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New Rules: The Crisis Has Changed Consumer Behavior

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[1]Nielsen Chairman and CEO David Calhoun addressed the 53rd CIES World Food Business Summit [2] in June, providing retailers and manufacturers with a comprehensive view of dramatic shifts in the consumer economy amid the global financial crisis.

Watch the presentation [3] [29 minutes]

The freefall of the economy may be coming to an end, but new rules are in play:

- There has been a fundamental shift in consumer spending patterns, as restraint has become the new mantra. Over the next 18 months to two years, consumers will make critical decisions about discretionary spending, saving, or paying down debt, which will have long-term bottom line implications.
- Increased consolidation has meant a shift from an emphasis on pricing and assortment of retailers to a merchandising advantage based on value, branding and store equity.
- Brand offers that are strong — whether store brands or national/manufacturer brands — win at the expense of secondary, under-invested brands.
- But this is not a zero-sum game. When strong manufacturer brands meet strong retail brands, and the focus is on the consumer, this strategy always wins.
- To engage the new consumer, players need to reach across three screens: TV, online and mobile. Ads across multiple media win consistently against ads in a single medium.
- Social networks belong in the marketers' playbook: Consumers trust recommendations from friends far more than any form of engagement. "What you learn and how you interact with this digitally powered consumer is truly an amazing phenomenon," Calhoun concluded. "All of us have to embrace it in ways we never conceived before."