

2

Spending For Social Impacts

Social conscience is the new status symbol;
social impact is its currency

The impact of the global financial meltdown has led to visible and emerging changes. As shoppers see empty stores with idle assistants up and down the high streets and shopping malls, it fuels the certainty that there's no turning back to pre-crash levels of consumerism. We've seen the resurgence of value for money (the mantra for 2010) crossing socio-economic and generational divides.

In every category, ranging from luxury goods to eating out, balance is gradually being re-defined. The days of pile-them-high-sell-them-cheap may not be completely over, but there is a re-imagining of a powerful sense of value that includes awareness of the consequences of consumption. This is no surprise, given the Great Recession is proving stubbornly slow to move on. People simply aren't buying ridiculous volumes of disposably cheap clothing, nor are they willing to stake their mortgage to stock up on couture. Even the rich are looking for more from luxury goods brands than the marque alone.



The Henley Centre refers to this new mental model as “Goldilocks Consumers”, people who want their purchases “just right”. The right car is one that's neither bigger nor more powerful than needed. Eating out is neither too refined, nor is ‘fast’ a replacement for flavour, quality of ingredients and variety. We will certainly not see mindless excess in 2011. In fact, it's now uber-cool to buy less. Trade-offs are trendy, trading up is less important. A move away from wastefulness is making consumers more circumspect and so, marketers will have to respond accordingly.

We expect value to be re-defined even further in 2011, as consumers recognise their expenditure decisions as being of consequence. Worries about the ‘externalities’ previously un-related to consumption are coming to the fore. Issues such as declining living standards, fuel shortages, housing price rises and debt are causing consumers to add new factors to their decision trees. Before we buy, we evaluate a complex web of information that technologies enable us to access. This web of information will increasingly include the dimension of responsibility. We see the consequence of purchasing becoming a much more prevalent factor in mass-market consumer choice in 2011, filtering down from the high end. This is where consumers question not only what they're getting for their money, but how their purchase impacts on producers, the environment and so on. Ordinary people are increasingly conscious of the ripple effect their purchases trigger.

For example, Miuccia Prada's capsule “Made In” collections are based on partnerships with artisanal manufacturers, using traditional methods in different parts of the world, such as Scottish tartan weaves, Peruvian knits, Indian basketry pumps and so on. The buyer of high priced shoes is assured not only of the limited number of similar designs, but also that her expenditure is creating wealth halfway across the world. By buying the shoe, the fashion-conscious shopper feels liked she's received value and contributed to economic and social development.

Whilst the fashion world may be an obvious leader for a trend where personal image associations count, industries like food and beverages should take heed. Food and beverages consumed by Britain account for about 20% of all carbon emissions and around 30% of total environmental impacts. Systemic change is required, but as Tim Lang, Professor of Food Policy at London's City University says, "The Food system has lots of clubs and associations, but lacks systems-wide mechanisms and whole food chain oversight." It's not just a matter of climate change. Foods are basic products, less likely to be traded off, but they use land and water and are dependent on oil. People see that food is at the core of the challenge. In the absence of binding governance changes, consumers are looking to brands and retailers to demonstrate leadership, both meeting consumer demand, but also fuelling it.

The effects of social impact spending apply also to our social participation online and offline. For example, Pepsi's Refresh app on Facebook has had almost 12 million voters. This Easternisation of Western culture will continue, as every interaction becomes content through a combination of location services, 'likes' and voluntarily shared information. When it comes to commerce, we are heavily influenced by our own social currency and are therefore more likely to behave similarly to people like us than by celebrity. We may admire Madonna as style-icon, but we're more likely to buy a book because of the influence of our extended peer group than because Madonna is reading it.

Even for the rich, hard-earned cash will need to create, not just disappear into a black hole once spent. The fragility of our economic system has made us acutely aware that Western economics lacks sustainability. Whilst most people feel inadequately equipped to face of the scale of our collective problems, we're increasingly encouraged by our communities to 'do our bit' through our daily activities.

Make no mistake, people will still seek value on good old-fashioned price, product delivery and service criteria. Yet as we increasingly ask ourselves how badly we need the products we're contemplating, brand marketers must recognise the new framework they're competing in. Brands of one type aren't competing solely with similar products any longer. They're all competing for a share of the same wallet in a backlash against the culture of plastic that pervaded the past two decades. Those that succeed for the long term, those with a sustainable future, will be those that recognise that value for money includes the need for individuals to create value through their purchasing.