



HTP Arařtırma ve Danıřmanlık
"The consumer insight company"

Consumer Trends

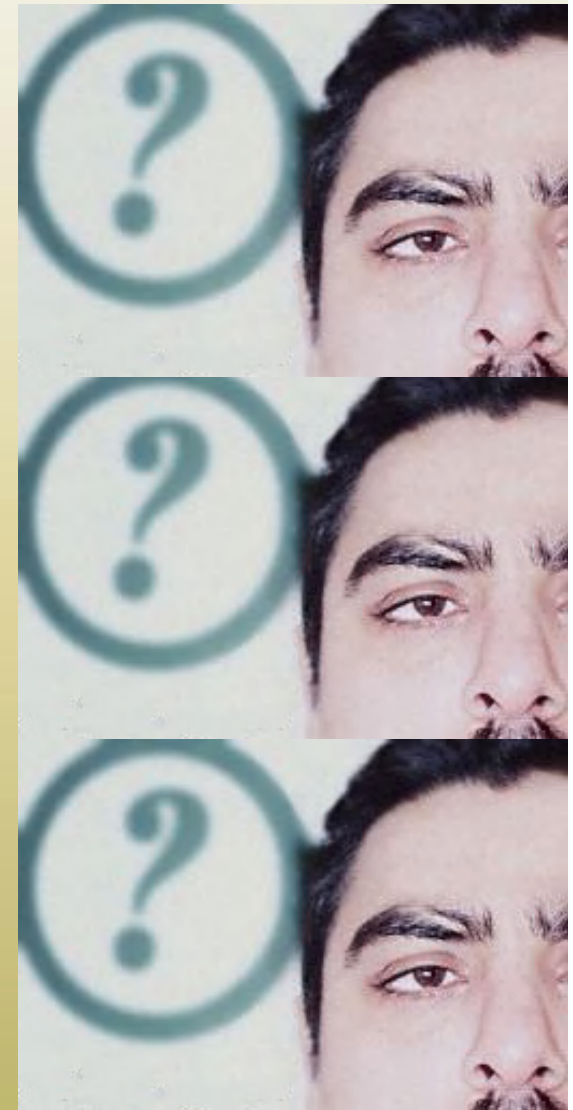
P&G

OGSM day



The Mood

*“Everything
seems fine,
Am I ?”*





Everything seems fine...

Macro indicators:

- **Second year in GNP growth after famous crisis**
- **Dropping inflation**
- **Declining interest rate**
- **Budget on target...**

Positive Atmosphere





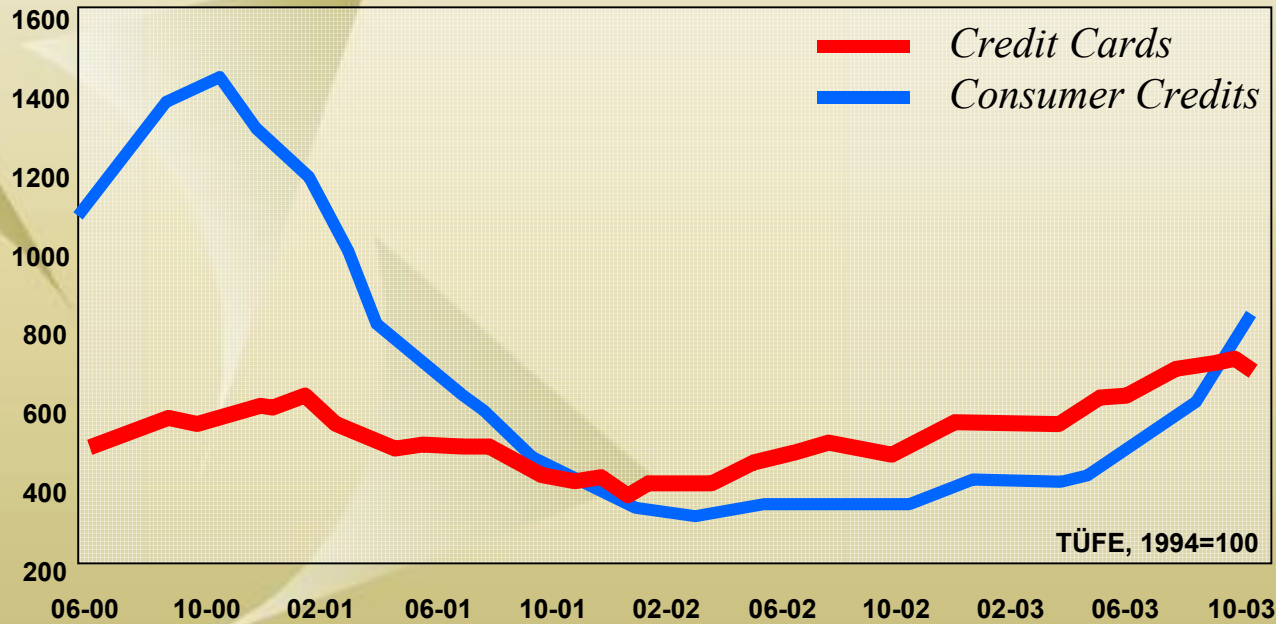
Everything seems fine...

- **Consumer markets**
 - **Volumetric growths**
 - 126% in car sales
 - 20% in white goods
 - **Value growths**
 - 26% fast moving goods
 - 14% in summer season ready to wear
 - **Consumer confidence upwards; 53% believes 2004 will be better**





Consumer has started to spend future earnings





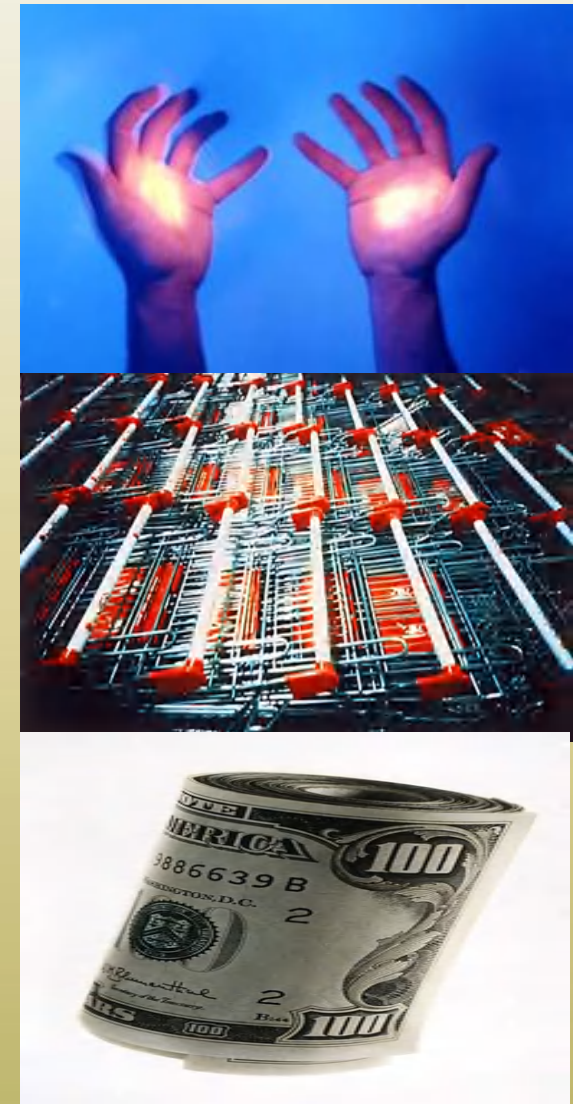
... Am I ?

■ As for the business side

- I sell nothing at the price I have to
 - Some white goods are cheaper than two years ago
- Volume is ok but value and **profit**?

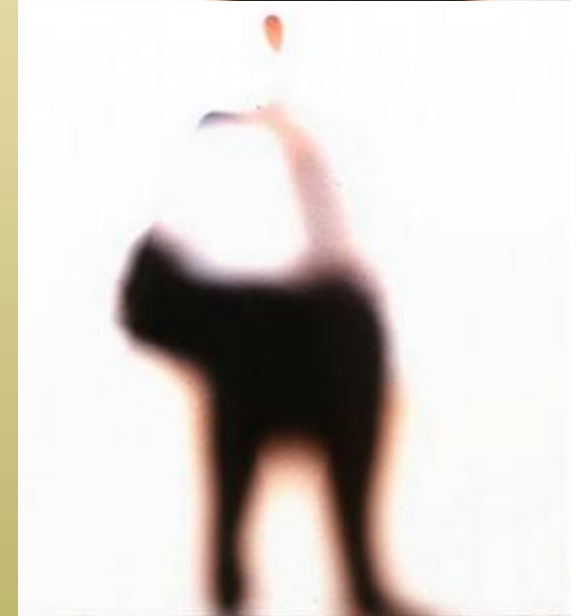
■ As for the consumption side

- How can I feel prospective with this income
 - 3.4% increase in real terms
- Is this the pace I have to fit and live





*It is all about
consumer in
transition*





Consumers establishing a new brand-value relationship

More rational

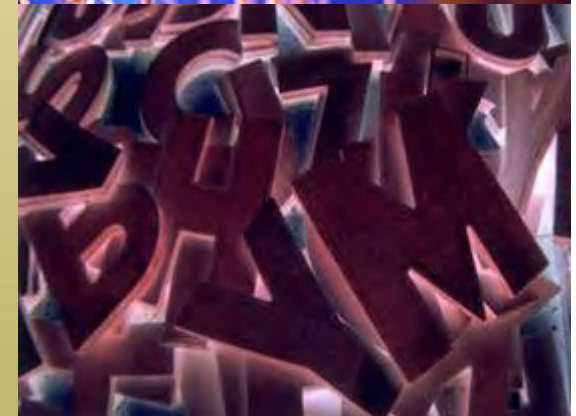
More value seeking

Less sophisticated

High switching

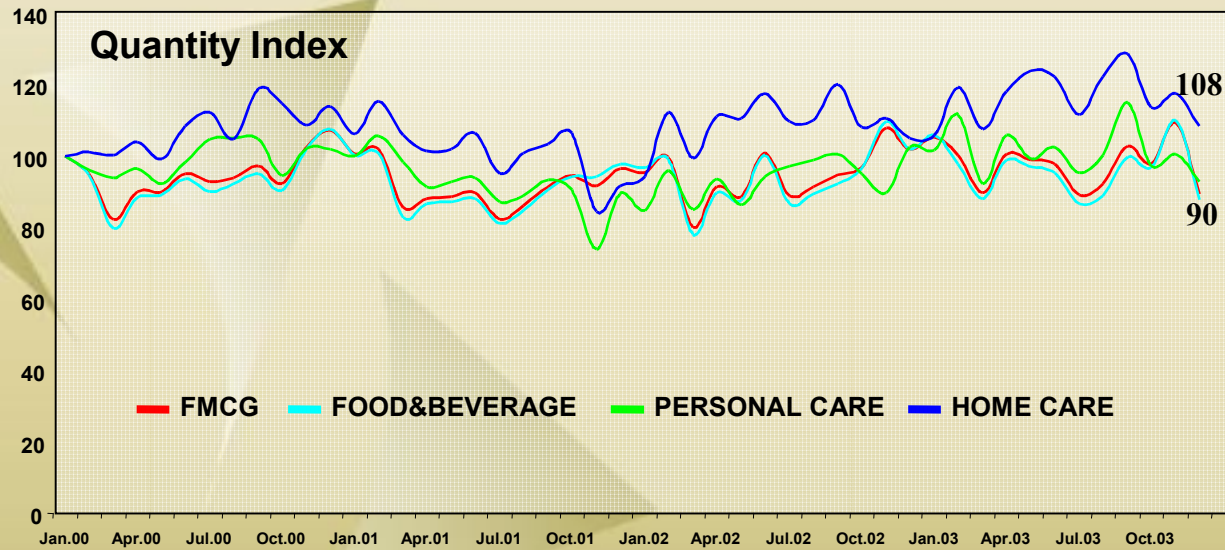
Tendency is “I buy my favorite brand when the price is close to others if not equal”

expect more categories to be forced behaving like commodity markets. Home care for example...



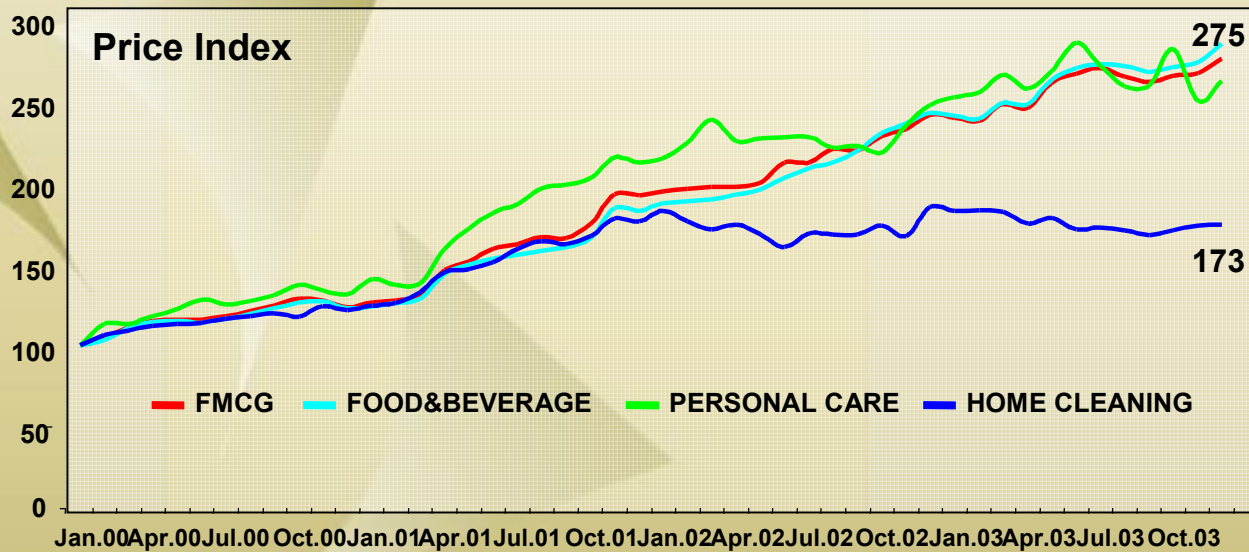


Quantity purchase for Home Care is pretty acceptable as indexed to January 2000.





But, the price index of home cleaning made a break from other categories from Jan 02 onward





The result is volume growth but not the real value and probably serious profitability issues

Household purchase growth, 2003

Food and beverage

Personal care

Cleaning

Laundry

Quantity

Value

5.4

28.8

9.6

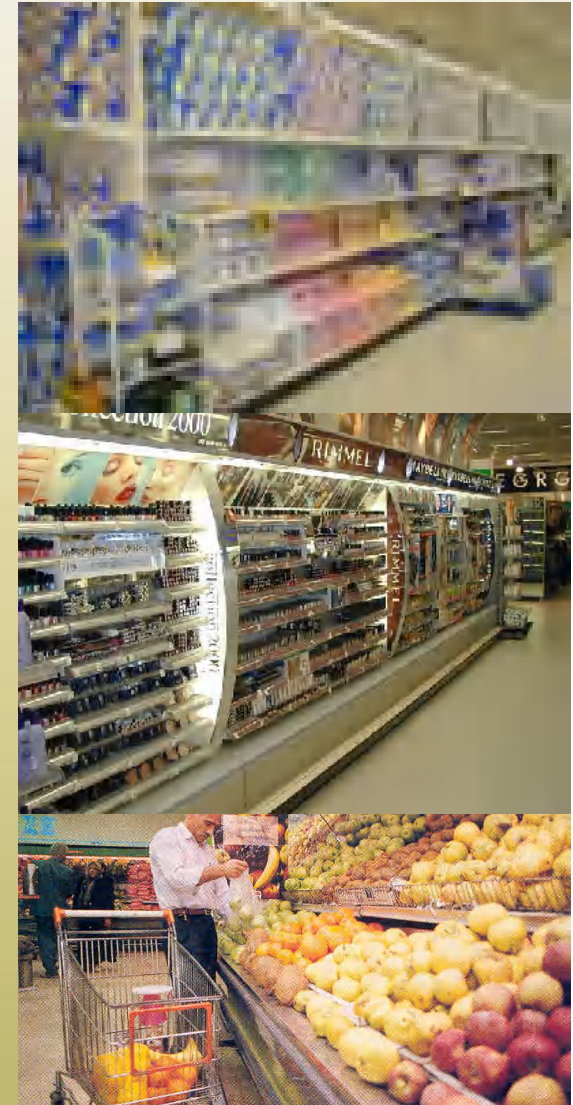
16.4

2.3

4.7

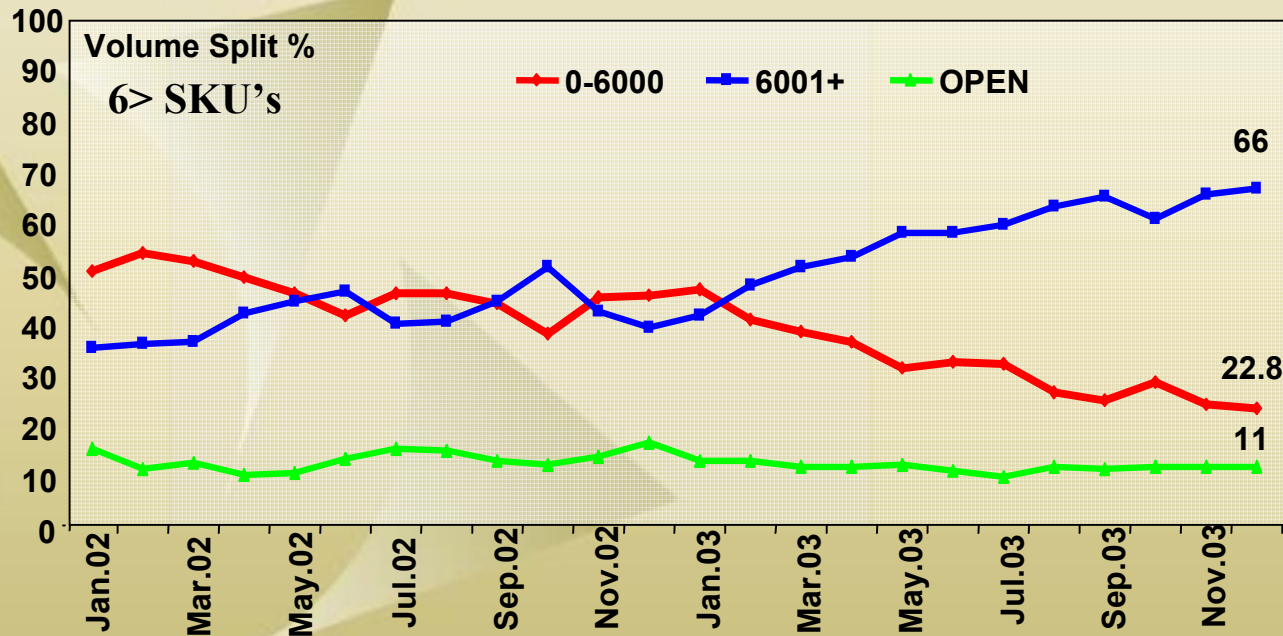
3.6

2.5





*Volume could be achieved by frequent promotions and larger SKU's with cheaper kg prices.
(Side effect: less purchase frequency and home stocking)*



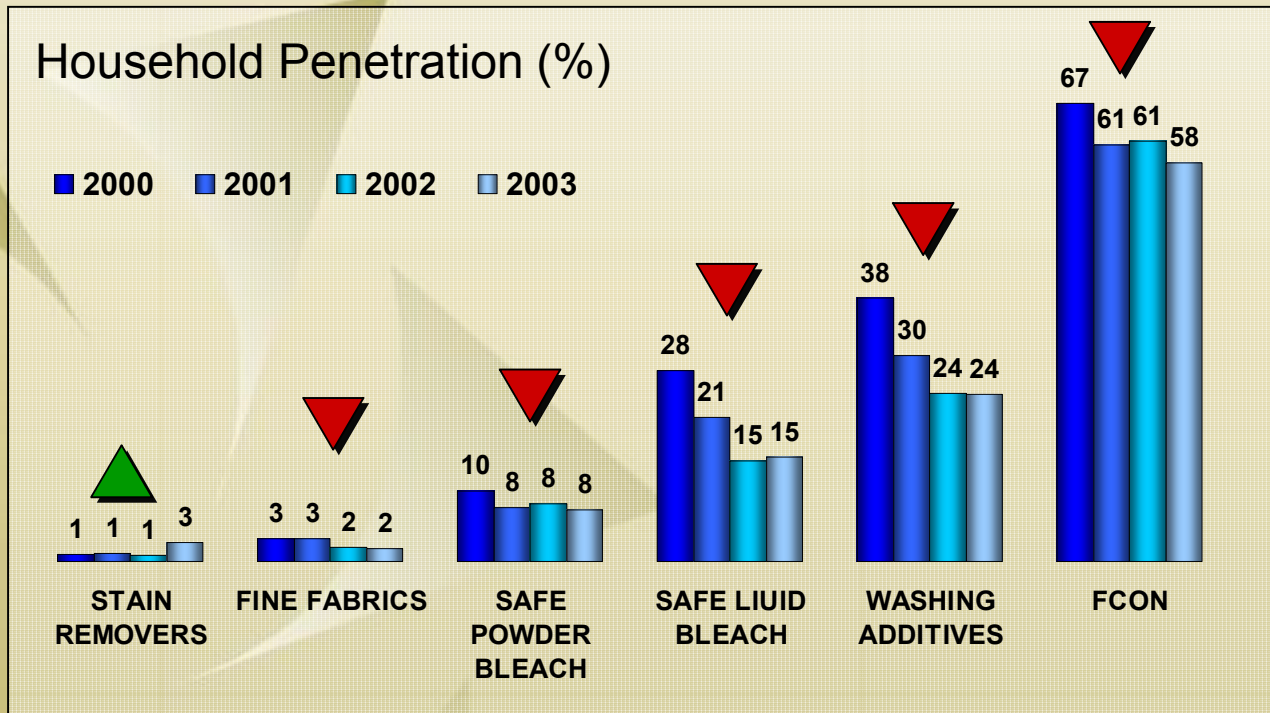


*Obviously, “premium price” concept is still valid.
But, the, tendency is closer price gap.*

Price Intervals - Volume Split of Brands (%)							
PRICE	LOWSUD	ALO	ARIEL	OMO	PERSIL	RINSO	TURSIL
1000-	9	2	0	0	4	4	12
1001--1250	13	4	0	0	22	34	42
1251--1500	21	50	2	10	43	37	34
1501--1750	22	20	39	47	8	7	3
1751--2000	16	5	34	19	10	6	8
2001--2500	12	6	11	8	7	12	1
2501--3000	4	11	1	8	1	1	1
3000+	4	2	12	7	6	0	0
Total	100	100	100	100	100	100	100

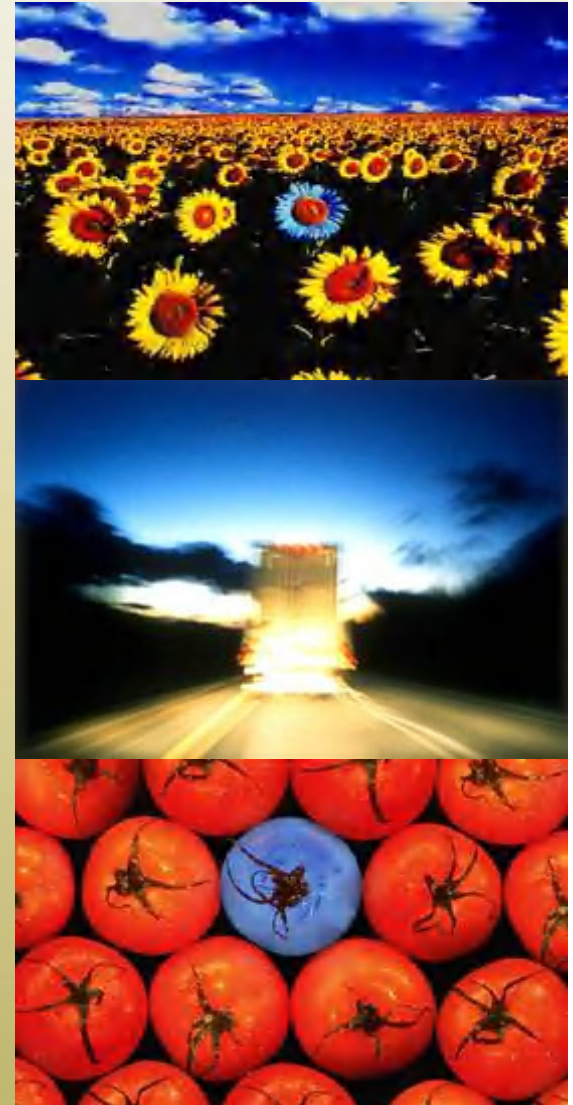


And consumers are less willing for “sophisticated” secondary categories





*It is all about
consumer in
transition, forcing
brands to be less
premium priced*





While Inflation blindness is disappearing, consumer will be able to manage prices even keener.

Grocery selling price, İstanbul, same SKU of the same brand in the same day of December (000 TL)

	Min price	Max price
Margarin SKU	650	950
Liquid oil	2,800	3,500
Chocalate spread	850	1250
CSD	1,950	2,500
Yoghurt	2,250	2,400
Fruit juice	300	500
Ketchup	1,250	1,850
Turkish coffee	800	1,250
Soup	500	700

What if 20% price cut





*Consumers have
more commonalities
than differences.*





*We all spend time in front of tv with minor differences in program selections.
25.7 hours a week.*

Time allocation (%)

<i>media</i>	2003
TV	81
Radio	25
Newspaper	9
Magazin	3
Cinema	4





We, rather think and feel in the same direction

Life trends; Top 4 of on-trends

1 Small indulgences : 77%

- stressed out consumers want to indulge in affordable luxuries and seek ways to reward ourselves.

2 Vigilant: 76%

- unhappy consumers; rather frustrated, often angry intend to make pressure, protest and manipulate companies .





We, rather think and feel in the same direction

Life trends; Top 4 of on-trends

3 Pop nationalist: 75%

- Nationalism in the sense that lacks of trust to foreigners, incorporating “national paronia”
“We gave a lesson to Europe, winning the match”

4 Anchoring 76%

- want to keep connections to our past; reaching back to spiritual roots, taking what was secure from the past, in order to be ready for the future.





we are ordinary and have routines

Life trends; bottom three of off-trends

1 Down aging 30%

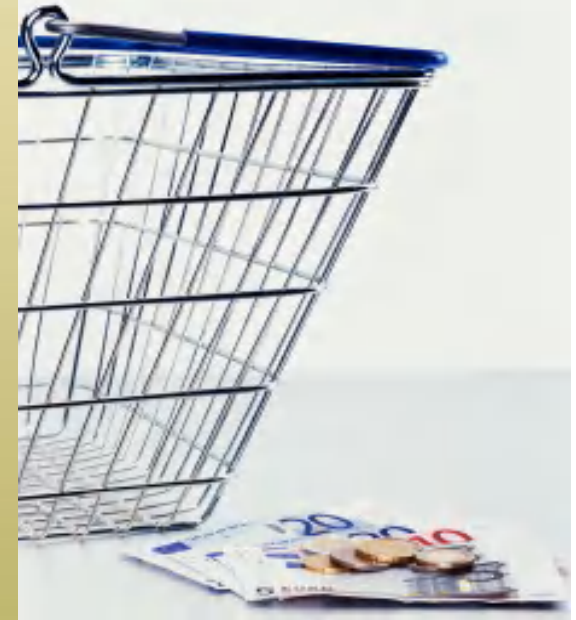
- not so nostalgic for childhood care, atmosphere and products

2 Pleasure revenge 30%

- do not challenge common sense for life pleasures

3 Egonomics 17%

- do not crave recognition for our individuality. we are not ready to pay much for products and services specific to us





We adapt, we don't challenge

Top personality trait:

1 Agreeableness 77%

We have lots of sources from which we take norms for right behaviour.

Describes a person who defers to a great many norm sources such as spouse, religious leader, friend, boss or pop culture idol.





Self image:

**We feel ourselves
uncomfortable and wish
to be a more
comfortable person
(44%).**



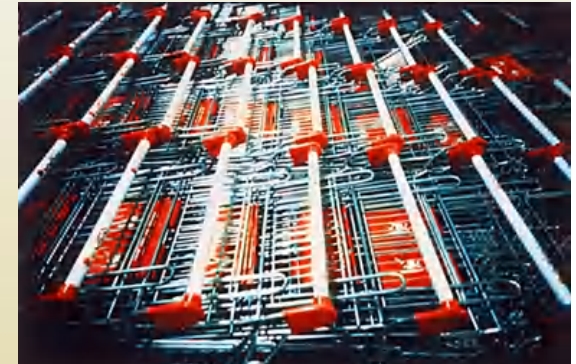


Gap between spending levels is not so big as we over and over - stressed

- **The gap between highest and lowest spending groups declines,**
- **FMCG spendings are not so big among social groups**

Household fmcg purchases indexed to AB group

AB	100
C1	84
C2	75
DE	66





*marketing has
extremely focused on
so called upper
classes in the past
decade in general*



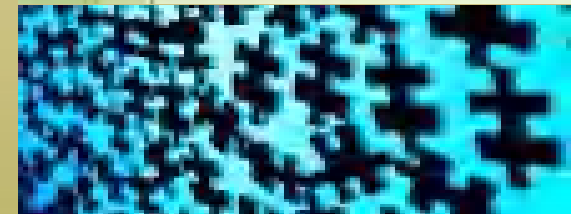
have to recognize a consumer unlike “us”...

- **Including politics, preferences are not like “ours”**
- **Outside the profile that we can easily identified with, understand and communicate**



Otherwise, we may become out of touch with large group of consumers and turns to niches...

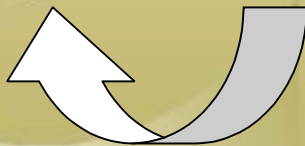
- **Misunderstanding of ABC1**
nothing about life style
says some but not all
about the consume
- **We derive insight from the figures
using our life experiences;
sometimes, somewhat dangerous:**





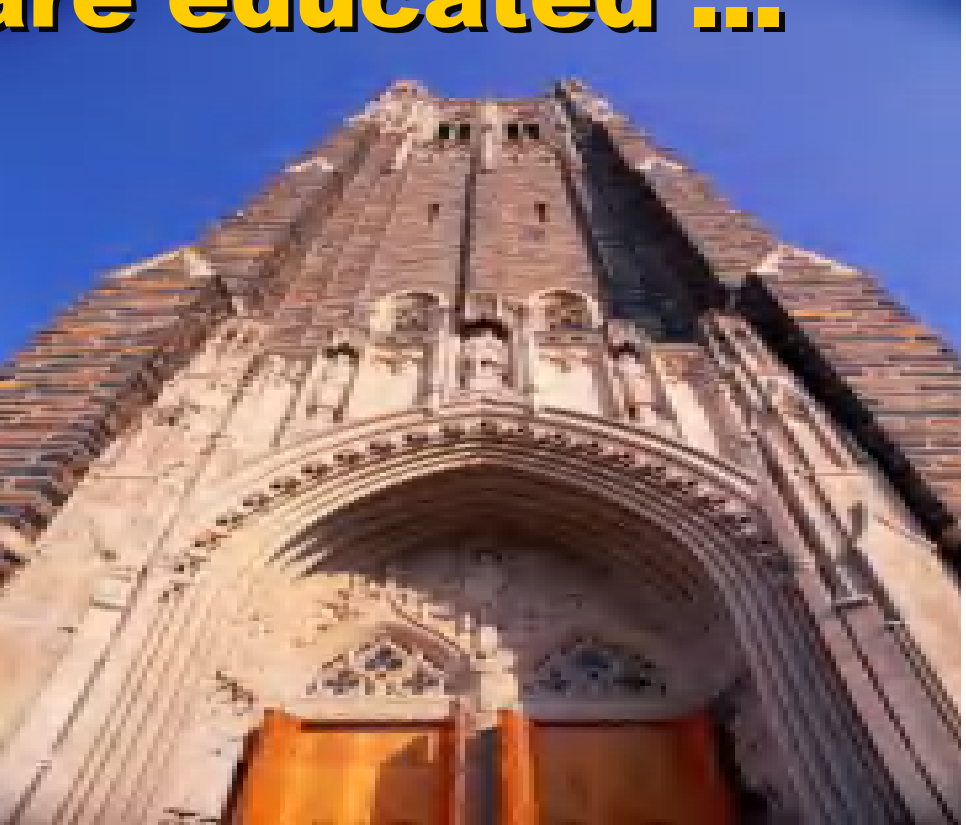
usual day of a marketing & marketing services professional; meeting for the next meeting

- 09.00 - 9.30 Related and unrelated "mailmating";
- 09.30-10.30 Birthday reminders, evening program-filtered coffee
- 10.30-11.00 Internal meeting
- 11.00-12.00 Meeting notes
- 12.00-12.30 External meeting
- 12.30-13.30 Extended meeting
- 13.30-14.00 strange diet salad, diet cola
- 14.00-15.30 Related –unrelated calls, talk about how busy the day is
- 15.15-16.00 Continue to some project group meeting
Immediate call of immediate manager
Continue to prepare evening program...

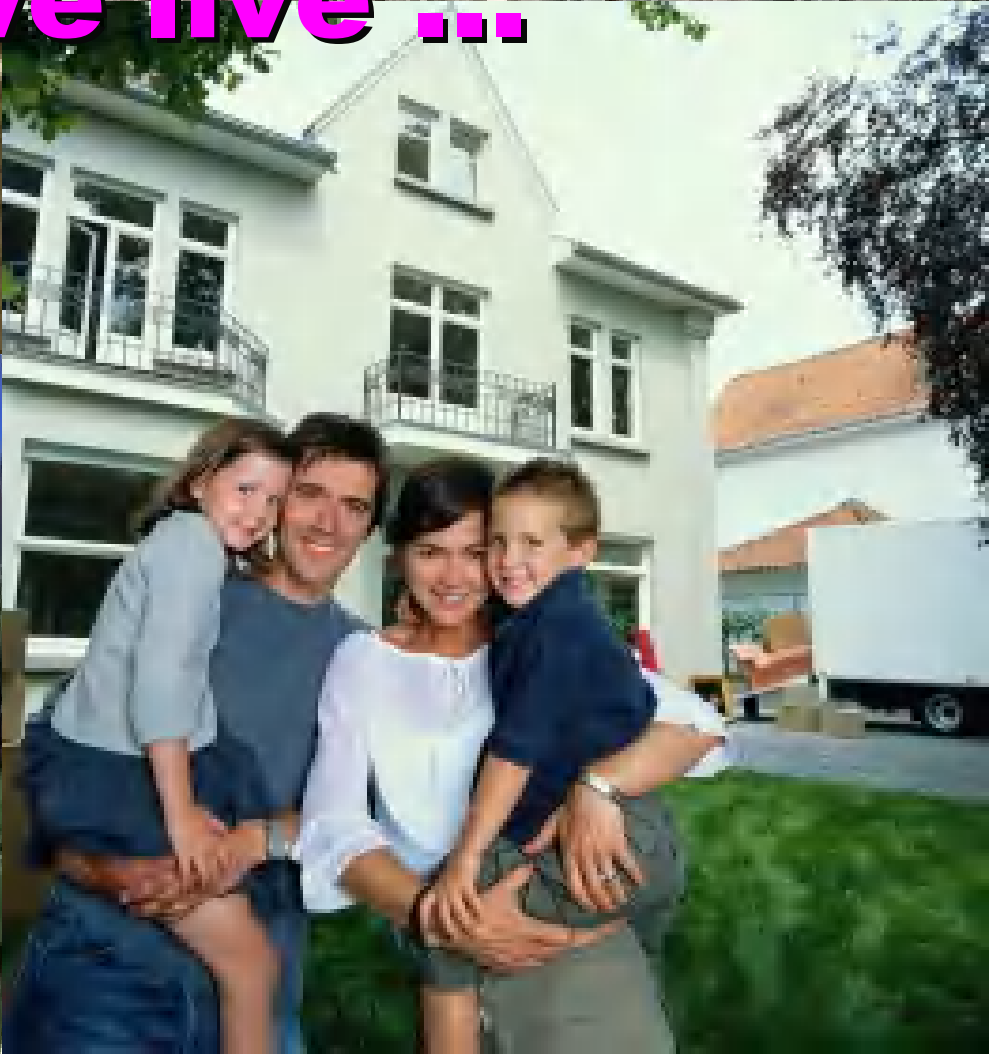
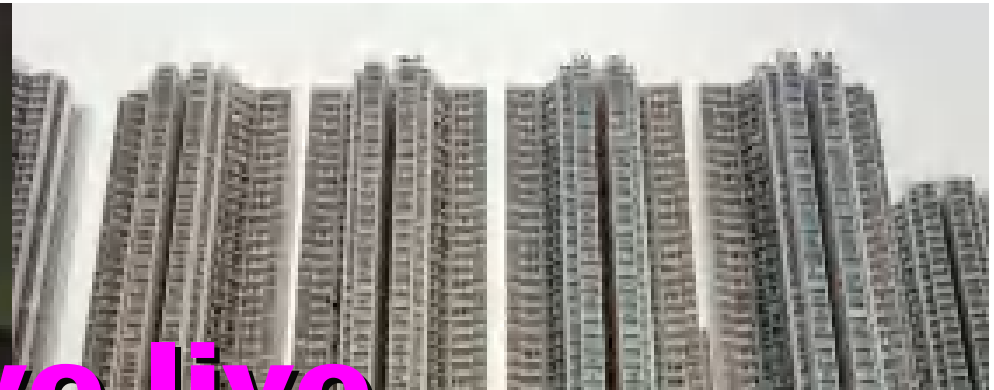




Where we are educated ...



Where we live ...





Where we work ...



Babylon



People



Where we have fun ...

Reina



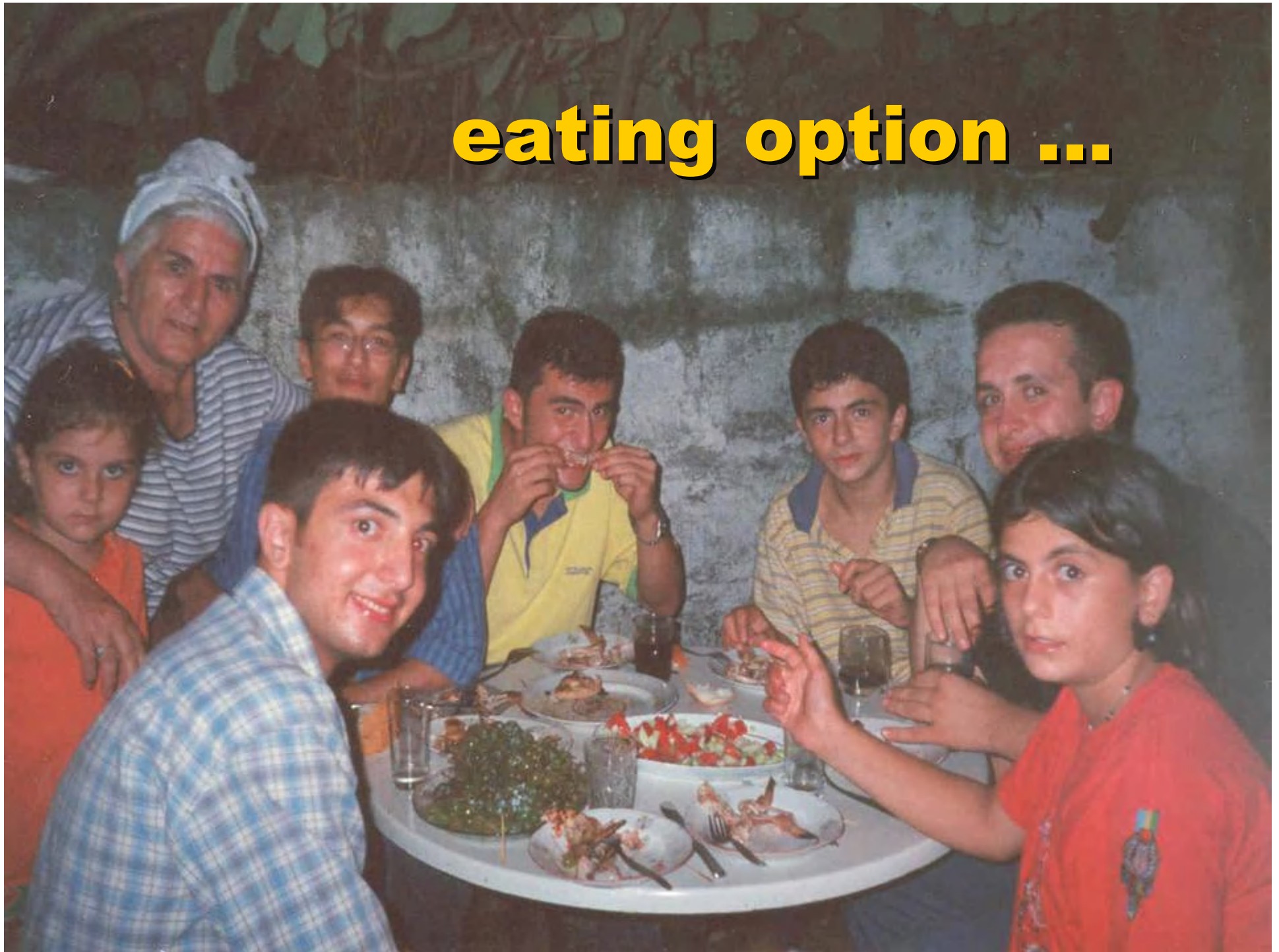
Hayal Kahvesi





*And now we have to
develop insightfulness
for...*

eating option ...





Washing option ...

Fun option ...



Socialization...





Last few words; might be useful to speculate on

- **Required more realistic approach for more real consumer**
- **Stop overstressing consumer segments; 70 million consumers exist in Turkey**
- **More focus on understanding others' life styles and values**

While inflation is disappearing, management of price elasticity will be crucial. Successful matching between the value of the product and operational efficiency make a difference.



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