

# Tough year, tighter trends

 By [Andre Redelinghuys](#)

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Anticipating this year's macro environment, most analysts are banking on a European recession. I think this will set the tone for another tough business year globally. With business tightening its belt and household income under pressure, frugality will once again be the driving consumer trend. We can dust off those reports on how to market to tight-budget consumers, not that they have gathered much dust.



Because of this, consumers will be looking for real value. The brands that are naturally positioned to best respond to this situation will be the ones that have the most impact in 2012. In the last recession, most people reduced their overall luxury spending as expected. However, what was interesting to see was that although reduced, people still concentrated their luxury budgets on substantial items. The thinking was, 'If I'm going to have less luxury I'm going to make it count.' These were not necessarily big-ticket items, but good quality products, services and experiences that left the customer with something to savour. Looking for quality and luxury within reason will once again be high on the agenda in 2012.

Tough business climate aside, the world of technology, connectivity and communication will continue to march on relentlessly. As we become more connected, so there will be more options, sources and layers of information available. Even though e-commerce is still just a blip on the radar in South Africa, it is clear information is changing the way we consume.

## Simplicity attracts

Nevertheless, there is a big downside here too - so much information is constantly being generated that people cannot make sense of it properly before another layer is added to the datasphere. This is true beyond the digital realm too; the world is overloaded with information, misinformation and 'stuff'. This is increasingly prompting consumers to look for - and see - the value in simplicity. They want products and services that are easy to use and enjoy. These must be well communicated, understandable and part of simple and seamless experiences.

Against this backdrop, brands that play games and that have confusing products and messages will perform poorly. This issue remains an organisational challenge more than anything does, as complex and inefficient businesses struggle to produce simple and efficient goods. Strong performers in Siegel+Gale's annual Global Brand Simplicity Index will most likely become more relevant in the end, as the world becomes more complex. Ultimately, brands that deliver their products and messages simply will benefit in any category, from luxury to consumer goods, and from corporate services to commodities.

## Top trends

- Facebook relinquishing some of its lead to Twitter. Facebook is forever changes its interface and shows little regard for its users and their privacy while Twitter's offering remains fairly constant and simple.
- E-commerce picking up in South Africa, as people search for better value while more international offerings gear up to deliver locally and local offerings mature.
- Perceptions around Asian brands strengthening as manufacturers like Hyundai continue to close the quality gap on Western brands while offering much better value.
- 'Made in China' becoming the call sign for good value.
- More local retailers adopting loyalty and value programmes like Pick n Pay's Smart Shopper, as well as other tricks learnt from retailers in more developed markets.
- Brands, particularly those targeting the youth, leveraging sentiment around civil disobedience as the anti-institutional mood grows globally (as it tends to in tough economic climates).

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## ABOUT ANDRE REDELINGHUYNS

Andre heads up strategy at The Jupiter Drawing Room Johannesburg. As a creative strategist, Andre believes that the creativity of advertising should transcend communication, and with clients, agencies can provide some of the change the world is craving. Inspired by quality and innovation, he has built brands and communication on the ground, across Africa and the Middle East. Follow @andre\_red, connect on LinkedIn.  
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