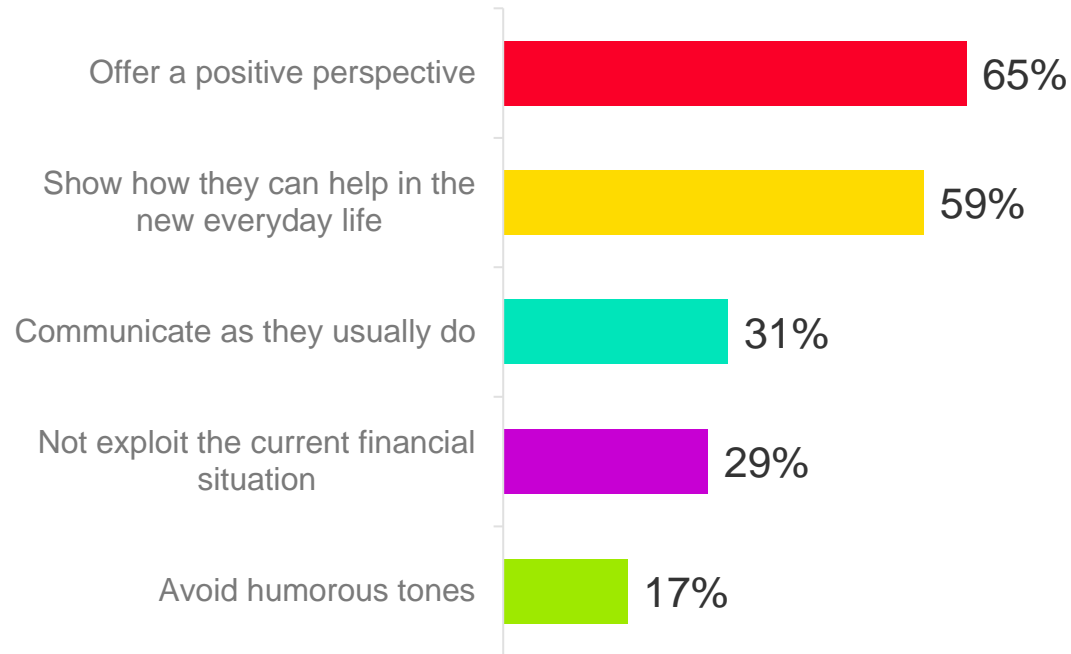


# Ad ROI is increased when media execution is matched with excellent creative



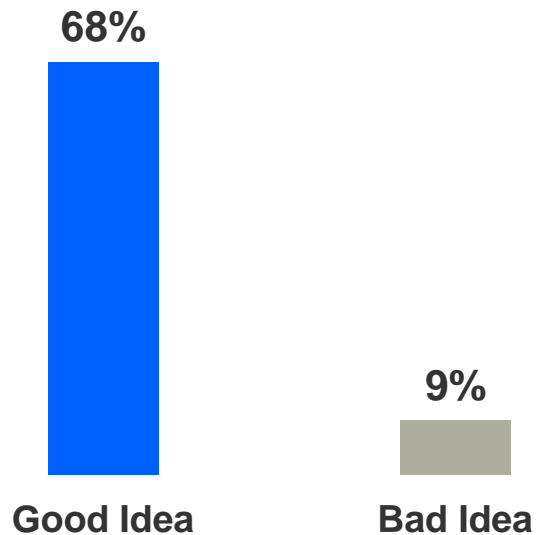
# Only 5% in SEA think that businesses should stop advertising

So how should brands advertise given the current economic climate?



# People want to see how brands are addressing issues in Southeast Asia

‘Brands communicating what actions they are taking through advertising’



**Grab:**  
“Millions of New Beginnings”



**Dutch Lady Milk:**  
“Carton Swap”





## IV.

# Maximise your creative and media ROI



### Don't stop advertising – but spend wisely

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The consequences of drastic budget cuts show that regaining lost long-term memory requires considerable effort



### Stretch your digital dollar further

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Don't waste money on channels or ads with low ROI.

Ad ROI is increased when media execution is matched with excellent creative



### Connect and resonate with your audience – empathy

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Strong communications accelerate brand growth, even in a crisis.

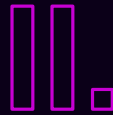
Ensure that every marketing \$ invested in creative punches above its weight by ensuring that it connects and resonates with your audience – show some empathy.

# The four imperatives for this inflationary moment



## Make the move from price to value

Don't go into sales promotions mode. Manage price increases judiciously



## Focus on building meaningful difference

Continue to invest in the brand as it's doubly important to build and defend the brand's difference and meaning to build Pricing Power



## Disrupt, or be disrupted

Continue to innovate or renovate in order to stay ahead of competition



## Maximise your creative & media ROI

Don't stop advertising – and don't waste money on ads with low ROI

Ensure your creative connects and resonates with your audience – show empathy

# Contact us



**Nelson Woo**

Senior Director Commercial,  
Worldpanel, Kantar Asia  
[Nelson.Woo@kantar.com](mailto:Nelson.Woo@kantar.com)



**Jane Ng**

Brand Expert & GM, Insights  
Kantar Singapore  
[Jane.Ng@kantar.com](mailto:Jane.Ng@kantar.com)



**Kathryn Clemente**

Innovation, Insights  
Kantar Singapore  
[Kathryn.Clemente@kantar.com](mailto:Kathryn.Clemente@kantar.com)



**Juliano Piccoli**

Creative & Media, Insights  
Kantar Singapore  
[Juliano.Piccoli@kantar.com](mailto:Juliano.Piccoli@kantar.com)





Thank  
you