

A new survey of U.S. women reveals fear, anger ...
and a rare opportunity to restore their trust.

The Perfect Storm

BY DORI MOLITOR

WOMANWISE

These women came from every corner of the country, although mostly from America's heartland. They ranged in age from 25 to 65. About half had less than \$100,000 in household income and the other half had more. However, despite these differences in demographics, they all had one thing in common: They were angry, they were frightened and they wanted to send a message to corporate America.

It was shortly after the news hit about the Lehman Brothers bankruptcy, the AIG bailout, and the stock market crash. The vague sense that the economy was not doing well almost instantly transformed into the sickening reality that our country faced the harshest economic climate since the Great Depression.

It's not as though these women hadn't experienced economic hardship before. Every adult in America has been through the usual cycles of economic boom and bust. But this time it felt different because, for the first time in a long time, it was possible to point to specific reasons why this had happened.

This economic crisis wasn't a normal part of living in America. It wasn't just another cycle. It

exposed something very unsettling and extremely unseemly about what the hackneyed phrase "business as usual" really means. Sensing the unrest and the historic nature of the moment, WomanWise quickly crafted a brief survey and emailed it to our *Articulate Women* network nationwide.

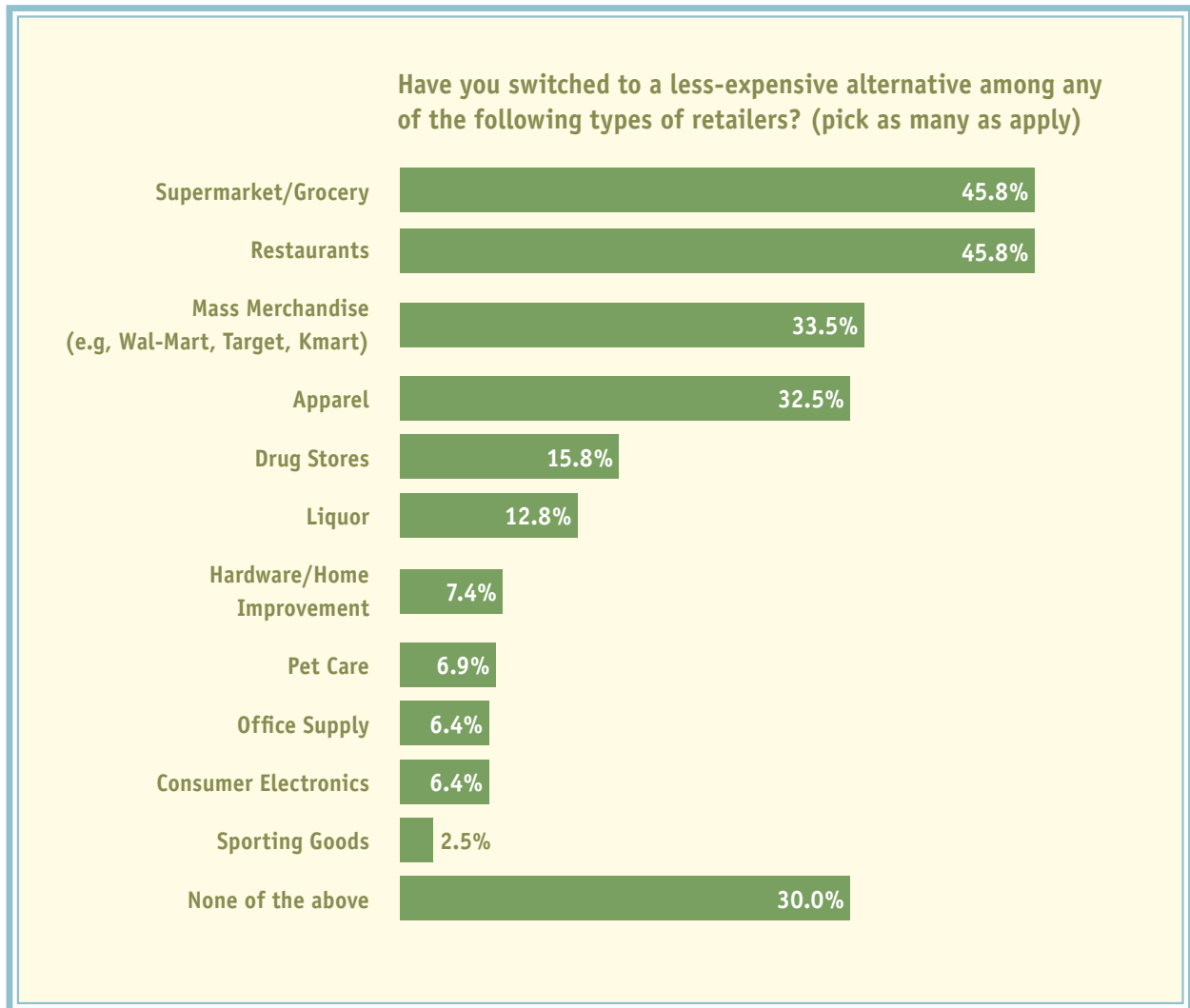
FEAR AND LOATHING

Within a matter of hours, more than 200 women had responded, and their message was clear: They were upset about what many called the "greed" and "corruption" of corporate America, they were fearful that they might lose their jobs, their homes, their retirement, and their ability to send or keep their children in college.

"Being a sole proprietor and single mom, I don't want to have to take out a line of credit to live like I did after 9/11."

"My lifestyle is very simple, but I would not enjoy a life on the street selling pencils or apples for that matter."

"As a divorced woman without any children, I wonder what will happen to me if my retirement isn't enough or if an illness wipes out what I have saved."



SOURCE: WomanWise "Articulate Women" network. For full survey results visit www.womanwise.com

And yet, in the eye of this "perfect storm" of economic calamities, there was also a certain kind of calm. When asked, "How much has the economy affected your lifestyle, an overwhelming 68 percent said only "somewhat."

Perhaps this was because the full impact of what was happening had not yet hit home. Maybe the reality of the situation was just too hard to accept. Or possibly it was because, despite all the turmoil and the grief it was causing, these women were bracing themselves in the eye of the storm, and remained hopeful that everything would be okay in the end.

Maybe... or maybe not. In the meantime, many, if not most, of these women seemed eager to talk about the things that comforted them. Certainly family and friends become even more important at times like these, but since our purpose was to gain insight from a marketer's perspective, we asked specifically about how this recession might affect their brand loyalties.

Many said that they would indeed give up on their favorite brands if there were a reasonable

alternative that was less expensive. Forty-four percent said these changes could become permanent if the cheaper alternative turned out to be better in quality than expected.

A few brands stood out as relatively impervious to such disloyalty—Heinz Ketchup, Tide detergent and Hellmann's Mayonnaise were among the most frequently mentioned as brand names most likely to survive during hard times. Kraft, General Mills and Coca-Cola also received a number of mentions in this regard.

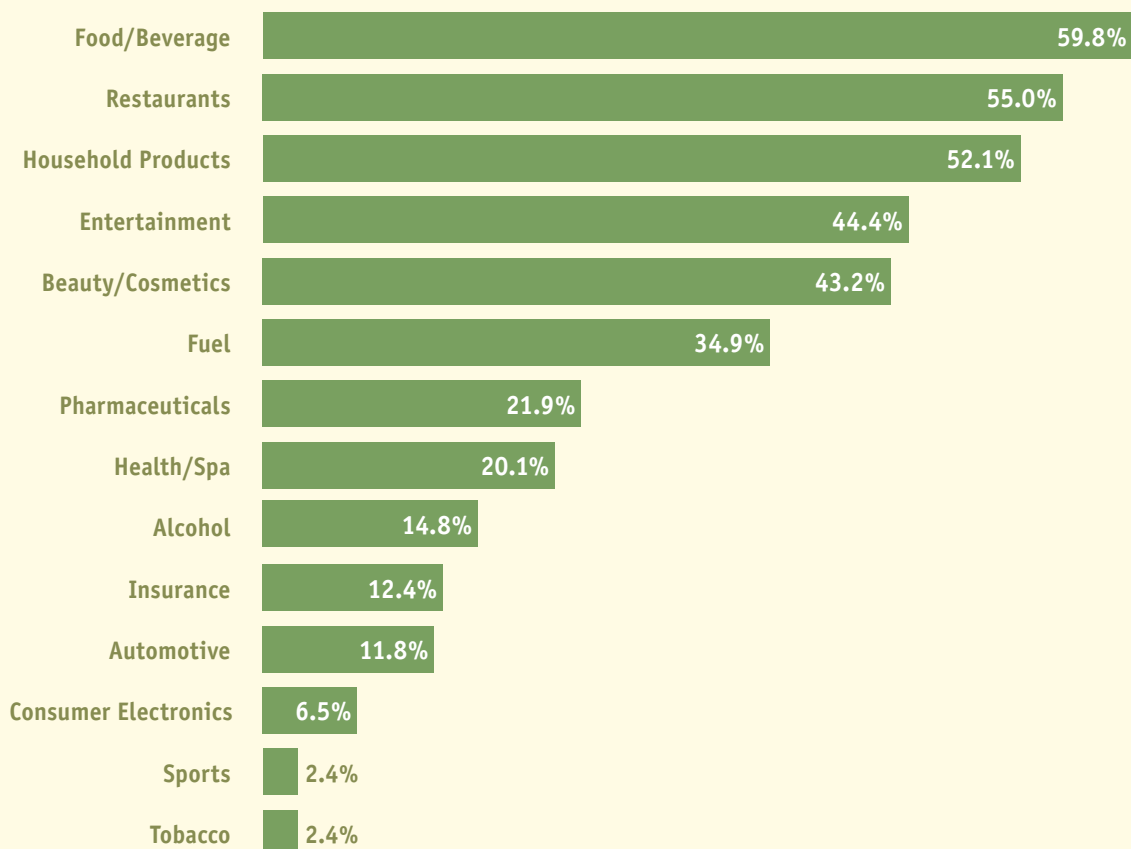
"Heinz Ketchup—I promised myself no matter what changes, that's the only brand I will use."

"Kraft Mac & Cheese because nothing compares to this brand."

"Tide laundry detergent. I'll buy clothes on sale but I don't want to give up the nice smell it gives them."

These brands clearly have earned their place as "comfort brands," that we just can't bear to live without even if it means paying a premium for them

Have you switched to a less-expensive alternative among any of the following product or service categories? (pick as many as apply)



SOURCE: WomanWise "Articulate Women" network. For full survey results visit www.womanwise.com

when we can least afford it. It's fair to say that such brands are few and far between, as most others find themselves scrambling to offer coupons, discounts or other incentives to make up for their lack of a true connection to consumers.

However, sprinkled in amongst the "comfort brands" was another category that former Procter & Gamble CMO Jim Stengel has referred to as "purpose brands." These are brands that connect at a deeper level and arguably resonate much stronger at a time when corporate distrust is riding high.

In the October 13th issue of *Advertising Age*, Mr. Stengel described purpose brands as having some mission larger than the brand itself, and declared that given current economic conditions, this was "more important than ever."

While that is certainly an admirable outlook, the reality is that, for most brands, this simply means wrapping themselves in a warm-and-fuzzy cloak of one charitable cause or another. This is not likely to make a difference to consumers who may have

already decided that these brands do not really have anyone's best interests at heart other than those of their own shareholders.

Just as no one is fooled when packages are downsized or ingredients are compromised, everyone understands that most of what passes for "corporate social responsibility" is little more than window dressing.

There are some exceptions, however. A few brands were founded on core principles of social responsibility and a good number of the women who took our survey indicated that this has earned their eternal loyalty, in good times and bad. The most frequently mentioned "purpose" brands were Aveda and Method.

METHOD OF MADNESS

Personally, I too, love Aveda, not only for its product quality, but just as importantly for what it brings to my life. When I use Aveda's products, I know I'm supporting something I believe in.

All of their cosmetics and hair-care products are made from natural ingredients and manufactured in a way where they aren't taking *from* the planet but working in harmony *with* it. It's worth noting that Aveda has sustained these principles even after Estee Lauder acquired it in 1997. We don't know how Aveda is faring in the current economic environment because Lauder does not break out its earnings, but I'll bet they are doing just fine, and probably better than most.

Method has a similar appeal. As you may know, Method was founded by a couple of young guys, Adam Lowry and Eric Ryan, who combined aesthetic packaging with a commitment to chemical-free household cleaning products. They call themselves the "people against dirty."

According to their website, "dirty" isn't just a reference to your home or your body, "it's about

Women's expectations for businesses to be more socially responsible is not going away.

cleaning up the way we clean... At Method, we're in business to change business. In the same way we take the dirt out of cleaning, we strive to eliminate some of the business's dirty practices."

That means that, in addition to creating toxin-free cleaning products, Method is committed to packaging from recycled materials and, according to the company, offsetting "carbon emissions by planting forests and by buying electricity from renewable sources like solar and wind energy — not perfect solutions, but important steps in the right direction."

Method was founded during the dot-com meltdown, but there is no question of its success. By 2006 it was generating \$71 million in sales and this year expects to hit \$100 million.

That ought to tell us something. Despite economic challenges at that time this brand captured consumer trial and loyalty. Unfortunately, it seems that even amid the catastrophic events on Wall Street and the ensuing anger across America, most corporations still haven't gotten the message that being socially

responsible is not only a nicety, it's a moral obligation that can lead to *sustainable* business advantage.

MADNESS OF MARKETERS

According to a September 15th *Advertising Age* article by Jack Neff, a Duke University survey of chief marketing officers found that distraction by the economic downturn is causing marketers to place less emphasis on "cause-related and environmental issues."

Overall, the 72 CMOs surveyed ranked marketing that is "beneficial to society" dead last on their list of priorities for the year ahead, behind "developing customer insights, sharing marketing knowledge and preparing for marketing crises."

Preparing for marketing crises? Hello? Anybody home?

To be fair, our own survey confirmed this notion that most people give greater priority to affordable prices than to notions of "corporate social responsibility." Several survey respondents expressed remorse over shopping at Wal-Mart because they couldn't afford *not* to. And others expressed a deep desire to have the means to stick to their personal values.

"I am sorry to say that I now shop at Wal-Mart for economic reasons though I have always been opposed to their business practices."

"It makes me feel good to know that I'm doing something good for the environment. And in this economy, I need to know that something good is happening."

But here's the thing: Women's demands for more meaning and happiness in their lives, and their expectation for business to be more socially responsible, is not going away. In fact, their conviction is only enhanced, given the realities that led to this economic meltdown that's causing them personal distress. Here's a glimpse of what they had to say to business leaders:

"I can't believe you sleep at night with your level of greed!"

"Stop the corrupt practices!"

"Karma's a bitch. Watch out. And think twice."

Consumers are stressed, scared and most importantly angry — and they're angry at *you!* More than ever they feel business has a responsibility beyond managing the bottom line. While your competitors are focusing on coupons and cutting cost out of their products, your opportunity is to take a

stand for something that really matters at a time when consumers need to know you care.

BUILDING BELIEF BRANDS

Trust is the key to every brand success. And now at a time when consumer trust of business is at an all time low, it's your opportunity to build a *belief brand*:

Outside In → Inside Out

Take your relationship with consumers to a higher, purpose-driven level. This requires doing some soul searching on what you really care about and aligning it with your brand core values. It requires passion, uncompromised commitment, integrity, and a willingness to sacrifice along the way. When you find that meaningful purpose, you have the potential to start a movement that truly redefines the intensity of your relationship with employees, suppliers, consumers and shareholders.

Brand Insight → Cultural Insight

Cultural insight leads to a more comprehensive understanding of your brand within the context of her life. It's not only understanding your brand equities and her purchase-decision motivators; it's also digging deeper for gender, social, psychological and cultural drivers to her behavior. From this insight you can discover your brand's single, subconscious *emotional truth* within the context of her world. The more relevant that connection, the more intense her response.

Share of Market → Share of Culture

Belief brands own a share of culture. These brands are woven into the tapestry of our changing world and what really matters in our lives. Belief brands have the potential to not only enrich a woman's life, but to impact the community, society and even the world at-large. The brand validates and grows her identity as a caring person, and becomes a venue for her to make a difference while bringing meaning to her life.

Beliefs → Action

It's not only being clear about your brand's beliefs, but moving those beliefs into actionable behavior. Take a stand and create opportunities for women to get engaged and involved. When she gets involved, she automatically becomes more committed and loyal to the cause and your brand. It's less of a decision about which particular product to buy and more of a decision about whether this is a cause worth fighting for and getting involved in.

Consumer → Advocate

Are you chasing a sale, or creating brand

advocates? Belief brands are surrounded by advocates with unwavering loyalty and they've earned that loyalty by selling a social ideal versus just a product. Not only does a belief brand benefit from commitment from its advocates, it benefits from their contagious enthusiasm. Advocates passionately promote, recommend, endorse and become the fuel that ignites *brand enthusiasm*.

A RARE OPPORTUNITY

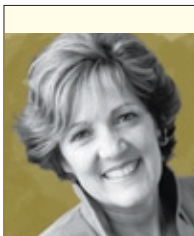
If the Method example is not enough to convince you, consider this: GE started during the recession of 1873, Disney started during the recession of 1923-24, and Microsoft was founded during the recession of 1975. All these brands own a broader, deeper space in consumers' lives that allow them to transcend time, recessions and hyper competition.

Take your relationship with consumers to a higher, purpose-driven level.

As Eric Ryan of Method told *Fast Company*:
"Starting a business in a recession is like vacationing in the off season... It's a little less crowded, and everything starts to go on sale."

The same holds true today. Those brands that are competing on price are in a race to the market's bottom, whereas brands that are socially responsible will enjoy sustainable advantage at the top.

No excuses. Not this time. It is no longer acceptable and definitely not very smart to insist that you can't do these things because they are too expensive, or that times are tough and consumers won't pay for them. We're in the eye of the perfect storm. The opportunity is now... there is no middle ground! ■



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