Brand Management Nowadays

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Abstract
Although the economy is expected to recover somewhat in 2010, the reality is that brands and retailers are facing - and will continue to face for a generation to come - a very different consumer. In this sense, many wise marketers and brands will seek inspiration from brands that won in the Great Depression. That period saw a generation of shoppers completely transformed. Today’s recession, the likes of which most current day consumers and marketers have never seen or felt but only heard of, has shaken shoppers to the core.

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Introduction
Pragmatism, control, and self-reliance are taking center stage, and we have what we refer to as a Value Consumer in our sights. Be wary of the headlines. The Wall Street Journal stated, “The main crisis-affected economies, including the United States and UK, will return to their pre-crisis level of GDP by the second half of 2010.” But we’re not talking about a trend or passing phase here. Even as the market bounces back, new habits and a new lifestyle have emerged. A cultural shift is taking place, much like the Depression, and the theory “less is more” is coming out on top. At the end of the day, smart leading brands are engaging consumers in a new value conversation. This article will discuss what that new consumer looks like and thinks about so that brands, retailers, and marketers can better communicate their value.
A. 10 Ways to Connect With the Value Consumer

1. Know they make judicious purchases

Rather than asking, “Why save?” consumers are asking, “Why not?” Savings, couponing, and more overall diligence and restraint are common. In fact, consumers are embracing a general sense of thriftiness. We know American household savings rose to a six-year high for the first time in fourth quarter of 2008, according to the American Customer Satisfaction Index. Nonetheless, shoppers are watching what they spend more than ever before. It is not unusual to see shoppers put things back at checkout because it simply isn’t in their weekly budget.

2. Speak to their need for recycling and even pre-cycling

A consumer once comfortable with redundancy and waste has been replaced with one that is passionate about reusing and recycling. We’re seeing this as:
- Consumers pull bicycles from storage (according to a report from MSNBC.com)
- Grocery shoppers making fewer trips the store (according to IPDA.com)
- Pre-cycling emerges as a trend to reduce waste by “pre-thinking” purchases (according to Greendaily.com)

3. Realize they invest in small indulgences

For the majority of consumers, the term luxury is off the table. One of the best examples is Hershey. Consumers are trading down from high-end experiences and items, but the recession is not going to force them to give up chocolate. In fact, just the opposite: they see a Hershey as a nice, little, affordable treat (according to a report on Forbes.com).

4. Look for simplicity

The time for excess is gone. Consumers are experiencing a back-to-basics mindset and, often, a more enjoyable life without all the products and purchases. It is almost passé to be indulgent; people seek a simpler, focused-on-the-things-that-matter lifestyle. Consumers feel they will never experience the true quality of life until they slow down their hectic pace.

5. Know they are spending more on in-home experiences

For many financial and emotional reasons, today’s consumers are drinking more coffee at home versus going to Starbucks or choosing popcorn-and-movie nights in the house with the kids over a glitzy night on the town. Shoppers are limiting impulse behavior and looking for escapes that fit within their budget.
Brands like Dunkin’ Donuts have capitalized on this with the right message, tone, and price point. They did not underestimate the value of an affordable versus indulgent out-of-home experience—and neither should you.

6. Realize they are more pragmatic

Idealism is out. Pragmatism is in. Here are some examples:
- 64% of people are cutting back because of an uncertain future (according to credit.com);
- 35% of people are “worried about their jobs,” according to WSL/Strategic Retail.

7. Think community

In a lot of ways, consumer perspective has shifted from “me” and “I” to the community around them. There is a greater awareness for local businesses and brands, investing in community events and activities, and getting to know neighbors better. In 2008, nearly 60% of consumers said that they always try to buy local food (Mintel, “Local Procurement,” February 2009 Report).

8. Earn trust

Consumers are more skeptical. The market has had a great impact on trust. In fact, trust is no longer a given—it has to be earned—for brands, businesses, and the government. Only 21% of Americans have trust in the financial industry (according to chicagopressrelease.com) and only 40% have trust in the government (according to Austin.bizjournals.com).

9. Be transparent

Consumers demand complete transparency when it comes to the products they buy. Veiled communications won’t work; consumers will see straight through this. Communications must be open, honest, and clear.

10. Know they take personal responsibility

Consumers are taking greater control of their lives wherever they can; they are less likely to point the finger and realize much of their success and sanity during these times rest on them, not government or private market. Shopping behavior echoes this sentiment:
- 80% of people are just buying the necessities, according to WSL/Strategic Retail;
- 42% of people are taking things out at checkout, according to the same source.
B. What Should Retailers Do?

With consumers brown-bagging lunches, spending less on clothes, and settling for trade-offs, there is an overwhelming perception that this current economic situation is not going to change any time soon. Likely, a whole generation of consumers will lead the rest of their lives in a more prudent manner. Consumers are seeing the consequences of living beyond their means. They are clearly separating needs from wants. For them, needs include taxes, mortgage and rent, utilities, food, transportation, and medical bills. Wants include eating out, entertainment, home improvement, and updating wardrobes. To that end, they are making deliberate choices about where they are going to spend, regardless of income. Need retailers tend to include Walmart, Safeway/Kroger/SuperValu, and pharmacies. Want retailers include Starbucks, Whole Foods, Williams Sonoma, Gap, and Home Depot. Behaviors are changing, too. Although impulse shopping is not gone, it has changed and become more limited, a key point for marketers. Brands need agency partners who can stimulate that impulse.

C. Consumer realities include

- Increased fuel prices are making consumers think twice about running errands (Sun-Sentinel.com);
- The average number of trips to the grocery store is down from 2.5 to 1.9 in 2008 (FMI.org);
- 72% of consumers are using more coupons versus six months ago, naming the economy as the culprit (MarketingVox.com);
- Grocery shoppers are reallocating their expenditures across food categories, substituting indulgent items with lower cost ones (Supermarketnews.com);
- Business at Walmart and Sam’s Club is up significantly (NWAonline.com).

Conclusions

The most poignant lesson from all of these: now is the time for brands and retailers to rise to the occasion and connect with the value shopper emerging from the recession. There are lessons today’s marketers can glean from the last major depression. Behavior has changed and will continue to do so. Those that understand this will succeed.
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