



BRAND RANCH

BRAND & MARKETING CONSULTANCY

BRAND DEVELOPMENT NEWSLETTER

Vol. 3 · No. 1

FEBRUARY 2009



Dear Readers:

I just finished watching the Inauguration of our 44th President of the United States, Barack Obama, and can't help but reflect on the past, present, and future of our country. This is not a political point-of-view, rather a review of the how the race was won by an unknown - someone with little national exposure or experience before his candidacy - and the lessons we can learn from the process.

Our country is in a serious financial crisis due to a lack of responsibility from a host of avenues; banking and investment sector, personal responsibility (spending and saving within our means), following the leader, and not doing our homework before investing in products/services with which we were unfamiliar. As a country, we were over reaching with an attitude of live today and pay tomorrow....well tomorrow is here and many consumers can't pay now!

There are some amazing lessons to be learned and those companies that can adjust with the conditions might survive, while those that are entrenched in the past will likely perish. So, this newsletter will be focused on what lessons we can learn from the Obama campaign, and what businesses must understand and execute in order to survive the long-difficult road ahead.

Enjoy the newsletter and I wish you all well in 2009.

Be well,

A handwritten signature in black ink that reads 'Michael'.

Michael Blanck
President



WHAT MARKETERS CAN LEARN FROM OBAMA'S CAMPAIGN

Differentiation

– change the rules of the game.

The most important lesson is to change the playing field so you don't compete, but differentiate your brand (product/service) from that of the competition. You must clearly understand what the consumer wants/needs in this new marketplace, and deliver a compelling and value message – experience at every touch-point.

Obama knew that he could not win if he just competed head-to-head against the likes of Hilary Clinton, John McCain as well as all the other formidable candidates. So what did he do? He expanded the playing field and began what is now the most successful grass-roots process of getting the young votes involved in the campaign; with door-to-door volunteering to spread the word, generate campaign contributions over the internet, and also using the internet to spread his message in a concise and simple manner – “Change.” He also utilized critical feedback, collected and analyzed from his local offices, to level the playing field and recognize where he was gaining ground on his rivals and where he needed to spend more time/energy to gain votes. **Information is POWER!** The winners of today and tomorrow will understand this detail and use it to their advantage.

Simplicity

– consistency over time!

You must deliver a consistent and simple message to your target audience. The average consumer is bombarded by over 5,000 messages a day. If you continue to change your message/voice you not only confuse the audience, but waste time, money, and effectiveness.

By understanding the attitude of the American public - 70% disapproved of the direction that George Bush and the

Republican Party was taking the country - Obama launched his candidacy two years ago on the platform of “change.” He was consistent and relentless in delivering a platform and message formed on that single pledge.

While Clinton and McCain continued to chase the topic of the day and waver in both their conviction and strategy, Obama and his staff, led by David Axelrod and David Plouffe, continued to drive home the simple and effective message of – change!

Most companies don't have the money or patience, and the vision, required to stay on strategy and message for long enough to make their communications effective. We, as marketers, live with our brand 24/7 and by the time it starts to become effective in the mind of consumers we change message because we become tired of the program and think it is wearing out. The Absolut Vodka campaign ran for over 25 years.

Relevance

– understand the marketplace.

Without studying the consumer, and watching (observing and interacting) with them, it is difficult to develop a brand/marketing program that is relevant and important enough for the market to become involved and engaged with your message/brand. Obama created a simple social network that overpowered his challengers and continued to keep them talking and discussing topics that were driven by his “change” message. He took the leadership role, and ran with it all the way to the White House.

Positioning (branding) and marketing is a battle for the mind of consumers – the Obama team clearly understood this brand truth and executed it flawlessly. Now we must all hope and pray that the government process can get us out of this very deep and dark hole the U.S. finds itself and the world in as we enter the New Year.



MARKETING YOUR WAY THROUGH THIS RECESSION

The signs are very clear – we are in a serious recession and possibly headed to a depression. The after affects of the subprime mortgage meltdown, unethical investment products/services, poor management within some of our key industries; automobile, banking, real estate, etc. have been devastating to the United States and global economy.

As we begin to develop our marketing plans for 2009 – 2010 we should consider these eight factors:

1. Research the customer

You need to know more than ever how consumers are changing, and how they are redefining value. They are more willing to postpone purchases, trade down, and buy less. Items and features that were “must have” are now today’s live-withouts. Trusted brands are especially valued and will have better success than second tier-brands. Conspicuous consumption will be a thing of the past...it’s now all about practical and back-to-basics.

2. Focus on family values

When economic hard times loom, we tend to retreat to our village. With all the unethical processes of the past several years, consumers will be looking for integrity and honesty in brand messages that deliver what is promised! Look for cozy hearth-and-home family scenes in advertising to replace images of extreme individualism. Remember, if you advertise this message, you better deliver the “total experience” at every touch-point where consumers see or interact with your brand.

3. Maintain marketing spending

This is not a time to cut advertising, public relations, or promotions. But, you must clearly understand from (pre/post)tracking which forms of marketing are working – generating traffic – inquiries and leading to sales and giving you the best ROI.

It is well documented that brands that increase/maintain advertising during a recession, when competitors cut back, can improve market share and return on investment at lower cost than during good economic times. Uncertain consumers need the reassurance of known brands, and more consumers at home watching television or reading can deliver higher than expected impressions and cost-per-thousand audiences.

4. Adjust product portfolios

Businesses must offer and promote items in their product lines that meet the needs (changing needs) of their customers. As consumer attitudes/ behaviors shift during the economic downturn, you must offer the product mix that will maximize product turns resulting in positive cash flow. Weak items must be moved out of inventory, and reduced in terms of inventory. Items sitting on shelves, taking up space and dollars, must be moved through the system in order to maximize dollars per square foot – ROI.

You MUST know what products/ services are selling, thus reducing inventory levels and maximizing product movement. Cash flow is paramount for a small business!

5. Stress market share

Companies/brands are in a battle for market share and, in some cases, survival. You must reduce or cut costs that are not needed in this market condition, thus allowing you to maintain your customer base (market share) so that you will be able to ensure adequate cash flow. For without share you have no sales or market.

6. Adjust pricing tactics

Customers are trading down to cheaper alternatives or products/services that offer better VALUE for the dollar. In order to meet this shift in the marketplace, you might have to develop a new line of products/services to meet this shift in demands – for example, McDonald’s Dollar menu or Subways \$5.00 menu. These items should be temporary promotions or can be new items that address the wants/needs of today’s consumers with your category.

7. Emphasize core values

Successful companies do not abandon their brand vision or marketing strategies in a recession - they adapt them. You must really become focused on the details of the business, i.e. spending more time with customers (seeing how you can add value to the relationship), continue to motivate and inspire your employees to deliver exceptional customer service, deliver outstanding customer service – it costs 7 to 10 times the amount to acquire a new customer as it does to retain and market to a current customer.

In down times, companies/brands that have the most effective and efficient business model and systems will be the winners and survive.

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MARKETING YOUR WAY THROUGH THIS RECESSION

8. Strengthen your relationships

In uncertain times, no one wants to tie up working capital in excess inventories. Work closely with your key distributors, manufacturers and suppliers to develop a system of early-buy allowances, extended financing, and generous return policies in order to make your inventory/investments work harder for you. Now is the time to strengthen your relationships with key business partners across all areas of your business.

In addition, there will be some amazing talent available to you for the picking due to other company layoffs – consider strengthening areas of your business with new available talent now, while they are available. Your long-term brand and business will benefit by these additions.

9. Sense of urgency

Now is not the time to procrastinate. You must move swiftly, but make sure that you are in a learning mode. Everything that you do must be tracked, evaluated, and analyzed for results. The companies that outthink, out execute, and outperform will be around for the next business cycle. Those that do nothing will become road kill and perish!

This is not the time to panic and become too conservative...what is needed are new ideas, smart thinking, and adapting your processes (business model) to take advantage of the opportunities available to you – NOW!

KEY CONSUMER TRENDS FOR AN UNCERTAIN 2009

To begin with, in a kind of a backlash against the fast-paced, out of control modern world, consumers will try to take greater control of their lives and find pleasure in the simple things – getting back to basics. Shoppers will seek out and build loyalty with businesses/brands that they feel they can trust. Brands must focus on consistent delivery of their promise to consumers if they want to grow. It will be more important than ever for businesses to understand their consumers; respond quickly and creatively to changing wants, needs, and demands as they become more selective in how they spend their money.

FIVE KEY TRENDS:

1. Consumers in control - Consumers will seek out products and services that give them exactly what they want, when they want it, especially as their budgets tighten. Those companies that give consumers precisely what they want will do well. One way is to present a comprehensive web site so consumers see and understand what options are available and can communicate their reviews/ feedback.

2. Simplify and purify - As consumers look for more authentic, easy-to-understand products, companies will need to market their brands in a simpler, more direct way. Fresh, clean, and pure will become essential values, as companies try to differentiate their offerings in a relevant manner. Those that successfully demonstrate what they really stand for, and show how they can make life easier, will earn trust and loyalty.

3. Rebuilding trust - Crumbling economy, food scares/recalls and toy safety problems have fuelled an era of doubt and insecurity – lack of trust among many consumers. Companies will need to back up their words with actions and conduct business in a more open and honest way in order to reassure consumers that they are acting in the consumers' best interest. Delivering consistency at every tough-point will be paramount to reestablishing consumer trust and confidence!

4. Trading down - As purse strings tighten, consumers will look for every possible way to make their budgets stretch further. For categories that don't present "high risks" to consumers you will see less expensive store brands grow, but where quality, dependability, and durability are important factors the premium brands will remain strong.

As consumers split between low and high end of the markets, manufacturers and retailers must track and understand the buying model for each category – they will be different.

5. Playfulness - With all the added stress of the normal daily living – consumers will be seeking experiences that will give them a little outlet of fun, playfulness, and relaxation. The experience must be entertaining and fun.