

Promoting Brand Value in a Tough Economy

Featuring:

Tina Manikas
EVP, Global Retail and Promotions Officer
Draftfcb

Hello, I'm Tina Manikas. I'm the Global Retail and Promotion Officer at Draftfcb. And I thought I would talk to you today about promoting brand value in these tough economic times. Certainly with consumers, they're not just tightening their belts these days, but they're actually going to a smaller belt size.

So we know a lot of the facts. You've heard it all. Discretionary spending is down 40%. Home values are down. The credit crunch. Unemployment rising. The cost of energy continues to be an issue. But this is really giving birth to new consumer behavior.

Both consumers as consumers, and how they behave as shoppers. There's a lot less dining out. Though where they are dining out it's usually fast food. They're canceling vacations or postponing them. They're replacing their out-of-home entertainment with in-home entertainment. And they're cutting back on groceries. And a lot more facts about just what they're doing inside the store, such as postponing major purchases. They're even reducing the number of shopping trips to try to help the situation.

So what's also interesting is that for the first time ever, they're actually using more coupons than ever before. We've seen redemption rates fall over the years and the last year they've risen. So

it's very interesting. Consumer behavior is really the key we need to look at to really maintain our brand value.

I was really amazed when I learned also that consumers as young moms are cutting back on potty training pants. They're actually sticking to diapers because they cost less than the potty training pants. So again more proof points.

So what does this mean for marketers? You know it depends on the category. But really it's about becoming truly relevant and staying relevant in these economic times. And let's not be assumptive; we really have to hit it home like a sledgehammer with the consumers and not assume that they can come to that conclusion on their own.

The value proposition is the key. For instance, shoe repair sales are up this year as are fast food as I said before. So what are marketers doing? What can we learn?

I think what we can learn is how to best frame value. Messaging is really critical. Because consumers respond to messaging. Also where best to frame the value? Where is it best to go? Critically here we found that being closer to the point of decision makes all the difference in the world.

So the trick is not to devalue your product, but to reinforce our value to shoppers. There are some messaging do's that we need to really think through. First of all, we need to reframe brand

value in a relevant way to shoppers. How is your brand relevant in these times? Is it the smart choice? Is it the affordable treat?

For instance, Jell-O saying that it's only 25 cents a serving. You could still wiggle and giggle your way around. It is framed as a better choice from something more expensive. For instance, DiGiorono saying it's the delivery pizza without the delivery cost. So the quality is there, so you're not giving up on the quality but you're doing it in a more affordable way. Or is it a trust mark? For instance with milk, one of the things we're doing is focusing on the fact that it's nutrient-rich. So why pay for empty calories? So despite the cost of milk going up, it's a way to reinforce our value and reframe it without really discounting the product. So that's a real messaging "do" for us.

Another key way to do it is to think about added value. How can added value be leveraged to again drive shoppers to your brand? It's interesting to note that some tricks that shoppers use are actually not walking down the aisles they've already delisted in their mind before they even get to the store. So they can forego for instance going down the cleaning aisle; they can make their cleaning products last a little longer. Many of them are doing that. So how do you drive them into the aisle?

We talked about definitely coupons, and definitely trial really works. Kind of new bulk news that we could use. Also driving attention to the fact that you have a portfolio within your brand of different sizes that might meet their needs. So again, they don't have to choose not to go with

your brand, but they may choose to go with a smaller size. Or larger sizes because they last longer.

Promoting products in terms of a range within your portfolio is another great way to go because you can leverage all the different products that you have so that at least your shoppers will stay within the portfolio that you have as a company.

You can also tempt shoppers to shop down the aisle with featured news or values or attractive items.

Lastly, thinking about complementary added value. Even Apple, as impervious as we think Apple is to promotion and/or economic times, they promote to the right budget minded-folks, college students, a free iPod Touch with laptop purchase as a way to compete in these times.

Another thought would be cross-promoting. For instance bag salad and the favorite dressing at the same time.

So think through a lot of the messaging do's – and the places to address the change in consumer behavior and really attract them and make your brands more relevant.

We've talked about trade-up; we've talked about promoting products, holistic solutions. But moreso, the things that you don't want to do, as I've said, is devalue your product, or deep

discount it. You don't want to wait and then have to take a defensive position when the shoppers decide to go a different way. And you don't want to be too soft or too cerebral with your messaging because shoppers don't have a lot of time. And consumers are making quick choices. So you want to make sure that what you're saying the message or the value is comes off as very overt.

Don't forget there's power in a strong brand and to remind them that there's a risk if they go to something else, maybe a way to reinforce the purchase of your brand even if you're more expensive.

Retailers as well are the third piece of our equation. We talked about brands. We talked about consumers. But retailers as well need to differentiate themselves. The expectation is that this is going to be one of the worst holiday seasons in a long time for many major retailers. It's unfortunate because many of these retailers rely on the season starting with back-to-school all the way through the holidays to make their profits for the year.

So what are they doing? You'll see they're trying to elongate the season, and push it up because it helps consumers if they can pace out their shopping along the way. So while it may seem that these retail tactics may be drastic, they're actually helping consumers so that they're not waiting till the last minute to shop.

So elongating the season, trying to drive traffic and trying to differentiate, focusing on value, focusing on loyalty cards and how do we drive more loyalty of those shoppers and consumers that are already with us. Because again, loyalty dwindles a little bit in tougher economic times.

Lastly, what's really a great proof point for me is the use of layaway. Kmart has had great success with layaway this season. They're one of the few mass merchandisers, I think that actually offer it, and now even Sears is offering it. Again it allows the shopper at the end of the day to win.

So in summary, the best key takeaway I can leave you with is to be very active in really asserting the value of the brand by reframing the value of the brand in a relevant way in the shopper's mind. And not only in the shopper's mind in the store, which is critically important, but also before the store. Because those shoppers are really planning their purchases more than ever beforehand because of the tight budget they're trying to stay on.

At the end of the day, brands have to work together with retailers, so together they can win through these tough times.

Happy holidays everyone.