

The rising case of populism and its impact on brands

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The term 'populism' usually brings to mind political ideologies where the citizens of a country or region tangibly influence decisions and socio-political landscapes. The extent of this is that the will of the people affects policymaking, government functions and even the way entire countries are being run. Populist systems are generally perceived negatively - especially as they are characterised by a shift in the power balance.

So, what does all this have to do with brands and business? Well – a lot. This is because there is currently a very definite shift within the consumer environment that indicates a rise in populist behaviour.

Basically, what this means is that not only are consumers becoming more demanding, they are also having an ever-growing influence on brand performance results, and while consumer behaviour has always played a pivotal role in business success (or lack thereof), what makes the current situation different is that consumers are now having a say in *how* companies conduct their business.



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A rise in consumer populism

The changing climate can be attributed to a number of factors. Some of the most notable of these include:

- **A change in the consumer market**

Millennials, and increasingly, Generation Z, occupy a substantial segment of the consumer market.

“ Unlike older generations who were passive consumers of advertising and brand communication, and made purchasing decisions predominantly based on price and quality factors, this 'newblood' take a very different approach. These more discerning, newer market segments are intolerant of poor service of any kind, and will not

support a brand that does not meet their personal needs. ”

This even includes marketing content – younger consumer audience groups will ignore or completely opt out of communication that is irrelevant or of poor quality in their opinion.



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- **Social media**

Social media is basically word-of-mouth marketing on steroids. This is great when it's positive feedback, but not so much so when it comes to customer complaints. Negative comments by consumers about a brand can have a detrimental effect on a brand's public image, as well as actual bottomline results. Especially since such feedback is often made public immediately on social media (while emotions still run high and a brand has not yet had a chance to address it). This means that businesses cannot afford to slip up as it could result in dire consequences.

“ Never before have the public had this much power over a company's business performance or market share. ”

- **Customer experience approach**

Closely linked to the above two points, companies are progressively transitioning to the customer experience (CX), client-centric business model.

“ Increasingly, consumers prioritise how a brand makes them feel, as well as other non-business activities, such as environmental support or social impact projects that a brand is involved in. ”

Their purchasing decisions are highly influenced by factors such as personalization, value, customer service and brand perceptions. Such insight-rich data is forcing companies to revolutionise their entire business models to focus on customer-centric strategies. This means that brands are looking at ways to literally give people what they want.

What does it mean for business?

“ The consumer populism landscape is one that is very disruptive to brands. It is causing an upheaval of the status quo with regard to how business is done – for legacy brands this could mean shaking up even decades-old practices. ”

The situation can seem one of doom and gloom as companies realise the sheer magnitude of consumer influence when it comes to their business's market performance. The reality for brands is that failing to adapt their approach to a consumer-centric model is likely to result in losing a crucial competitive advantage factor within their markets and industry.



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What should brands do?

However, as daunting as the current circumstances may seem, brands should view it as an opportunity for growth. Success-focused, forward-thinking brands should be working fervently to revamp their business models to cater to the growing consumer populist trend.

“ Companies need to go back to the drawing board and conduct research into their target demographics, markets and industry as a whole. This may mean consulting specialists, and in the case of international brands, making use of local experts, in order to gain a better understanding of who their customers are, and what they really want. But this does not mean a company has to take an extremist approach and undergo complete plastic surgery in order to meet customer expectations. The key is to adjust business in a way that caters to consumer needs while maintaining goals, integrity and values, and ensuring that existing loyal customers are not jolted or left alienated by a sudden drastic change in brand identity. ”

Effectively navigating this changing market environment could mean certain success for brands as it may reveal opportunities and untapped potential. After all, service excellence and customer satisfaction have always been major factors that separated one brand for another. Only now, business survival depends on it.

ABOUT NONYE MPHOMOTOLA

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