



# BRAND RANCH

## BRAND & MARKETING CONSULTANCY

BRAND DEVELOPMENT NEWSLETTER

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Dear Readers:

Thank you for the continued support and responses to my newsletter. The economy continues to show major signs of weakness and measurable downturns, due to skyrocketing gas prices which affect everything we do and consume. The \$4.00/gallon price is just the tip of the iceberg; it is forecasted to reach \$7.00/gallon by next year. Be prepared for major consumer shifts in attitude and behavior related to travel, food, real estate, shopping, and purchases. We are already seeing major variables affecting the following industries (just to name a few):

Airlines	Automobiles
Real Estate/Building	Grocery Stores/Food
Financial	Services
Retailers	Energy



In a time of economic downturns, those companies that have focused and invested in business strategies and executional delivery which addresses the basic needs of consumers will continue to see better than average sales/profits. Those companies that have lost their focus and vision will be forced to either abandon ship or get back to basics and become real students of their category and brand.

Can you and/or your executive team answer these basic questions?

- What is your current brand awareness/image among key target segments?
- What are your brand features/benefits that differentiate you from your competitors?
- Why are users of your brand buying your products/services?
- Why are non-users NOT buying your brand?
- What differentiates you from the competition?
- What makes your brand relevant to your target segments?
- What business/brand factors are restricting you from reaching your maximum potential?
- How are you defining your business? How are your customers defining the business?
- What is your business brand vision, mission statement, values, and core competencies?
- Do you know (demographically/psychographically) who your customers are?
- What are the key metrics that drive your sales/profits?

If you can't answer these questions we should talk.

Enjoy the issue,

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

Michael Blanck  
President



# GET HELP!

*If your business is struggling - sales are weak or declining - and the future looks bleak, then you should get “professional help.” Yes, you will have to swallow some pride and admit short comings, but it’s better to seek help rather than layoff employees/friends, lose your business, or even worse, file for bankruptcy. **But only you can make the call - act now!***

A good consultant or business advisor can bring a great deal of insights/ideas to your organization; here are just some of the benefits:

**Objectivity:** Independent outsiders eliminate all the personal and professional biases, or what I refer to as the “Curse of Knowledge.” We look at the facts with a new, fresh, and unbiased point-of-view and are able to see things that you take for granted. We will probably ask you a ton of questions, and challenge some of your most basis business strategies, or practices. If we don’t make you uncomfortable, or challenge your thinking, then we are not doing our jobs or pushing you enough to make a difference. Listen to our comments!

**Experience:** A seasoned consultant who has worked in many business segments, categories, and industries can bring a world of experience to your firm. We have seen what works and what doesn’t, and can save you a lot of time and money by giving you advice; avoiding countless number of mistakes or failures. Sure, there are no guarantees, but eliminating some of the missteps can be an enormous benefit, and can advance your programs/brand by avoiding basic mistakes. This will save time and money. Time and first to market are key advantages in today’s hyper-competitive environment.

**Networking:** Business today is all about networking and making connections that can benefit your company. Consultants are generally networked across many different disciplines and can give you great connectivity. They will also demonstrate to suppliers, investment groups, and customers that you are serious about your business/brand and are looking at developing the best product/service offerings.

**Resources:** With today’s rapidly changing business climate, the availability of outside resources gives management and businesses

access to professionals who excel in disciplines not inherently part of your culture or strengths. It provides you with short/medium term talent that will help propel you to new heights. This helps reduce direct overhead costs, and provides maximum flexibility for either project based initiatives, new product development, or infusion of new ideas and innovation. Today’s competitive business climate demands differentiation and continued innovation.

**New Initiatives:** Most businesses today run lean and mean due to the high cost of labor. In order to undertake new or expanded initiatives it requires either overtime for management team members, or projects that take a long time to develop and execute; which results in lost revenue, income and profits. Utilizing consultants, or outsourcing tasks, can present your business with a significant competitive advantage.

**Areas of Support:** Consultants can help management initiate projects that have been delayed due to lack of manpower, skills, experience, time, information, or knowledge. Here are some of the areas where we can assist you:

- Due Diligence
- Data collection, analysis, and insights
- Competitive review and assessment
- Strategic Planning
  - Process Speed to market
  - Systems Sense of urgency
  - Output Action
- Innovation – new product development
  - Infusion of new ideas/process for greater efficiency/effectiveness
- Executional excellence – good ideas must be executed meticulously
- Metrics

Tracking/Analyzing measurement  
Successful businesses today must use all the resources available (internal and external) to your company – be bold, innovative, and take calculated risks.

If you do hire an outside consultant, be realistic, and listen to our suggestions/recommendations.

## Focus of Brands – Branding

When speaking to a group of business people I am frequently asked, “What are the key points that you feel are critical to developing a great brand and branding my company?”

Brand development and branding are a very complex and difficult process with numerous variables/factors that must be considered and synchronized. However, there are three basic elements that should receive the most attention during brand development and the positioning of any product/service:

**Differentiation** – how is your product/service experience different than your competitive set? Why is this important to your target audience (what are the benefits delivered/received)?

**Consumer Relevance** – you must clearly understand what consumers want and need from your category. Then, your brand must make it different and relevant in their minds!

**Execution** – you must deliver a consistent message (visual, tone and manner) at every “touch point” where your consumer will come in contact with your brand message/experience. This must be consistent over time. Brands take time to build and that can only be accomplished with a consistent brand identity and image.

**Branding is a battle for a position in the mind of consumers.** If we agree that consumers have the freedom to choose their brands (products/services), then we must become true consumer advocates. We must study their attitudes and behaviors, in order to understand what they want and how we can best differentiate our experience.



## GET HELP! CONTINUED

I touched briefly on the “Changing Face of the U.S. Consumer” in my January 2008 issue with a short note on “The Aging West.” I’d like to address this issue again from a more comprehensive and global perspective. If you are competing on a national level, this information will be most helpful and should impact your brand delivery.

- The average U.S. Head of Household is just six months shy of 50 – a startling statistic.
- More than 80% of the growth in the number of households in the next five-years will be among those headed by people 55 and older.
- Two age groups – 35 to 44 and 45 to 54 (together account for 47 million households) – have the highest number of dual-income married couples, and they account for almost half (49%) of total U.S. consumer spending.
- Households headed by people 55 to 64 increased their total spending at almost twice the rate of all households (60% vs. 32%) in the most recent five-year period.
- The average household headed by someone 55 to 64 had \$10,600 more to spend in 2007 than the average household in that age group five-years earlier.
- In the next five-years, aging boomers will add more than 1 million consumers per year to the 65 and older segment.

### Growing Diversity of Adults

Ethnicity:	White	Black	Hispanic	Asian	Other
Age:					
< 18	57%	15%	21%	4%	3%
18-24	61%	15%	17%	4%	2%
25-44	62%	13%	18%	6%	1%
45-64	74%	11%	10%	4%	1%
65+	81%	9%	7%	3%	1%

The diversity of the younger market place presents a marketer both opportunities and problems. In order to make your brand relevant, you might need to pay close attention to areas such as: colors, packaging, language, media habits, shopping habits, product/service features, etc. As the economy continues to tighten, the ability to address some of these niche segments might be the difference between profit and loss.

The other area to pay close attention to is the geographic concentration and shifts taking place in both age, as well as ethnicity, by region; such as:

Ethnicity:	White	Black	Hispanic	Asian/Other
Region:				
Northeast	66%	16%	14%	4%
Midwest	77%	14%	6%	3%
South	58%	23%	16%	3%
West	51%	7%	31%	11%

Once again, understanding the differences between the ethnic attitudes and behavior for your category and brands will give you great insights into how to better attract these emerging market segments.

### Consumer Chasm: Distance widening between consumer segments

The pace of change is going to get even faster as it relates to shifts in demographics, psychographics, attitude, and behavior in the coming years. In fact, the study of ethnographic research will become even more important for those brands that want to grow and prosper.

Here are just a few insights we can glean from this new information:

- One-third of young (under 30) households had no landlines, compared with less than 10% of older (45-plus) households.
  - Cellphones
  - Use of caller ID
  - No telephone listings

- Fewer and fewer younger consumers are subscribing to traditional newspapers; they are finding their information on the Internet.
- Attitude and behavior differences among those consumers who have college degrees vs. only high school education. Some of the key differences are among the hot issues today:

- Global warming (are you a green company)
- Environmentally issues – recycling, energy efficient products, etc.
- Television viewership
- Radio station formats
- Technology
- Importance of global management
- Food nutrition
- Health care

### These Trends could have an enormous impact on your business/brands today, and certainly in the future.

To be successful, you must study your consumers to understand why consumers buy or don’t buy your brand (product/service). Then determine how you can make your brand more relevant to your prospective markets; depending on the variances by region, age, etc.

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# WHY CONSUMERS MAY NEVER BE THE SAME

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As we continue to teeter on the verge of a recession, these types of events (higher gas prices, subprime mortgage meltdown of the real estate market, impacts on the stock market, etc.) can have a profound impact on our category and brands. You must understand, and gain critical learning during these times to determine the key motivators that consumers use to choose your brand...and how those may have changed.

If you focus on brand equity, you will be more likely to take a higher ground; rather than shifting your strategy to coupons and marking down prices - a disaster for the health of your brand. Instead, you should turn your attention to better understanding how this major change-point is affecting your consumers. You need to determine how they are adapting, how their behavior is changing, and how you can help shape this behavioral shift – in your favor.

- 1. Observe Behavior** – watch consumers to see how they have changed their shopping patterns: time spent in store, categories shopped/purchased, price points, product mix, and size of units. If you are not tracking and studying your metrics (business information), then you will have no chance of using this information to your advantage.
- 2. Understand the New Competitive Set** – Consumers are weighing purchases across categories in ways they haven't done since the mid-70s. Your brand might be competing against a completely unrelated product or service. Strapped consumers (due to gas prices) might give up their VitaminWater or Gold's Gym membership, but keep drinking a \$5.00/ Latte in the morning. A behavior change in some unrelated category, or in another decision process, might be affecting your brand. Study your business information/data for key insights and look for shifts in trends.
- 3. Uncover the Emotions behind the Behaviors** – Behavior is driven by motivation. Motivation is fueled by emotion. Uncertainty, frustration, and fear can dominate consumers' emotional thoughts. It is critical that brand stewards understand the changing emotional motivators driving their consumers' behavior.
- 4. Consistently Build Your Equity** – Don't try to change what your brand represents in the mind of consumers. If price cutting and price promotions are not consistent with your brand equity, such moves might weaken your brand for the long-term. Determine how your unique collection of functional and emotional benefits can best be leveraged to capitalize on this new behavior, or used to create a different behavior. Be true to your brand image and equity.