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RESEARCH PAPER**

By David Taylor
and David Nichols
Managing Partners

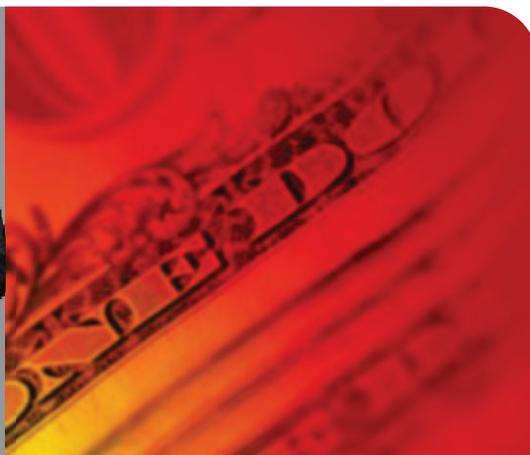
Recession-Proof Branding

SURVIVING AND THRIVING IN TODAY'S TOUGH TIMES





David Taylor, Managing Partner



About the research

We interviewed 20 marketing directors from top companies across different sectors during June to September 2008 to get their first-hand learning on how to protect and build brands during a recession. These interviews took place in the UK, Holland, the USA and Latin America.

We also reviewed available articles, books and research papers for further ideas on how to keep brands growing during tough economic times.



David Nichols, Managing Partner

Introduction

Forget what the experts say about whether we are technically in a recession: it sure as hell feels like we're in one. Consumer confidence is at its lowest for almost 20 years. Food and fuel costs have sky-rocketed. And the stock market is in free-fall. Oh, and by the way, things aren't getting better anytime soon.

Our view is that these tough times will provoke a 'Darwinian' evolution for brands. The fittest, best managed brands will survive, and may even thrive. Indeed, most of the marketing directors we interviewed saw the recession as an opportunity to grow share, and be in a stronger position when times get better. However, weak brands will decline and maybe even die.

So, how to respond to these challenging times? We've summarised here our top tips for making your brand 'recession-proof' under two headings:

Part 1: Fix the fundamentals: The current conditions are a 'wake-up call' for marketing, forcing teams to become much more business-savvy and bottom-line focused. This is how marketing always should have been run, these fundamentals have in many cases been forgotten.

Part 2: More bang for your buck: Pressure on marketing budgets will only increase over the next couple of years. Boards will freeze or even cut marketing investment, despite all the studies showing that this is bad in the long run. But they'll still expect the sales forecast to be delivered. The only way to do this is to get more bang for your marketing buck.

Part 1: Fix the Fundamentals

1 Follow the money

One of our favourite brandgym mottos is 'follow the money'. It is more relevant than ever today. It means cutting the bull**** and buzzwords, and being much more business savvy. Brand teams should be crystal clear about which growth drivers marketing activity will focus on, such as increasing trial or weight of purchase. It also requires more rigour than before in assessing the effectiveness of marketing activities once they are in market.

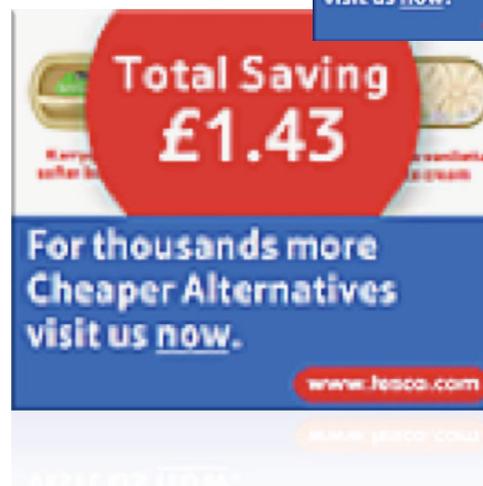
Interestingly, several of the marketing directors we interviewed were building a team of in-house experts working on measuring return-on-investment (ROI), rather than relying on their advertising or media agency to do this for them.

2 Sharpen your vision

In today's tough time you need a razor-sharp brand positioning, and crystal clear portrait of your target consumer. Clearly positioned brands have a much better chance of cutting through the clutter of price-cutting messages, and survive the threat of cheaper competition. Smart brands are sticking to their vision, but adapting their message in line with the needs of consumers to save money. A good example is UK supermarket Sainsbury's campaign called 'Feed you family for a fiver'. The advertising and in-store POS encourage shoppers to make new family recipes, in line with the brand idea of 'Try something new today'. The £5 basket price is highly attractive.

3 Hit the right price

All our marketing directors, selling lubricants to Lambrusco, are focusing on hitting the right price point. Consumers are paying more attention to prices on shelf, just as raw material costs are pushing prices up. Rise above a key price-point, and they'll switch. Tesco.com is even prompting consumers to consider cheaper alternatives and save.



4 Cut costs, not corners

Another opportunity is marketing process efficiency. Better briefing can save valuable time, and budget. One marketing director added up the cost of extra fees spent on re-briefing agencies and found he could have financed an entire direct marketing campaign with it! So insisting on clear, well-written briefs, not 'back of taxi chats' can help you get it right first time.



5 Kill the dwarves

Tough times are forcing more ruthless focus, with our marketing directors taking a long, hard and often over-due look at their product ranges. It's time to kill the 'dwarves', cute but small new products that eat up valuable time and resources; or at the minimum cut their marketing support so they die a natural death. Budgets and people can they be focused on driving growth of 'hero' products that drive i) significant business growth and ii) desired changes in brand image.

We expect to see a cull of many new launches where brands have strayed from their core business and taken on big competitors with big marketing budgets, without having a clear point of difference and compelling value proposition.

BUSINESS BUILD	HI	CASH BUILDER Manage for cash	HERO Focus of investment
	LOW	DWARF Kill or cut support	IMAGE BUILDER Manage for cash
		LOW	HIGH
		BRAND BUILD	

6 Grow the core

All the marketing directors we talked to shared the view that today's tough times made growing the core an imperative. In most cases this core business is both the most profitable, and the one where the brand has the most authority, and so the best ability to defend itself from attack.

For example, most analysis of the Dove brand focuses on stretch into new markets, such as hair-care and deodorant, or on the brand's 'Campaign for Real Beauty'. However, the original cleansing bar still accounts for the majority of the brand's sales, and even more of the profit. By investing in direct marketing, product upgrades and advertising Dove's share of the key US bar market has been boosted from 20 to 25%.



Part 2: More bang for your buck



1 Be brave, make waves

Now's the time to work your brand idea hard to create 'PR-able' marketing ideas. Brave ideas that generate free publicity allow you to maximise your budget's impact. For example, Doritos broke the mould for its Super Bowl advert, avoiding the big budgets and super celebrities other brands used. Instead, they launched a campaign to get fans to create their own ads, with voting online. The winner was aired, live, at the Super Bowl 'as shot'. This not only slashed their production budget, it also generated millions of dollars worth of free publicity.



2 Everything must sell

Every bit of the brand (e.g. packaging, websites, secondary packaging) can be used to actively encourage existing users to use more. For free. Breakfast cereal Weetabix uses the idea of 'The Weetabix Week' to suggest different and interesting eating ideas, to encourage more frequent consumption. The idea is communicated on the back of pack, and the website has suggestions for a month of different breakfast ideas that you can print off.

And what about if you have zero spend? This hasn't stopped Pimlico Plumbers growing to be London's biggest independent plumber. They have created awareness by using clever ways of cheaply promoting their brand. One of their best tricks has been to buy cheeky and memorable license plates for their vans, such as 'LAV1' and 'BOG1' (both UK slang for toilet!). These got both consumer and journalists talking about the company.



3 Packvertising

How many packs a year do you sell? For many companies this runs into the millions. And that's several million bits of free media space, or 'packvertising', that you can use for free. For example, packs can be used to cross-sell, as done by Pantene, using its shampoo and conditioner packs to cross-sell the brand's new styling range. Simple, but effective as it is placing a message at exactly the moment when hair styling is done – after you wash your hair.

This can even work on small packs. Splenda, the sweetener brand, uses the back of its single serve sachets to communicate directly at point of consumption. From the functional 'Perfect for sprinkling on cereals and fruit' to the more emotional 'Let your creative sprinkles flow', they've used their small but perfectly sited packs, sold through the catering channel, as a key brand messaging medium direct to consumers.





4 Fuel your fan clubs

The smartest companies we talked to are using two under-utilised sales forces to help grow their brands. The first sales force is loyal users of the brand. With a bit of effort you could increase their effectiveness in spreading positive word-of-mouth about your brand, and research has shown that this can increase the efficiency of your marketing budget by 40%. Innocent smoothies are masters of mobilising their loyal users, with a quirky and entertaining weekly email going to the 100,000+ people who have signed up to be members of the 'innocent family'.



5 Share the pain ... or entertain

Many of our marketing directors highlighted the need to get closer than ever to consumers during tough times, to maintain and even strengthen their bond with the brand. The most obvious way to do this is by 'sharing the pain', by pro-actively helping people through the hard times, and showing you care. Low-priced brands are of course well-placed to do this, such as Premier Inn budget hotels' campaign that says 'In hard business times, our prices soften the blow', Tesco offering 'Inflation Busting Prices' and The Sun newspaper running a holiday competition with the slogan 'Britain deserves a break'.

A less well-used approach, but one we are intrigued by, is to entertain your consumers, putting a smile on their face to cheer them up. After all, one of the most successful movies of the year is *Mamma Mia*, an all-out feel good festival of fun that encourages you to sing along to Abba's hit songs. The movie cost \$50million to make, but has so far grossed an eye-popping \$400million!

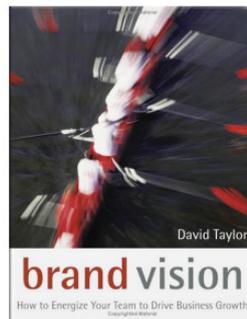
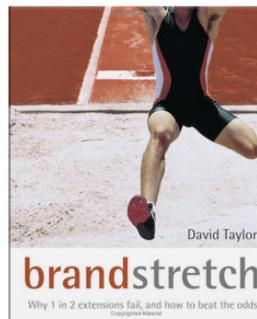
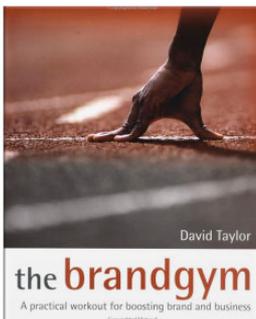
Conclusion

There is much more to managing your brand in tough times than just 'keep advertising in a recession'. In fact, for brandgym members, it is an opportunity to get ahead, steal share, grow loyalty and build for long term success. It comes down to using your brand equity not to expand into new territories, but to plough a deeper furrow in your core market. So, get fixing the fundamentals (follow the money, sharpen your vision, hit the right price, cut costs not corners, kill the dwarves and grow the core) then get more bang for your buck (be brave make waves, everything must sell, use packvertising, fuel your fan clubs and share the pain or entertain). If you've got a few of your own home truths about thriving in tough times you would like to share, do please get in touch.

About the brandgym



- A network of **8 senior strategy coaches** founded in 2001.
- Helping 'brand change agents' create a **clear brand vision** and ideas to turn it into growth.
- **Leaders in business thinking**
6 books, one of Europe's top 10 branding blogs: www.brandgymblog.com



- **Track-record with top companies**
including Tesco, Nokia, Coca-Cola, Unilever, RSA Insurance and T-Mobile.



David Taylor
M: + 44 (0) 7789 202 564
E: david@thebrandgym.com



David Nichols
M: +44 (0) 7787 148 806
E: davidn@thebrandgym.com