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Harian Rakyat Merdeka
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Current Economic Growth in South East Asia

Synopsis

Harian Rakyat Merdeka published an interview with the ASEAN Director of Spire Research and Consulting, Jeffrey Bahar, on the economic environment and bi-polar marketing in Asia based on Spire's E-Journal March issue.

The economic growth in Asia has flooded the consumer market as the poor who hardly afforded even necessities find themselves with a higher disposable income now. Over the past three decades, developing countries in Asia like China have enjoyed rapid global growths, resulting in hundreds of millions of the populations being lifted out of poverty.

In 1981, 64% of China's population lived on an income of less than a dollar a day. By 2001, that number was reduced dramatically to 17%. In India, the poverty rate has declined by 7% in a decade. On the other hand, the wealthy group continues to experience increasing prosperity at higher rates.

Based on an Asian Development Bank (ADB) report in 2007, this gap in income levels have increased over the past decade.

In Southeast Asian countries, the richest 5% draw 16% of all national income. The same trend pervades China – in 1999, the richest 20% of households accounted for nearly half of the total national income, whereas the poorest 20% had to make do with only 7.1%.

The primary reason for rising inequality, particularly in emerging economies like China, India and Indonesia, is the growth differentials between rural and urban households and between the skilled and unskilled.

Economic growth and the increasing integration of Asia into the world economy have enhanced the financial benefits of higher education. Across the region, the salaries of qualified and high-skilled workers are becoming more aligned with international levels.

With both inflation and inequality on the rise, the field of marketing will become increasingly bipolarized between high-volume/low margin and low-volume/high margin. At one end of the spectrum will be the price-sensitive low-to-mid-end consumer market, which will turn to value offerings, including generics, house brands and no-frills products. At the other extreme will be Asia's wealthy individuals, who will continue to be luxury brand-seekers and early adopters of new technology.

The increase of prosperity levels of the Asia people can be seen by the high increase of luxury goods sales, which is known to occasionally surpass other countries/regions in the world. There is also a large number of Asian millionaires who have been recorded as part of the world's richest people.

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Marketing Magazine
August 2008

Understanding the North and South Pole Markets

Synopsis

Marketing Magazine in Indonesia published an article based on an interview with the ASEAN Director of Spire Research and Consulting, Jeffrey Bahar.

For the past three decades, developing countries in Asia have experienced relatively high global growths, resulting in hundreds of thousands of the population being lifted out of poverty. "Thus, marketers must know the tendencies of their target markets – whether they follow the north or upper pole, or if they follow the south or lower pole" explains Jeffrey.

Spire portrays the concept of bi-polar marketing as similar to a pyramid – the top tier (north pole) is small and the volume gets bigger towards the base (south pole). The top tier refers to the wealthy market whilst the bottom of the pyramid belongs to the poorer masses. Although small, the top tier has great purchasing power; the bottom tier, whilst mostly impoverished, has strength in numbers and the financial situation for people here is improving as economic activity grows.

These two opposites of the marketing spectrum are ripe for plucking. The wealthy consumers in Asia are increasing and they strive for exclusive pleasure. Thanks to Asia's economic growth, the south pole market continues to experience an increase in income as well. Despite the relatively smaller rate, the sheer volume of consumers in this market segment should make it alluring to businesses. This needs to be grasped by marketers in Asia.