

Can your brand survive a recession?(From The Editor)

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The U.S., and much of the world, is now a full year into a pretty deep recession. These are desperate times, and everyone probably could use some advice on how to approach consumers given the current economic environment.[ILLUSTRATION OMITTED]Instead of low prices, think big value. According to a consumer loyalty study released in early March, "... shopper-consciousness has shifted from a personal responsibility to ferret out the deals, to a brand responsibility to provide them ... this shift is, in a converse way, a move away from price to the expectation of value," said Robert Passikoff, Brand Keys founder and president. Brand Keys is a consulting firm that maintains a Customer Loyalty Engagement Index. This year the company surveyed 26,000 consumers, ages 18 to 65, drawn from nine U.S. Census regions. They were interviewed by phone and face to face. Out of this came a list of some of the top brands receiving the highest loyalty and engagement assessments. Some of the 2009 winners were Southwest/Jet Blue (airlines), Sam Adams (beer), Estee Lauder (cosmetics), Advil (OTC pain reliever), Apple (computers), Pepsi/Diet Pepsi (soft drink/diet soft drink) and Tom's of Maine (toothpaste). Some of these brands are obvious choices and others are head-scratchers. But the one thing they all have in common is strength. These brands have been expertly crafted and maintained, even in the face of fiscally challenging times. Not only that, despite their higher price in some cases, their perceived value is more important to the consumer than the cheaper alternative. Unfortunately, besides Tom's of Maine, no other companies from this industry made the cut. While economic news hasn't been good, Brand Keys believes these shifts, from price to value, provide an opportunity for brands that pay attention to the consumer to offer the differentiation that will tip the value scales in their direction. "Those who have not should consider themselves drafted into brand boot camp, forced to get in shape or perish. The consumer drill sergeant wants brands to 'give 'em 50'--50% off that is, on quality merchandise with cool design and bulletproof warranties," Mr. Passikoff commented. "Value matters more than ever, and for brands that have something real to offer, this may just be the event they have been waiting for." This goes for research too. Marc Jove, senior vice president of marketing for Dannon, was recently interviewed by Brandweek magazine about the company's plans for the future of Activia. His comments were especially surprising given that yogurt is, for the most part, a discretionary purchase. To keep its product relevant and valuable in consumers' eyes, he said it was necessary to underline "the proven and clinical effects of our products." Further, despite the current economic downturn, he says Dannon will increase its investment in the Activia brand in 2009. Doug Kalman of Miami Research, Associates also believes in the importance of research in today's market. In this month's installment of "The Research Process" (page 32), he points out that "... current economic conditions do not diminish the importance of having firsthand research on your finished product. If anything, this economy is a reminder that in order to have value, the product must have perceived and actual worth." So for those of you who are thinking of abandoning ad programs, research, PR campaigns and/or branding initiatives, think again. According to John Quelch, the Lincoln Filene professor of Business Administration at Harvard Business School (another well known brand, by the way), "Successful companies do not abandon their marketing strategies in a recession; they adapt them." And I'd listen to him, because only smart people go to Harvard.

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


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